

An aerial photograph of Bend, Oregon, at dusk or dawn. The city is nestled along a winding river. In the background, several tall industrial smokestacks rise against the sky. The foreground shows a mix of residential buildings and natural, grassy terrain. The overall color palette is dominated by blues, greys, and earthy tones.

CITY OF BEND,
OREGON

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2017



CITY OF BEND

CITY OF BEND, OREGON

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017

Prepared by the City of Bend Finance Department

Sharon Wojda, Finance Director

City of Bend, Oregon

For the Year Ended June 30, 2017

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City of Bend, Oregon

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Single Audit Compliance

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INTRODUCTORY SECTION



CITY OF BEND

December 22, 2017

Honorable Mayor Casey Roats
Members of the City Council and
Citizens of the City of Bend, Oregon

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BEND, OR 97709
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MAYOR
Casey Roats

MAYOR PRO TEM
Sally Russell

CITY COUNCILORS
Justin Livingston
Bill Moseley
Bruce Abernethy
Nathan Boddie
Barb Campbell

CITY MANAGER
Eric King

The Comprehensive Annual Financial Report (CAFR) of the City of Bend, Oregon (the City) for the fiscal year ended June 30, 2017 is hereby submitted.

This report presents the City's financial position as of June 30, 2017 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.

Moss Adams LLP, Certified Public Accountants, has issued an unmodified or "clean" opinion on the City's financial statements for the fiscal year ended June 30, 2017. 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.

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 is implementing 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 preliminary population estimate is 86,765 as of July 2017 (Portland State University's Preliminary 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 for FY 2016-17 are appropriated at the category level with the exception of the General Fund and the Internal Service Funds 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 and economic base have expanded to include a variety of businesses serving tourism, government, healthcare, utilities, high-tech, bio-science and microbreweries. Population has grown significantly as a result of an influx of new residents, growing more than 64% from 2000 to 2017 (52,800 in 2000 to 86,765 as of July 2017).

The region is seeing increases in the local housing market as well as rapidly increasing home prices, making affordable housing a significant challenge. Rental vacancy rates continue to be low with a reported rate of 1.04% as of August 2016 (Economic Development for Central Oregon, EDCO) compared to a healthy vacancy rate of around 6-7%. According to EDCO, 2017 Central Oregon Profile, median home prices have increased 8.3% to \$389,9500 over last year and Central Oregon's commercial real estate market is also seeing positive trends. According to EDCO's 2017 Central Oregon Profile, retail and office sectors are experiencing historically low vacancy rates in all commercial real estate sectors with current vacancy rate of 3.7% for office space and 4.6% for industrial space. Comparable national vacancy rates are higher with office and industrial rates at approximately 12.9% and 8%, respectively according to CBRE Group, Inc. research.

Unemployment improved from 5.0% as of June 2016 to 3.8% as of June 2017 (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-related businesses, local government 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 in 2015. 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 and continued to grow in fiscal year 2016-17 from a low of approximately 440 FTE in 2010 to 601 FTE at June 30, 2017. The greatest staffing increases have been in the public safety, building, planning, and engineering departments.

Long-Term Financial Planning

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. The fiscal and investment policies are reviewed at least annually and updated as needed with Council approval.

The City updates its twenty year utility rate models for water, water reclamation and stormwater annually in addition to maintaining a Capital Improvement Program (CIP) that identifies infrastructure improvement projects within a 5-year time period which are necessary to enhance service levels, address existing deficiencies, and provide for future growth. The 5-year CIP is updated annually 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.

Debt Issuances

The City issued Water Revenue Bonds in July 2016 in the amount of \$49.9 Million. 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.

In October 2016, the City also entered into additional Clean Water State Revolving Fund (CWSRF) loans for the North Area Force Main project for \$7.9 million and the Plant Interceptor project for \$5.5 million. These Oregon Department of Environmental Quality (DEQ) loans provide the funding needed for improvements to critical water reclamation infrastructure.

The City also issued Full Faith and Credit and Refunding Bonds in December 2016 in the amount of \$9.9 Million. The Full Faith and Credit and Refunding Bonds 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. This refunding resulted in total debt service savings of over \$570,000 and an economic gain of \$493,101.

In August of 2017, the City secured an increase to an Oregon DEQ CWSRF loan for the Southeast Interceptor Project in the amount of \$31.2 Million for a total of \$59.3 Million to continue funding water reclamation infrastructure projects underway.

Major Initiatives

The City Council's top goals and priorities included:

- Implementing a growth plan that is consistent with community goals for the economy, environment and affordability
- Move people and products around Bend efficiently, safely and reliably
- Increase affordable housing options
- Keep residents safe with innovative and cost effective public safety services
- Modernize and professionalize how City government operates

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's Urban Growth Boundary expansion was approved in December 2016 by the Oregon Land Conservation and Development Commission (LCDC). 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 significant input on all of the work products and process used to evaluate potential areas for expansion. The proposal approved by the City Council and the Deschutes County Board of Commissioners included a UGB expansion of 2,380 acres, 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. Plans are underway to prioritize and implement the vision outlined in this plan.

Infrastructure Investments –

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 2016-17, 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 Southeast 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 the end of 2017 and construction is scheduled to be completed in 2018.

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

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.

Sale of a portion of Water System – In fiscal year 2016-17, the City sold a portion of its water system to Roats Water System, Inc. and Avion Water Co. A related party transaction occurred due to a City Council Member, now mayor, Casey Roats, serving as the Vice President of Roats Water System, Inc. Councilor Roats recused himself from any negotiations, executive session discussions, and all council decisions related to the transaction, consistent with Oregon ethics and conflicts of interest laws and Bend City Council Rules. The sale to both water providers were based on the same proportionate share of the assets being purchased and each water provider was offered the same contract terms for the transaction.

While this transaction resulted in a “loss on disposal of assets“ in the Water Fund financials statements, this transaction was negotiated for the public good in an effort to keep customer costs low while still providing domestic water and irrigation services to the customers directly affected by the change of providers. This transaction will reduce expected water revenues, but will be offset by the reduction of operation and maintenance costs as well as avoided future capital infrastructure investments and potential debt service costs (if those capital projects were financed with long term debt). A divestiture analysis was prepared by FCS Group and determined the avoided capital costs and potential debt service costs would more than offset any near term rate impacts, and that selling the system was in the best interest of the City and its ratepayers.

Transportation Funding – Transportation needs continue to outpace available funding. Community-supported solutions are needed to move people and products more efficiently. City Council has significantly increased the amount of funding dedicated to street maintenance and preservation efforts, but many of the efforts are being accomplished through the use of one-time revenues and reserves or reductions to central services and are not sustainable solutions.

In addition to an increase in funding for street maintenance improvements, there is also a need to execute capital projects that are aimed at reducing congestion, improving safety and providing more transportation choices for users. The updated Transportation System Plan (TSP) plan will connect the transportation projects needed to accommodate growth and existing deficiencies that align to a community accepted level of service and a corresponding funding strategy.

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. Additional funding tools include System Development Charge (SDC) exemptions, identification and use of surplus properties and changes to the City’s development code to allow for the development of additional accessory dwelling units (ADUs) in residential neighborhoods.

Public Safety Services – The creation of the Basic Life Support and Quick Response Vehicle Programs are recent examples of operational efficiencies and cost effective service delivery methods implemented by the Fire Department. The programs increased staffing levels through use of limited-term employees that has resulted in quicker response times, making Bend safer while reducing costs. These programs were made possible by a local option levy approved by the voters in 2014. The City will ask voters to renew this levy during 2018.

The Police Department has also been instituting alternative delivery models such as a Mental Health Crisis Team and use of community-based problem solving that involves stakeholders such as neighborhood associations and the business districts. These collaborative models have the potential to drive down ‘calls for service’ by using crime data to strategically deploy resources and engaging community organizations in crime prevention efforts. However, Bend’s fast growth and changing demographics place a high demand on public safety staff, and vigilance is required to keep resources and service levels matched with community expectations.

Amendments to the City Charter – The City of Bend Charter establishes the governmental structure and procedures for the City. In June 2017 the City Council adopted a resolution to establish a committee to consider

and recommend Charter amendments to the voters by May 2018. The Committee was established to complete the following: Develop a recommendation on charter language changes for placing a measure on the ballot for a directly elected mayor; consider and make an initial recommendation on whether to place a ward system measure on the ballot, including what type of ward system (number of wards, number of councilors from each ward, and/or a combination of ward and at-large positions); and provide a recommendation on removing all Council pay from the charter to be set by Council ordinance. Initial recommendations will be made to Council in December 2017.

Enterprise Resource Planning (ERP) – The City is in the midst of an ERP project to replace the current 27 year old system to a modern and integrated ERP system that improves efficiency and effectiveness. The first phase, Core Financials, went live on 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 2020.

Other Financial Information

Independent Audit – State statutes require an annual audit by an independent certified public accountant. The accounting firm of Moss Adams LLP, selected by the City Council, performed the City's annual audit for the fiscal year ended June 30, 2017. 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, 2016. 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 24 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, Katie Arnold, Jake Suppah 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



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, 2016

Christopher P. Morill

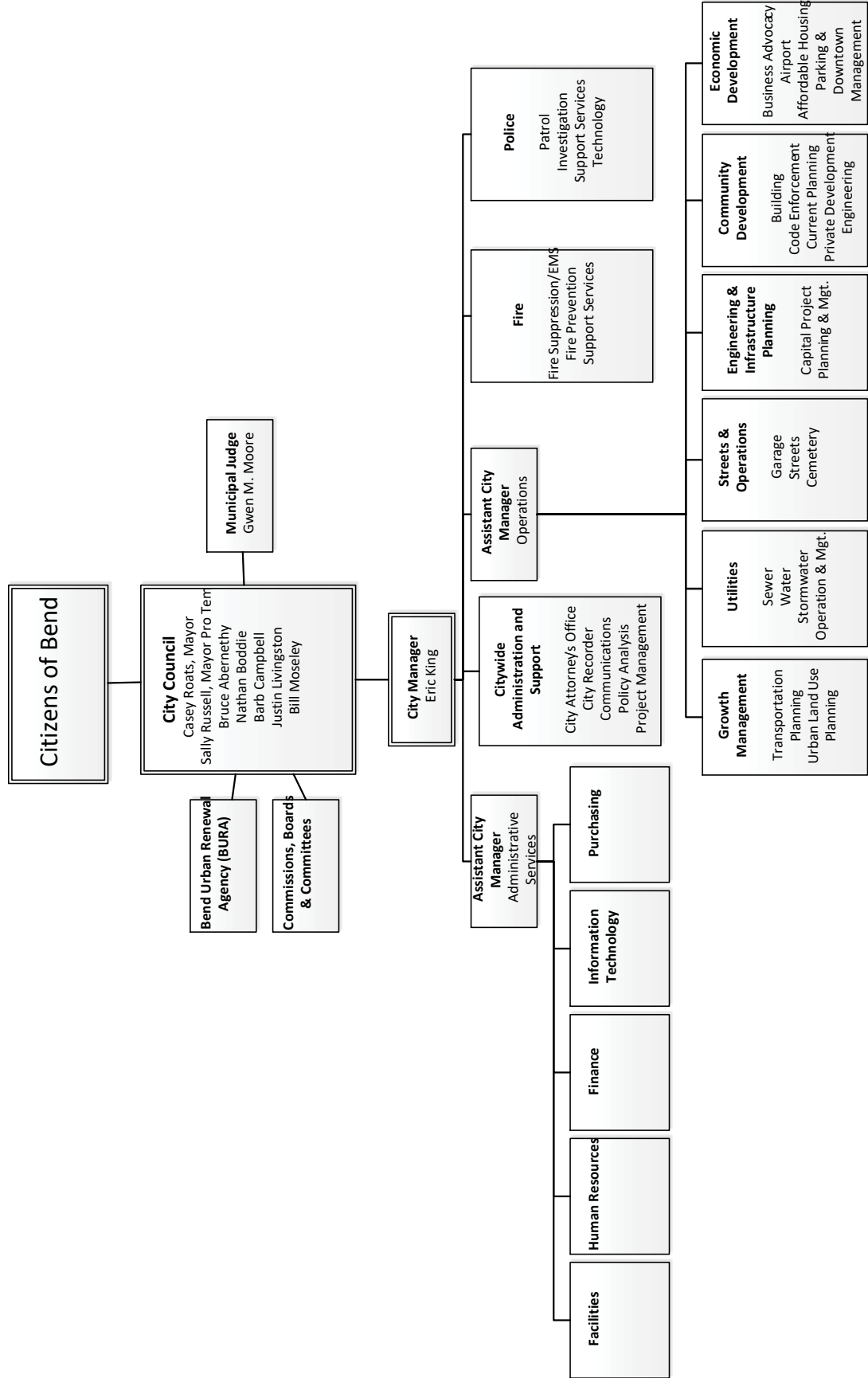
Executive Director/CEO

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CITY OF BEND

City of Bend Organizational Chart



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THE CITY OF BEND, OREGON

City Officials as of June 30, 2017

Mayor

Casey Roats

Mayor Pro-Tem

Sally Russell

Council Members

Term Expiration

Bruce Abernethy
Nathan Boddie
Barb Campbell
Justin Livingston
Bill Moseley

December 2020
December 2018
December 2018
December 2020
December 2020

City Manager

Eric King

Finance Director

Sharon Wojda

Bend City Hall
710 NW Wall Street
Bend, OR 97701

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FINANCIAL SECTION



Report of Independent Auditors

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, 2017 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, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-employment Benefit Plans Schedule of Funding Progress and Employer Contributions, Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of Pension Plan Contributions, and notes to the Required Supplementary Information, as listed in the table of contents on pages 5 through 17 and 80 through 84 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 of America 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, on pages 75 through 79 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.

Supplementary 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, the Other Financial Schedules, and 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, Other Financial Schedules, and Schedule of Expenditures and Federal Awards 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 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, Other Financial Schedules and Schedule of Expenditures and Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a 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 introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 December 21, 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.



Partner for Moss Adams, LLP
Eugene, Oregon
December 21, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2017

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, 2017. 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 \$937.1 million (net position). As shown on Table 1-A, \$105.5 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 \$37.4 million from fiscal year 2015-16 consisting of an increase of \$3.3 million in the net position of governmental activities, and an increase in net position of the business-type activities of \$34.1 million.
- The City's liabilities and deferred inflows totaled \$345.9 million at fiscal year-end. This increase of \$96.3 million from the prior year is due mainly to an increase in long term debt of \$58.0 million, and an increase of \$35.1 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 \$94.0 million, an increase of \$8.7 million, in comparison to fiscal year 2015-16. Of the combined ending governmental fund balances, \$37.5 million, or 39.9%, 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 \$9.5 million or 36.3% 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 five major funds separately: General Fund, Transportation Operations Fund, Fire/Emergency Medical Services Fund, System Development Charges (SDC) Fund, and the Transportation Construction Fund. The other 22 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 - 32 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 33 - 37 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 two internal service funds. The City-wide Support Internal Service Fund includes administration and financial services, legal and risk management, insurance, information technology, and facility management. The Departmental Support Internal Service Fund consists of garage, engineering, and public works laboratory. Because the internal service funds 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 38 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 39 - 73 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 \$937.1 million at June 30, 2017, an increase of \$37.4 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 131.4	\$ 119.9	\$ 116.3	\$ 64.1	\$ 247.7	\$ 184.0
Capital assets	522.8	523.0	480.6	436.3	1,003.4	959.3
Total assets	<u>654.2</u>	<u>642.9</u>	<u>596.9</u>	<u>500.4</u>	<u>1,251.1</u>	<u>1,143.3</u>
Deferred outflows of resources	<u>27.2</u>	<u>5.3</u>	<u>4.6</u>	<u>0.9</u>	<u>31.8</u>	<u>6.2</u>
Total deferred outflows of resources	<u>27.2</u>	<u>5.3</u>	<u>4.6</u>	<u>0.9</u>	<u>31.8</u>	<u>6.2</u>
Current liabilities	22.3	17.4	21.6	43.7	43.9	61.1
Noncurrent liabilities	<u>124.7</u>	<u>95.9</u>	<u>176.6</u>	<u>87.8</u>	<u>301.3</u>	<u>183.7</u>
Total liabilities	<u>147.0</u>	<u>113.3</u>	<u>198.2</u>	<u>131.5</u>	<u>345.2</u>	<u>244.8</u>
Deferred inflows of resources	<u>0.3</u>	<u>4.1</u>	<u>0.4</u>	<u>0.7</u>	<u>0.7</u>	<u>4.8</u>
Total deferred inflows of resources	<u>0.3</u>	<u>4.1</u>	<u>0.4</u>	<u>0.7</u>	<u>0.7</u>	<u>4.8</u>
Net position						
Net investment in capital assets	469.0	476.8	306.5	321.5	775.5	798.3
Restricted	52.4	42.4	3.8	3.5	56.2	47.0
Unrestricted	<u>12.8</u>	<u>11.6</u>	<u>92.6</u>	<u>43.8</u>	<u>105.4</u>	<u>55.5</u>
Total net position	<u>\$ 534.2</u>	<u>\$ 530.9</u>	<u>\$ 402.9</u>	<u>\$ 368.8</u>	<u>\$ 937.1</u>	<u>\$ 899.7</u>

Actual amounts may vary due to rounding

Capital assets increased \$44.1 million as a result of extensive work on the City's water and water reclamation infrastructure as discussed on page 15. Included in Current and other assets above, restricted and unrestricted cash and investments increased \$53.1 million in large part due to debt proceeds in the Water Fund, and increased revenues from street system development charges that were unspent at year end. Noncurrent liabilities had a \$35.1 million increase in net pension obligation as determined by Oregon Public Employees Retirement System (OPERS).

Total deferred inflows decreased \$4.1 million related to pensions and refunding of debt. Long-term debt increased by \$58.0 million as discussed in further detail in the debt administration section on pages 16.

The majority of the net position, (82.8%), 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, 2017 and 2016 Statement of Activities.

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 28.8	\$ 28.7	\$ 50.8	\$ 45.5	\$ 79.6	\$ 74.2
Operating grants and contributions	14.7	13.3	-	-	14.7	13.3
Capital grants and contributions	19.3	27.3	12.9	11.0	32.2	38.3
General revenues:						
Taxes	42.3	39.9	-	-	42.3	39.9
Franchise fees	8.8	8.3	-	-	8.8	8.3
Unrestricted investment income	0.6	1.1	0.2	0.5	0.8	1.6
Total revenues	114.5	118.6	63.9	56.8	178.4	175.6
Expenses						
Governmental Activities:						
General government	18.5	23.0	-	-	18.5	23.0
Public safety	41.6	44.4	-	-	41.6	44.4
Public ways and facilities	23.6	20.7	-	-	23.6	20.7
Community and economic development	15.1	14.2	-	-	15.1	14.2
Permanent maintenance	- *	- *	-	-	-	-
Urban renewal	- *	- *	-	-	-	-
Interest on long-term debt	2.1	2.2	-	-	2.1	2.2
Business-type activities:						
Water	-	-	20.0	14.9	20.0	14.9
Water reclamation	-	-	14.2	17.2	14.2	17.2
Airport	-	-	1.4	1.4	1.4	1.4
Cemetery	-	-	0.1	0.1	0.1	0.1
Downtown parking	-	-	1.1	1.1	1.1	1.1
Stormwater	-	-	3.2	3.3	3.2	3.3
Total expenses	100.9	104.5	40.1	37.9	141.0	142.5
Revenues over expenses	13.6	14.1	23.8	19.0	37.4	33.1
Transfers	(10.3)	(8.8)	10.3	8.8	-	-
Change in net position	3.3	5.3	34.1	27.7	37.4	33.1
Net position, beginning	530.9	525.5	368.8	341.1	899.7	866.6
Net position, ending	\$ 534.2	\$ 530.9	\$ 402.9	\$ 368.8	\$ 937.1	\$ 899.7

* Actual amount is too small to report

Governmental Activities

Governmental activities increased the City's net position by \$3.3 million for the year ended June 30, 2017. Key elements of the increase are as follows:

- Program revenues decreased by \$6.5 million. This is mainly due to decreased capital grants and contributions. Charges for services increased \$0.1 million due to increased building permit charges and planning fees.

MANAGEMENT'S DISCUSSION and ANALYSIS (Continued)

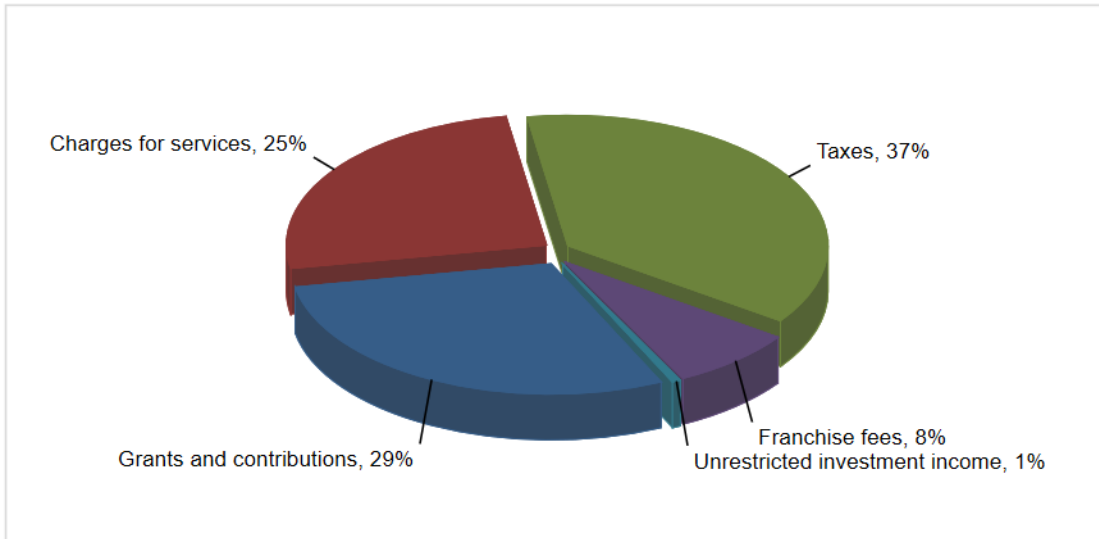
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities (Continued)

Capital and operating grants and contributions decreased \$6.6 million due mainly to an decrease in public ways and facilities. The public ways and facilities decrease is caused, in part, by decreased 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 \$2.4 million. Increased room tax activity resulted in \$1.1 million of revenue growth and property tax revenues increased \$1.3 million.
- Governmental expenses decreased by \$3.6 million. Last fiscal year was elevated due to increased pension expenses as a result of an Oregon Supreme Court decision on cost saving provisions.

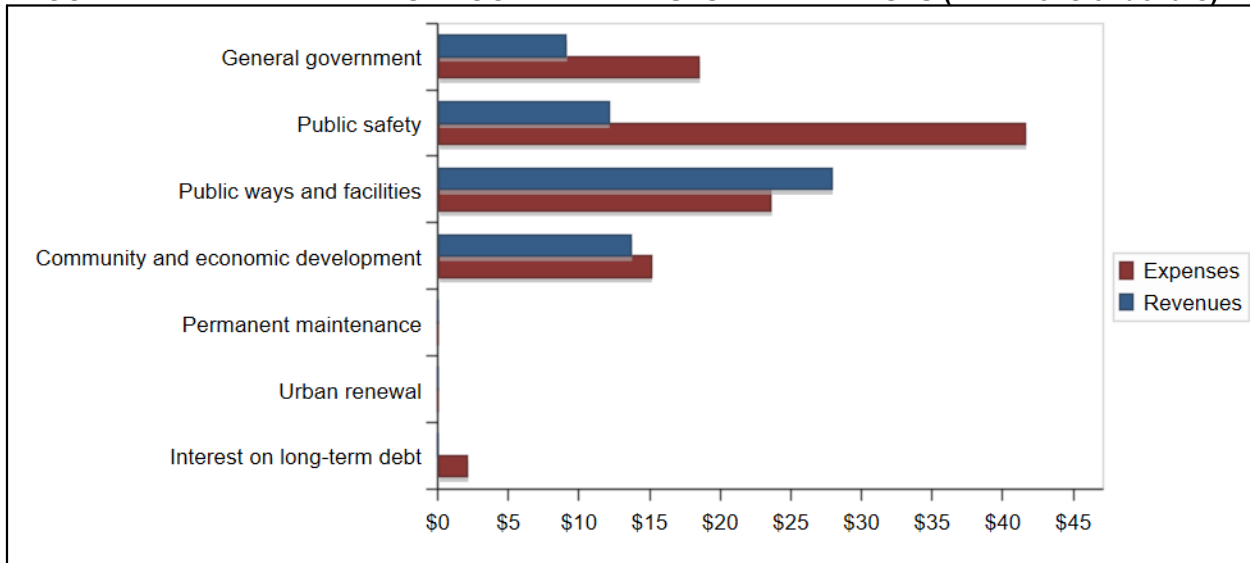
GOVERNMENTAL REVENUES BY TYPE



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.

Business-type Activities

As shown in Table 2-A, total revenues from business-type activities increased by \$7.1 million from the prior year. Increases in charges for services of \$5.3 million are primarily due to higher water reclamation rates (3.9%) and water rates (2.0%). Capital grants and contributions increased by \$1.9 million primarily due to grant reimbursements for construction work on a helipad at the Bend Municipal Airport.

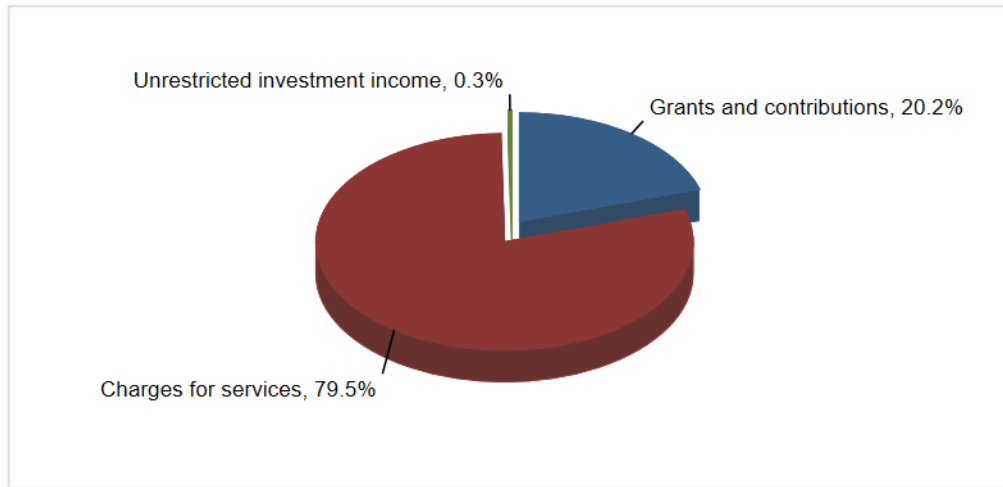
Business-type expenses increased overall by \$2.2 million. The largest increase stems from a \$4.9 million loss in the Water Fund on the sale of Juniper Utility infrastructure assets to other local water providers, offset partially by an increase in capitalized interest expense.

MANAGEMENT'S DISCUSSION and ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

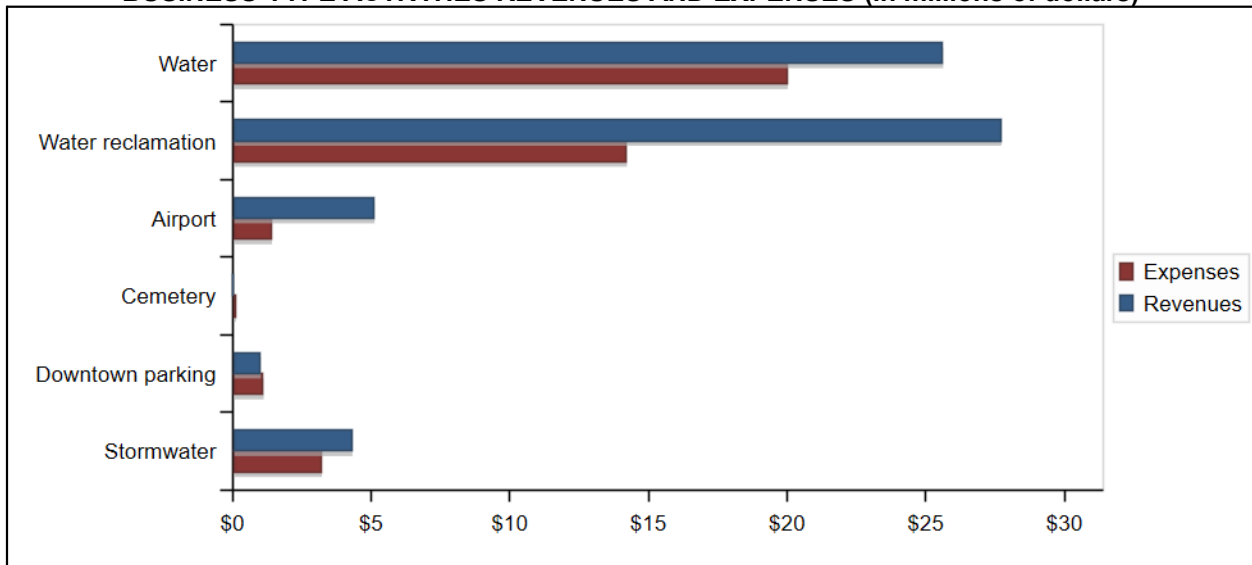
Business-type Activities (Continued)

BUSINESS-TYPE ACTIVITIES REVENUES BY TYPE



As shown in the pie chart above, charges for services accounted for 79.5% of total business-type revenue in fiscal year 2016-17 compared to 79.8% in fiscal year 2015-16.

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.

MANAGEMENT'S DISCUSSION and ANALYSIS (Continued)

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 \$94.0 million which is an increase of \$8.7 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 \$94.0 million, \$5.2 million was nonspendable related to the assets held for resale and the Cemetery Permanent Maintenance Fund; \$41.1 million was restricted by creditors, grantors or by law; \$10.1 million was committed to specific purposes through City Council adopted resolution or ordinance; \$28.1 million was assigned by intent of the City to a specific purpose; and \$9.5 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 \$9.5 million, up \$0.1 million (1.1%) from the previous year. The unassigned fund balance represents 41.0% 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, and the Transportation Construction Fund. The Transportation Operation Fund's ending fund balance decreased by \$0.8 million due primarily to a delay in a funding agreement with the State of Oregon. The Fire/EMS Fund's ending fund balance increased by \$0.1 million which is consistent with the prior fiscal year. The SDC Fund's ending fund balance increased by \$6.5 million due to increased SDC fees being collected from developers for new construction. The Transportation Construction Fund's ending fund balance decreased by \$0.3 million due to a decrease in the fair value of investment assets. Each City fund shares in a proportion of the pooled assets.

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 \$42.0 million, an increase of \$37.5 million. Net investment in capital assets decreased due to an increase in debt on assets constructed, thereby increasing the unrestricted fund balance. SDC's generated \$4.5 million of revenue and developer contributed infrastructure totaled \$4.3 million.

In the Water Reclamation Fund, the unrestricted net position at the end of the year amounted to \$41.6 million, an increase of \$7.9 million. The increase can be attributed to charges for services. In addition, SDC's generated \$5.6 million of revenue and developer contributed infrastructure totaled \$2.7 million.

SDC's are received in the SDC Fund (a major governmental fund) and transferred to the Water and Water Reclamation Funds as qualifying expenses are incurred. Revenues from these charges increased in the Water Fund by 18.4% and decreased in the Water Reclamation Funds by 11.1% in fiscal year 2016-17 over fiscal year 2015-16.

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

MANAGEMENT'S DISCUSSION and ANALYSIS (Continued)

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget

The budgetary statement for the General Fund, which is located on page 75, shows the original budget, final budget, actual revenues and expenditures, and transfers in and out for the fiscal year ended June 30, 2017. During the 2016-17 biennial budget, General Fund budgeted resources were increased by \$1.8 million for additional beginning working capital, additional property tax collections, increased transient room tax collections due to 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 \$3.2 million for increased transfers to the Fire/EMS Fund based on contractual obligations with the Deschutes County Rural Fire Protection District #2, and increased transfers to the Transportation Operations Fund for street maintenance, an increase to the Community Projects Program for the City's contribution and support of the Oregon State University campus development, 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.

CAPITAL ASSETS

As of June 30, 2017 the City had invested \$1,003.3 million in capital assets, net of depreciation, as reflected in the following table. This represents a net increase (additions, disposals and depreciation) of \$43.9 million. Governmental capital assets totaled \$522.7 million while business-type capital assets totaled \$480.6 million.

Capital Assets as of June 30th (in millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land including right-of-way	\$ 147.9	\$ 148.2	\$ 6.4	\$ 7.0	\$ 154.3	\$ 155.2
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	14.0	14.8	16.2	16.7	30.2	31.5
Infrastructure	315.9	325.0	240.3	240.4	556.2	565.4
Vehicles and equipment	11.3	10.0	3.6	3.4	14.9	13.4
Software	-	0.1	-	-	-	0.1
Construction in progress	32.9	24.3	212.7	167.4	245.6	191.7
	<u>\$ 522.7</u>	<u>\$ 523.1</u>	<u>\$ 480.6</u>	<u>\$ 436.3</u>	<u>\$ 1,003.3</u>	<u>\$ 959.4</u>

Major construction projects affecting capital assets for fiscal year 2016-17 are as follows:

- Street Construction - Construction of various street improvements added \$4.9 million to capital assets. The majority of these costs were related to construction work on 14th Street, and 27th Street. Developer constructed infrastructure contributed to the City totaled \$2.6 million in the current year.
- Water Improvements - Improvements to the water system added \$12.5 million to capital assets. Major projects included upgrades in telemetry of \$1.6 million, improvements to the Mountain High and Tillicum Waterlines of \$1.8 million, and upgrades to the Surface Water Intake Facility of \$2.9 million. Developer constructed infrastructure contributed to the City totaled \$4.2 million in the current year. The Water Fund recorded a \$4.9 million loss from the sale of Juniper Utility infrastructure to other local water providers.
- Water Reclamation Improvements - Improvements to the water reclamation system added \$40.7 million to capital assets. Major projects included construction work on the Colorado Lift Station of \$4.2 million, work on the Secondary Expansion of \$2.6 million, work on the Southeast Interceptor of \$26.1 million, and North Area Sewer Capacity improvements of \$1.3 million. Developer constructed infrastructure contributed to the City totaled \$2.7 million.

MANAGEMENT'S DISCUSSION and ANALYSIS (Continued)

CAPITAL ASSETS (Continued)

- Stormwater Improvements - Improvements to the City's stormwater system added \$1.3 million to capital assets. This included continued work on various stormwater improvement projects of \$0.5 million. Developer constructed infrastructure contributed to the City totaled \$0.8 million in the current year.

Please refer to Note 5 on pages 51-52 of the basic financial statements for further detailed information on capital assets.

DEBT ADMINISTRATION

As of June 30, 2017, the City had \$239.7 million in long-term debt and unamortized premiums and discounts, an increase of \$57.8 million from the prior year. The City has an unamortized balance of premiums and discounts on long-term debt issuances of \$13.1 million that are amortized over the life of the associated debt. Debt outstanding by type at year-end is as follows:

	Outstanding Debt as of June 30th					
	(in millions)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Full faith & credit obligations	\$ 30.7	\$ 28.3	\$ 12.8	\$ 13.9	\$ 43.5	\$ 42.2
Revenue bonds	-	-	56.8	7.4	56.8	7.4
Notes payable	11.3	12.9	89.4	63.4	100.7	76.3
General obligation debt	21.7	22.8	-	-	21.7	22.8
Line of credit	3.9	1.3	-	30.0	3.9	31.3
	<u>67.6</u>	<u>65.3</u>	<u>159.0</u>	<u>114.7</u>	<u>226.6</u>	<u>180.0</u>
Unamortized premiums & discounts	1.5	1.7	11.6	0.2	13.1	1.9
Total Outstanding Debt	<u>\$ 69.1</u>	<u>\$ 67.0</u>	<u>\$ 170.6</u>	<u>\$ 114.9</u>	<u>\$ 239.7</u>	<u>\$ 181.9</u>

The significant changes in long-term debt include proceeds of \$49.9 million with a premium of \$12.1 for the issuance of water revenue bonds to refinance previous debt and reimburse the City for infrastructure system improvements, the drawdown of \$28.7 million of notes payable from the State of Oregon Department of Environmental Quality to fund construction on the water reclamation system, \$4.5 million in full faith and credit debt to finance the purchase of land and fire equipment, and the drawdown of \$2.6 million to finance the enterprise resource software project. This increase was offset by \$44.3 million in scheduled principal payments and to escrow for the refunding of debt.

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 2016-17 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 \$21.7 million.

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

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

Please refer to Note 12 on pages 55-60 of the basic financial statements for further detailed information on long-term debt.

MANAGEMENT'S DISCUSSION and ANALYSIS (Continued)

ECONOMIC FACTORS

The population of the City of Bend as of July 1, 2017, was 83,500, which is 47.3% of Deschutes County's population of 176,635. Between July 1, 2002 and July 1, 2017, 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 2016-17, 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 18.7% 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 is one of the lowest in Oregon. In recent years, the gap between real market value and maximum assessed value has been increasing. The growth in AV for existing properties coupled with the significant increases in development activity resulted in an overall increase in AV of 4.5% during fiscal year 2016-17. For 2017-18, the City is forecasting growth in property tax revenue of 5.25%. 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, or reduction in services.

In the next two years, the City budgeted to allocate \$5.2 million of funding for street maintenance, but the annual funding needed to eliminate deferred maintenance is actually closer to \$8.0 million per year. This allocation of funding is derived from one-time sources and cannot be sustained.

In fiscal year 2016-17, charges for services made up approximately 44.6% of the City's total revenue sources. In June 2017, Council approved the 2017-18 fee resolution which included fee increases for many of the City's fee bases services in the community development program. 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. The City generally increases water and sewer rates annually in July. 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, however, the City is in a good position to respond to changes in the economy.

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.

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BASIC FINANCIAL STATEMENTS

City of Bend, Oregon
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Pooled cash and investments	\$ 60,931,404	\$ 86,167,601	\$ 147,099,005
Receivables, net	8,686,427	6,899,455	15,585,882
Due from other governments	1,069,192	17,674,252	18,743,444
Restricted cash and investments	45,833,955	3,943,263	49,777,218
Other assets	299,720	75,109	374,829
Assessments receivable	31,044	65,791	96,835
Loans and notes receivable	10,069,015	1,445,593	11,514,608
Assets held for resale	4,554,943	-	4,554,943
Non-depreciable capital assets	181,533,245	220,493,130	402,026,375
Depreciable capital assets, net	341,260,167	260,119,077	601,379,244
Total Assets	654,269,112	596,883,271	1,251,152,383
<u>Deferred Outflows of Resources</u>			
Deferred outflows from pensions	27,067,526	4,631,179	31,698,705
Deferred outflows from debt refunding	84,339	-	84,339
Total Deferred Outflows of Resources	27,151,865	4,631,179	31,783,044
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	4,336,328	7,413,461	11,749,789
Other liabilities	6,469,501	9,681,366	16,150,867
Due to developers	220,622	-	220,622
Deposits	863,208	236,400	1,099,608
Unearned revenue	2,900	-	2,900
Long-term debt due or payable within one year	10,430,080	4,308,699	14,738,779
Total Current Liabilities	22,322,639	21,639,926	43,962,565
Noncurrent Liabilities:			
Net pension obligation	48,429,944	8,286,233	56,716,177
Other post-employment benefits payable	17,553,645	1,854,786	19,408,431
Long-term debt due or payable after one year	58,657,690	166,421,433	225,079,123
Total Noncurrent Liabilities	124,641,279	176,562,452	301,203,731
Total Liabilities	146,963,918	198,202,378	345,166,296
<u>Deferred Inflows of Resources</u>			
Deferred inflows from pensions	220,381	37,706	258,087
Deferred inflows from debt refunding	55,604	365,499	421,103
Total Deferred Inflows of Resources	275,985	403,205	679,190
<u>Net Position</u>			
Net investment in capital assets	468,970,988	306,516,577	775,487,565
Restricted for:			
Debt service	5,374,922	3,706,863	9,081,785
Capital projects	32,181,435	77,145	32,258,580
Building program	12,741,973	-	12,741,973
Tourism	463,606	-	463,606
Permanent maintenance	654,327	-	654,327
Urban renewal	322,208	-	322,208
Grant activity	699,939	-	699,939
Unrestricted	12,771,676	92,608,282	105,379,958
Total Net Position	\$ 534,181,074	\$ 402,908,867	\$ 937,089,941

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, 2017

	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	\$ 18,459,432	\$ 8,855,480	\$ 194,264	\$ -	\$ (9,409,688)	\$ -	\$ (9,409,688)
Public safety	41,593,350	5,181,259	6,916,678	-	(29,495,413)	-	(29,495,413)
Public ways and facilities	23,640,432	3,628,607	5,017,233	19,298,883	4,304,291	-	4,304,291
Community and economic development	15,082,604	11,133,727	2,556,376	-	(1,392,501)	-	(1,392,501)
Permanent maintenance	5,325	5,297	-	-	(28)	-	(28)
Urban renewal	53,417	-	-	-	(53,417)	-	(53,417)
Interest on long-term debt	2,054,734	-	-	-	(2,054,734)	-	(2,054,734)
Total Governmental Activities	100,889,294	28,804,370	14,684,551	19,298,883	(38,101,490)	-	(38,101,490)
Business-Type Activities:							
Water	19,997,772	21,279,899	-	4,339,790	-	5,621,917	5,621,917
Water reclamation	14,196,256	24,062,049	-	3,603,712	-	13,469,505	13,469,505
Airport	1,393,566	858,451	-	4,191,547	-	3,656,432	3,656,432
Cemetery	138,922	69,878	-	-	-	(69,044)	(69,044)
Downtown parking	1,133,570	995,849	-	-	-	(137,721)	(137,721)
Stormwater	3,213,638	3,478,038	-	793,973	-	1,058,373	1,058,373
Total Business-Type Activities	40,073,724	50,744,164	-	12,929,022	-	23,599,462	23,599,462
Total Activities	\$ 140,963,018	\$ 79,548,534	\$ 14,684,551	\$ 32,227,905	(38,101,490)	23,599,462	(14,502,028)
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					30,148,347	-	30,148,347
Property taxes, levied for debt service					3,168,103	-	3,168,103
Transient room taxes					8,989,583	-	8,989,583
Franchise fees					8,794,247	-	8,794,247
Unrestricted investment income					555,773	221,928	777,701
Transfers					(10,273,378)	10,273,378	-
Total General Revenues and Transfers					41,382,675	10,495,306	51,877,981
Change in Net Position					3,281,185	34,094,768	37,375,953
Net Position, July 1, 2016					530,899,889	368,814,099	899,713,988
Net Position, June 30, 2017					<u>\$ 534,181,074</u>	<u>\$ 402,908,867</u>	<u>\$ 937,089,941</u>

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

City of Bend, Oregon
Balance Sheet
Governmental Funds
June 30, 2017

	<u>General Fund*</u>	<u>Transportation Operations Fund</u>	<u>Fire / Emergency Medical Services Fund</u>	<u>System Development Charges (SDC) Fund</u>
<u>Assets</u>				
Pooled cash and investments	\$ 18,823,721	\$ 6,005,907	\$ 4,387,882	\$ -
Restricted cash and investments	164,992	28,790	-	17,567,224
Receivables:				
Property taxes	876,793	-	59,947	-
Accounts, net	3,565,315	172,683	1,414,289	25,759
Assessments receivable, net	-	-	-	-
Loans and notes receivable, net	639,656	-	-	45,710
Interest	578,384	-	-	-
Due from other funds	14,663	-	25,601	-
Due from other governments	552,722	429,581	-	-
Assets held for resale	4,554,943	-	-	-
Total Assets	\$ 29,771,189	\$ 6,636,961	\$ 5,887,719	\$ 17,638,693
<u>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</u>				
Liabilities				
Accounts payable	\$ 1,924,186	\$ 707,578	\$ 86,004	\$ 19,352
Salaries and benefits payable	272,320	51,070	259,384	-
Retainage payable	-	11,100	-	-
Due to developers	-	-	-	220,622
Other accrued liabilities	883,883	-	-	-
Deposits - restricted	164,992	28,790	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	3,245,381	798,538	345,388	239,974
Deferred Inflows of Resources				
Unavailable revenue - property taxes	657,145	-	45,398	-
Unavailable revenue - ambulance billings	-	-	1,026,053	-
Unavailable revenue - assessments & loans receivable	2,681,333	10,591	-	71,469
Total Deferred Inflows of Resources	3,338,478	10,591	1,071,451	71,469

* The General Fund presented here includes the General Fund Stabilization Fund. Details of the combination are at page 161.

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, 2017

	Transportation Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Pooled cash and investments	\$ 8,869,492	\$ 7,416,951	\$ 45,503,953
Restricted cash and investments	-	27,571,517	45,332,523
Receivables:			
Property taxes	-	100,103	1,036,843
Accounts, net	47,443	512,696	5,738,185
Assessments receivable, net	-	31,044	31,044
Loans and notes receivable, net	-	9,383,649	10,069,015
Interest	-	-	578,384
Due from other funds	-	-	40,264
Due from other governments	67,640	19,249	1,069,192
Assets held for resale	-	-	4,554,943
Total Assets	<u>\$ 8,984,575</u>	<u>\$ 45,035,209</u>	<u>\$ 113,954,346</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)</u>			
Liabilities			
Accounts payable	\$ 347,777	\$ 697,484	\$ 3,782,381
Salaries and benefits payable	6,507	95,296	684,577
Retainage payable	-	29,522	40,622
Due to developers	-	-	220,622
Other accrued liabilities	-	-	883,883
Deposits - restricted	-	167,994	361,776
Unearned revenue	-	8,363	8,363
Due to other funds	-	40,264	40,264
Total Liabilities	<u>354,284</u>	<u>1,038,923</u>	<u>6,022,488</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	-	75,346	777,889
Unavailable revenue - ambulance billings	-	-	1,026,053
Unavailable revenue - assessments & loans receivable	-	9,395,610	12,159,003
Total Deferred Inflows of Resources	<u>-</u>	<u>9,470,956</u>	<u>13,962,945</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, 2017

	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	-	67,640	-	-
Outside debt covenant	-	-	-	-
Outside construction covenant	-	-	-	-
State law revenue restriction	-	-	-	17,327,250
Committed:				
Reserves for General Fund Stabilization	2,519,200	-	-	-
Fire service agreements	-	-	4,470,880	-
Affordable housing	-	-	-	-
Reserves for police operations	-	-	-	-
Assigned:				
Other post employment benefit liability	6,650,676	-	-	-
Construction activities	-	5,760,192	-	-
Planning support services	-	-	-	-
Community development contracts	-	-	-	-
Debt service	-	-	-	-
Unassigned	9,462,511	-	-	-
Total Fund Balances (Deficits)	<u>23,187,330</u>	<u>5,827,832</u>	<u>4,470,880</u>	<u>17,327,250</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 29,771,189</u>	<u>\$ 6,636,961</u>	<u>\$ 5,887,719</u>	<u>\$ 17,638,693</u>

* The General Fund presented here includes the General Fund Stabilization Fund. Details of the combination are at page 161.

City of Bend, Oregon
Balance Sheet (Continued)
Governmental Funds
June 30, 2017

	<u>Transportation Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances (Deficits)			
Nonspendable:			
Assets held for resale	\$ -	\$ -	\$ 4,554,943
Permanent maintenance funds	-	632,796	632,796
Restricted for:			
External grantor covenant	-	630,528	698,168
Outside debt covenant	-	3,726,503	3,726,503
Outside construction covenant	1,512,200	4,367,552	5,879,752
State law revenue restriction	-	13,467,652	30,794,902
Committed:			
Reserves for General Fund Stabilization	-	-	2,519,200
Fire service agreements	-	-	4,470,880
Affordable housing	-	2,519,370	2,519,370
Reserves for police operations	-	639,596	639,596
Assigned:			
Other post employment benefit liability	-	-	6,650,676
Construction activities	7,118,091	1,848,602	14,726,885
Planning support services	-	3,891,323	3,891,323
Community development contracts	-	122,224	122,224
Debt service	-	2,679,094	2,679,094
Unassigned	-	90	9,462,601
Total Fund Balances (Deficits)	<u>8,630,291</u>	<u>34,525,330</u>	<u>93,968,913</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 8,984,575</u>	<u>\$ 45,035,209</u>	<u>\$ 113,954,346</u>

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

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City of Bend, Oregon
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017

Total Fund Balances (Deficits)	\$ 93,968,913
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 the funds.	501,499,608
Other assets and deferred outflows of resources are not available to pay for current-period expenditures and therefore, are not reported in the funds:	
Interest receivable	90,285
Deferred outflows of refunded debt	75,061
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	777,889
Unavailable assessments and loans	5,197,824
Other unavailable revenues	7,992,695
Interest payable	(200,334)
Accrued compensated absences	(3,109,996)
Net pension activity	(17,248,038)
Other post-employment benefits	(15,079,164)
Accrued health insurance benefits	(12,629)
Long-term debt	(56,024,338)
Deferred inflows of refunded debt	(17,959)
The internal service funds are 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 funds are reported with governmental activities.	16,271,257
Total Net Position	<u>\$ 534,181,074</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, 2017

	General Fund*	Transportation Operations Fund	Fire / Emergency Medical Services Fund	System Development Charges (SDC) Fund
<u>Revenues</u>				
Taxes	\$ 33,717,879	\$ -	\$ 2,200,175	\$ -
Franchise fees	6,614,136	839,997	-	-
Intergovernmental	2,694,192	4,938,580	3,977,106	-
Assessments	-	-	-	-
Licenses and permits	116,563	-	-	-
Charges for services	1,603,022	140,457	3,303,174	-
System development charges	-	-	-	16,828,132
Contributions	-	-	4,733	-
Fines and forfeitures	1,038,284	-	-	-
Loan repayments	-	-	-	940,509
Permanent maintenance fees	-	-	-	-
Investment income	129,308	15,708	747	255,957
Miscellaneous	33,925	40,409	97,241	-
Total Revenues	45,947,309	5,975,151	9,583,176	18,024,598
<u>Expenditures</u>				
Current:				
General government	2,563,986	-	-	-
Public safety	21,201,774	-	20,797,982	-
Public ways and facilities	-	8,104,563	-	301,066
Community and economic development	1,824,923	-	-	-
Permanent maintenance	-	-	-	-
Urban renewal	-	-	-	-
Debt service:				
Principal	-	180,000	515,395	-
Interest	-	20,100	112,871	-
Capital outlay	553,490	3,507,527	2,159,971	-
Total Expenditures	26,144,173	11,812,190	23,586,219	301,066
Excess (deficiency) of revenues over (under) expenditures	19,803,136	(5,837,039)	(14,003,043)	17,723,532

*The General Fund presented here includes the General Fund Stabilization Fund. Details of the combination are at page 162

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, 2017

	Transportation Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>			
Taxes	\$ -	\$ 6,338,764	\$ 42,256,818
Franchise fees	653,045	687,069	8,794,247
Intergovernmental	67,640	507,356	12,184,874
Assessments	-	151,134	151,134
Licenses and permits	-	5,681,314	5,797,877
Charges for services	121,158	7,387,815	12,555,626
System development charges	-	-	16,828,132
Contributions	204,319	40,264	249,316
Fines and forfeitures	-	-	1,038,284
Loan repayments	-	776,746	1,717,255
Permanent maintenance fees	-	5,297	5,297
Investment income	(157,949)	174,908	418,679
Miscellaneous	1,348	14,568	187,491
Total Revenues	889,561	21,765,235	102,185,030
<u>Expenditures</u>			
Current:			
General government	-	25,000	2,588,986
Public safety	-	7,744	42,007,500
Public ways and facilities	1,624,625	129,126	10,159,380
Community and economic development	-	14,355,333	16,180,256
Permanent maintenance	-	5,325	5,325
Urban renewal	-	58,511	58,511
Debt service:			
Principal	1,163,166	2,696,190	4,554,751
Interest	137,972	1,808,256	2,079,199
Capital outlay	847,473	2,078,663	9,147,124
Total Expenditures	3,773,236	21,164,148	86,781,032
 Excess (deficiency) of revenues over (under) expenditures	 (2,883,675)	 601,087	 15,403,998

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, 2017

	General Fund*	Transportation Operations Fund	Fire / Emergency Medical Services Fund	System Development Charges (SDC) Fund
<u>Other Financing Sources (Uses)</u>				
Insurance proceeds	\$ 1,667	\$ -	\$ 50,385	\$ -
Issuance of long-term debt	-	-	1,862,475	-
Payment to escrow agent	-	-	(256,298)	-
Proceeds from sale of assets	2,985	12,026	49,000	-
Transfers in	399,751	5,049,142	12,382,801	-
Transfers out	(18,644,919)	-	(23,219)	(11,244,693)
Total Other Financing Sources (Uses)	<u>(18,240,516)</u>	<u>5,061,168</u>	<u>14,065,144</u>	<u>(11,244,693)</u>
Net change in fund balances	1,562,620	(775,871)	62,101	6,478,839
Fund Balances (Deficits), July 1, 2016	<u>21,624,710</u>	<u>6,603,703</u>	<u>4,408,779</u>	<u>10,848,411</u>
Fund Balances (Deficits), June 30, 2017	<u>\$ 23,187,330</u>	<u>\$ 5,827,832</u>	<u>\$ 4,470,880</u>	<u>\$ 17,327,250</u>

*The General Fund presented here includes the General Fund Stabilization Fund. Details of the combination are at page 162

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, 2017

	Transportation Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Other Financing Sources (Uses)</u>			
Insurance proceeds	\$ -	\$ -	\$ 52,052
Issuance of long-term debt	-	2,434,048	4,296,523
Payment to escrow agent	-	(2,418,649)	(2,674,947)
Proceeds from sale of assets	124,056	82,361	270,428
Transfers in	2,489,428	1,014,100	21,335,222
Transfers out	-	(118,448)	(30,031,279)
Total Other Financing Sources (Uses)	<u>2,613,484</u>	<u>993,412</u>	<u>(6,752,001)</u>
Net change in fund balances	(270,191)	1,594,499	8,651,997
Fund Balances (Deficits), July 1, 2016	<u>8,900,482</u>	<u>32,930,831</u>	<u>85,316,916</u>
Fund Balances (Deficits), June 30, 2017	<u>\$ 8,630,291</u>	<u>\$ 34,525,330</u>	<u>\$ 93,968,913</u>

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

Concluded

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, 2017

Net Change in Fund Balance		\$ 8,651,997
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	\$ 8,978,120	
Depreciation	<u>(13,392,103)</u>	(4,413,983)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		3,266,288
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		(4,296,523)
Long-term debt principal repayments		4,554,749
Payments to escrow agents for refunded debt		2,600,000
Some expenses (revenues) 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		5,391
Amortization of bond premiums and discounts		133,371
Amortization of deferred inflows		(17,959)
Amortization of deferred outflows		75,061
Accrued pension obligation		(3,421,913)
Accrued compensated absences		(275,395)
Accrued other postemployment benefit obligations		(1,719,399)
Accrued health insurance benefits		19,672
The internal service funds are 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 funds are reported with governmental activities.		<u>(1,880,172)</u>
Change in Net Position		<u>\$ 3,281,185</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, 2017

	Business-Type Activities Enterprise Funds			Governmental	
		Water	Nonmajor	Total	Internal
	Water Fund	Reclamation Fund	Enterprise Funds	Proprietary Funds	Service Funds
Assets					
Current assets:					
Pooled cash and investments	\$ 41,560,934	\$ 37,528,937	\$ 7,077,730	\$ 86,167,601	\$ 15,427,451
Receivables:					
Accounts, net	2,747,928	3,401,344	671,684	6,820,956	1,242,730
Interest	-	78,499	-	78,499	-
Due from other governments	-	13,592,209	4,082,043	17,674,252	-
Other assets	29,840	-	-	29,840	348
Prepays and deposits	45,269	-	-	45,269	299,372
Total Current Assets	44,383,971	54,600,989	11,831,457	110,816,417	16,969,901
Noncurrent assets:					
Restricted cash and investments	198,372	3,706,863	38,028	3,943,263	501,432
Assessments receivable, net	-	65,791	-	65,791	-
Loans and notes receivable, net	1,437,148	8,445	-	1,445,593	-
Capital assets, net	167,365,078	244,544,395	68,702,734	480,612,207	21,293,804
Total Noncurrent Assets	169,000,598	248,325,494	68,740,762	486,066,854	21,795,236
Total Assets	213,384,569	302,926,483	80,572,219	596,883,271	38,765,137
Deferred Outflows of Resources					
Deferred outflows from pensions	1,686,369	2,294,986	649,824	4,631,179	5,436,326
Deferred outflows from debt refunding	-	-	-	-	9,278
Total Deferred Outflows of Resources	1,686,369	2,294,986	649,824	4,631,179	5,445,604
Liabilities					
Current liabilities:					
Accounts payable	1,172,712	4,643,424	1,597,325	7,413,461	553,947
Salaries and benefits payable	58,623	71,769	20,419	150,811	204,365
Retainage payable	52,820	2,663,239	198,781	2,914,840	-
Other accrued liabilities:					
Compensated absences	261,953	265,445	67,475	594,873	795,147
Interest payable	217,465	2,588,633	18,285	2,824,383	33,104
Insurance claims	1,723	1,852	298	3,873	504,844
Other	-	125,237	67,349	192,586	-
Deposits - restricted	198,372	-	38,028	236,400	501,432
Current portion of long term debt, net	2,250,025	1,828,140	3,230,534	7,308,699	23,626
Total Current Liabilities	4,213,693	12,187,739	5,238,494	21,639,926	2,616,465

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, 2017

	Business-Type Activities Enterprise Funds			Governmental Activities	
	Water	Water	Nonmajor	Total	
	Fund	Reclamation Fund	Enterprise Funds	Proprietary Funds	
	Water Fund	Water Reclamation Fund	Nonmajor Enterprise Funds	Total Proprietary Funds	Internal Service Funds
Noncurrent liabilities:					
Other post-employment benefits payable	\$ 676,620	\$ 891,950	\$ 286,216	\$ 1,854,786	\$ 2,474,481
Long-term debt, net	61,008,626	104,693,912	718,895	166,421,433	13,039,806
Net pension obligation	3,017,299	4,106,252	1,162,682	8,286,233	9,726,825
Total Noncurrent Liabilities	64,702,545	109,692,114	2,167,793	176,562,452	25,241,112
Total Liabilities	68,916,238	121,879,853	7,406,287	198,202,378	27,857,577
Deferred Inflows of Resources					
Deferred inflows from pensions	13,730	18,686	5,290	37,706	44,262
Deferred inflows from debt refunding	365,499	-	-	365,499	37,645
Total Deferred Inflows of Resources	379,229	18,686	5,290	403,205	81,907
Net Position (Deficit)					
Net investment in capital assets	103,740,929	138,022,343	64,753,305	306,516,577	8,202,005
Restricted for:					
Outside construction covenant	72,080	5,065	-	77,145	-
Debt service	-	3,706,863	-	3,706,863	-
Unrestricted (deficit)	41,962,462	41,588,659	9,057,161	92,608,282	8,069,252
Total Net Position	\$ 145,775,471	\$ 183,322,930	\$ 73,810,466	\$ 402,908,867	\$ 16,271,257

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.

Concluded

City of Bend, Oregon
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the fiscal year ended June 30, 2017

	Business-Type Activities Enterprise Funds			Governmental	
	Water Fund	Water Reclamation Fund	Nonmajor Enterprise Funds	Total Proprietary Funds	Internal Service Funds
<u>Operating Revenues</u>					
Charges for services	\$ 19,431,832	\$ 24,052,009	\$ 5,393,023	\$ 48,876,864	\$ 19,859,148
Rental income	-	-	-	-	2,684,699
Loan repayments	37,148	3,442	-	40,590	-
Miscellaneous	24,190	11,267	13,085	48,542	265,403
Total Operating Revenues	<u>19,493,170</u>	<u>24,066,718</u>	<u>5,406,108</u>	<u>48,965,996</u>	<u>22,809,250</u>
<u>Operating Expenses</u>					
Salaries and benefits	4,368,784	5,722,817	1,577,830	11,669,431	11,790,808
Materials and supplies	3,014,487	523,629	1,078,198	4,616,314	5,486,722
Internal services	3,374,657	4,184,242	1,279,913	8,838,812	2,737,289
Insurance premiums and claims	-	-	-	-	1,819,742
Depreciation	3,138,573	3,204,356	1,905,489	8,248,418	1,115,175
Total Operating Expenses	<u>13,896,501</u>	<u>13,635,044</u>	<u>5,841,430</u>	<u>33,372,975</u>	<u>22,949,736</u>
Operating income (loss)	5,596,669	10,431,674	(435,322)	15,593,021	(140,486)
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	97,503	108,074	16,350	221,927	55,694
Insurance proceeds	-	-	-	-	67,758
Interest expense	(30,432)	(580,903)	(45,560)	(656,895)	(308,871)
Amortization	617,304	16,346	3,968	637,618	26,398
Gain (loss) on disposal of assets	(4,861,461)	-	(4,695)	(4,866,156)	(3,343)
Total Nonoperating Revenues (Expenses)	<u>(4,177,086)</u>	<u>(456,483)</u>	<u>(29,937)</u>	<u>(4,663,506)</u>	<u>(162,364)</u>
Income (loss) before contributions and transfers	1,419,583	9,975,191	(465,259)	10,929,515	(302,850)
<u>Contributions and Transfers</u>					
Capital grants and contributions	4,302,642	2,741,791	4,985,520	12,029,953	-
Forgiveness of debt	-	861,921	-	861,921	-
Transfers in	4,493,361	5,611,904	268,113	10,373,378	1,431,650
Transfers out	-	-	(100,000)	(100,000)	(3,008,972)
Total Contributions and Transfers	<u>8,796,003</u>	<u>9,215,616</u>	<u>5,153,633</u>	<u>23,165,252</u>	<u>(1,577,322)</u>
Change in net position	10,215,586	19,190,807	4,688,374	34,094,767	(1,880,172)
Net Position, July 1, 2016	135,559,885	164,132,123	69,122,092	368,814,100	18,151,429
Net Position, June 30, 2017	<u>\$ 145,775,471</u>	<u>\$ 183,322,930</u>	<u>\$ 73,810,466</u>	<u>\$ 402,908,867</u>	<u>\$ 16,271,257</u>

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, 2017

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Fund
	Water Fund	Water Reclamation Fund	Nonmajor Enterprise Funds	Total Proprietary Funds	
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 17,741,560	\$ 23,917,081	\$ 5,391,606	\$ 47,050,247	\$ 1,607,331
Cash received from interfund services provided	133,358	22,077	18,654	174,089	19,881,839
Cash paid to employees for services	(4,123,260)	(5,264,255)	(1,446,463)	(10,833,978)	(10,769,177)
Cash paid to suppliers for goods and services	(3,370,371)	96,192	(1,163,929)	(4,438,108)	(7,152,589)
Cash paid for interfund services used	(3,374,657)	(4,184,242)	(1,279,913)	(8,838,812)	(2,590,914)
Net Cash From Operating Activities	<u>7,006,630</u>	<u>14,586,853</u>	<u>1,519,955</u>	<u>23,113,438</u>	<u>976,490</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers from other funds	4,493,361	5,611,904	268,113	10,373,378	1,431,650
Transfers to other funds	-	-	(100,000)	(100,000)	(3,008,972)
Net Cash from Noncapital Financing Activities	<u>4,493,361</u>	<u>5,611,904</u>	<u>168,113</u>	<u>10,273,378</u>	<u>(1,577,322)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Issuance of debt	62,373,034	29,571,202	3,000,000	94,944,236	8,162,782
Principal payments on capital debt	(32,481,271)	(1,467,368)	(215,814)	(34,164,453)	(3,040,829)
Interest payments on capital debt	100,225	534,207	(48,381)	586,051	(288,481)
Acquisition and construction of capital assets	(9,097,350)	(37,589,813)	(3,727,966)	(50,415,129)	(2,738,641)
Capital grants and contributions	116,695	(2,627,180)	140,182	(2,370,303)	-
Insurance proceeds	-	-	-	-	67,758
Proceeds from sale of assets	1,829,864	-	-	1,829,864	-
Net Cash from Capital and Related Financing Activities	<u>22,841,197</u>	<u>(11,578,952)</u>	<u>(851,979)</u>	<u>10,410,266</u>	<u>2,162,589</u>
<u>Cash Flows from Investing Activities</u>					
Investment income	97,503	108,074	16,350	221,927	55,694
Net Cash from Investing Activities	<u>97,503</u>	<u>108,074</u>	<u>16,350</u>	<u>221,927</u>	<u>55,694</u>
Net change in pooled cash and investments	34,438,691	8,727,879	852,439	44,019,009	1,617,451
Pooled Cash and Investments, July 1, 2016	7,320,615	32,507,921	6,263,319	46,091,855	14,311,432
Pooled Cash and Investments, June 30, 2017	<u>\$ 41,759,306</u>	<u>\$ 41,235,800</u>	<u>\$ 7,115,758</u>	<u>\$ 90,110,864</u>	<u>\$ 15,928,883</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, 2017

Business-type Activities - Enterprise Funds

	Water Fund	Water Reclamation Fund	Nonmajor Enterprise Funds	Total Proprietary Funds	Governmental Activities - Internal Service Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>					
Operating income (loss)	\$ 5,596,669	\$ 10,431,674	\$ (435,322)	\$ 15,593,021	\$ (140,486)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	3,138,573	3,204,356	1,905,489	8,248,418	1,115,175
Change in:					
Accounts receivable	62,451	(147,582)	(54,931)	(140,062)	(1,228,271)
Loan, notes and assessments receivable	(1,437,148)	9,099	-	(1,428,049)	-
Inventories	243	-	-	243	244
Prepays and deposits	(463)	-	-	(463)	(190,633)
Accounts payable	(356,127)	619,821	(85,731)	177,963	153,631
Salaries and benefits payable	12,238	11,762	3,336	27,336	39,022
Pension benefits	162,176	401,628	81,320	645,124	890,925
Other post-employment benefits	52,658	64,122	19,463	136,243	238,244
Compensated absences payable	22,191	(14,838)	27,484	34,837	105,344
Insurance claims payable	(3,739)	(4,112)	(236)	(8,087)	(105,529)
Prepays and deposits payable	(243,092)	10,923	59,083	(173,086)	98,824
Net Cash from Operating Activities	<u>\$ 7,006,630</u>	<u>\$ 14,586,853</u>	<u>\$ 1,519,955</u>	<u>\$ 23,113,438</u>	<u>\$ 976,490</u>

Noncash Capital and Related Financing Activities

The City received donated Water, Water Reclamation, and Nonmajor Enterprise Funds infrastructure totaling \$4,185,947, \$2,741,791, \$793,973, respectively, in the current year.

Acquisition of capital assets financed through accounts payable and retainage payable for the current year totaled \$608,512 in the Water Fund, \$6,391,437 in the Water Reclamation Fund, \$1,775,158 in the Nonmajor Enterprise Funds, and \$126,104 in the Internal Service Funds.

The net book value of capital assets contributed to other funds, or gain/(loss) on disposal was \$(4,861,461) in the Water Fund, \$(4,695) in the Nonmajor Enterprise Funds, and \$(3,343) in the Internal Service Funds in the current year.

The Clean Water Loans in the Water Reclamation Fund are received on a reimbursement basis. As of year end, \$13,592,209 was not received.

City of Bend, Oregon
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency Funds
<u>Assets</u>	
Cash and investments	\$ 1,635,815
Total Assets	1,635,815
<u>Liabilities</u>	
Amounts held for others	1,635,815
Total Liabilities	1,635,815
Net Position	\$ -

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, 2017

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Bend, Oregon (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Financial 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, 2017

Note 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 government-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, 2017

Note 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.

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, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary Funds

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

Internal Service Funds – The Internal Service Funds account 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 two internal service funds. The City-wide Support Internal Service Fund includes administration and financial services, legal and risk management, insurance, information technology, and facility management. The Departmental Support Internal Service Fund consists of garage, engineering, and public works laboratory. The facility management, engineering, public works laboratory and administration and financial services divisions also charge external customers fees for services.

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, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

The City maintains a common cash and investment pool for all City funds. Investments in the State 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, 2017, the City had \$49,777,218 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, for which payment has not yet been 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 loans related to projects 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, 2017

Note 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 lower of cost or market.

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 acquisition value 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. 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, 2017 there was \$2,327,695 of interest incurred of which \$2,297,263 was capitalized in the Water Fund, and \$1,940,711 of interest incurred of which \$1,359,808 was capitalized in the Water Reclamation Fund. Total capitalized interest for the year ended June 30, 2017 was \$3,657,071.

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.

Other 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 System (OPERS). For purposes of measuring the net pension liability, deferred outflows of resources, deferred

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Pension Plan (Continued)

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 and Future GASB Pronouncements

During the fiscal year ended June 30, 2017, the City implemented the following GASB Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires disclosure of tax revenue not collected as a result of tax abatement agreements. The requirements for this statement are effective for financial statements for fiscal years beginning after December 15, 2016. Please refer to Note 14 for more information.

The following GASB pronouncements have been issued, but are not effective as of June 30, 2017:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Issued June 2015, this statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. GASB Statement No. 75 will be effective for the City, fiscal year ending June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB 83 will be effective for the City, fiscal year ending June 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the City, fiscal year ending June 30, 2020.

GASB Statement No. 85, *Omnibus 2017*. Issued March 2017, this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, good will fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Adoption of New and Future GASB Pronouncements (Continued)

- Reporting amounts previously reported as goodwill and "negative" goodwill
- Measuring certain money market investments and participating interest-earning investment contract at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

GASB Statement No. 85 will be effective for the City, fiscal year ending June 30, 2018.

GASB Statement No. 87, Leases. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for fiscal year ending June 30, 2021.

The City of Bend will implement new GASB pronouncement no later than the required effective date. The City is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact on the City's financial statements.

Deferred Inflows and Outflows 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.

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

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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. The City has a formal policy adopted by resolution that designates the authority to assign the fund balance in the General Fund to the Finance Director. When the adopted budget calls for spending down the existing fund balance in the ensuing biennium, an assignment is created through the budget process in the amount of that appropriation.

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 (as determined by Council action) where a significant portion of revenues supporting critical basic operations are projected to decline for more than 2 years or permanently, and such decline cannot be absorbed by the department or fund. In these events, the City will need time to affect reductions, consolidate operations, reprioritize critical programs or implement an alternate revenue source. The General Fund Stabilization Fund will provide temporary support to minimize the impacts to citizens who rely on these critical operations. The Stabilization Fund will also be maintained to protect and 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, 2017 was \$2,519,200.

Note 2 - Cash and Investments

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

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 2 - Cash and Investments (Continued)

At June 30, 2017, the City's cash and investments are comprised of the following:

Cash on hand	\$ 5,500
Deposits with financial institutions	9,803,287
Deposits with trust custodians	673,426
Investments:	
State of Oregon Local Government Investment Pool	43,321,123
U.S. agency obligations	122,581,754
Corporate notes	22,126,948
Total pooled cash and investments	<u>\$ 198,512,038</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	\$ 60,931,404	\$ 86,167,601	\$ 1,633,432	\$ 148,732,437
Restricted cash and investments	45,833,955	3,943,263	2,383	49,779,601
	<u>\$ 106,765,359</u>	<u>\$ 90,110,864</u>	<u>\$ 1,635,815</u>	<u>\$ 198,512,038</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, 2017 was \$10,453,851, of these deposits \$10,203,851 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, 2017</u>
Less than 30 days	28 %
Less than 12 months	42 %
Less than 18 months	55 %
Less than 7 years	100 %

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 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, 2017, the City was in compliance with the above policy requirements with commercial paper and corporate bonds totaling 15% 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, 2017 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)*	\$ 122,581,754	\$ -	\$ 10,309,722
High Grade (AA, Aa, AA)*	-	-	11,817,226
	<u>\$ 122,581,754</u>	<u>\$ -</u>	<u>\$ 22,126,948</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, 2017, 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, 2017

Note 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, 2017				
US Treasury Securities	\$ 34,432,895	\$ 34,432,895	\$ -	\$ -
Federal Agency Securities	88,148,859	-	88,148,859	-
Corporate Notes	22,126,948	-	22,126,948	-
Total assets	<u>\$ 144,708,702</u>	<u>\$ 34,432,895</u>	<u>\$ 110,275,807</u>	<u>\$ -</u>

Note 3 - Assessments, Loans and Notes Receivable

Assessments receivable consist of amounts levied against benefited property owners for the cost of public improvements and attach as an enforceable lien on the property until paid. All the City's assessment loans are made over a period of 10 years and bear interest ranging from 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, 2017:

	Governmental Activities	Business-type Activities
<u>Assessments Receivable</u>		
Assessments receivable for downtown economic improvements	\$ 31,044	\$ -
Assessments receivable for local improvements, 10 year terms with 5% to 7.0% interest	-	100,548
Allowance for uncollectible assessments	-	(34,757)
Total assessments receivable	<u>31,044</u>	<u>65,791</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	8,278	14,592
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	164,827	-
Community development block grant loans to qualified individuals or organizations, various terms with 0% to 2% interest	4,944,104	-
Affordable housing loans to qualified organizations, various terms with various interest	4,274,718	-
Promissory note receivable for sale of transit facilities to Central Oregon Intergovernmental Council (C.O.I.C.), 20 year term, 0% interest	639,656	-
Promissory note receivable for the sale of Juniper Utility assets to Roats Water System, Inc., 20 year term, 6.5% interest	-	1,437,148
Allowance for uncollectible loans and notes receivable	-	(6,147)
Total loans and notes receivable	<u>10,069,015</u>	<u>1,445,593</u>
Total assessments, loans and notes receivables	<u>\$ 10,100,059</u>	<u>\$ 1,511,384</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 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, 2016	Increases	Decreases	Adjustments	Balance June 30, 2017
Assets held for resale	\$ 4,554,943	\$ -	\$ -	\$ -	\$ 4,554,943

Note 5 - Capital Assets

Governmental capital asset activity for the year ended June 30, 2017 was as follows:

<u>Governmental activities</u>	Balance July 1, 2016	Increases	Decreases	Adjustments	Balance June 30, 2017
Capital assets not depreciated:					
Land including right-of-way	\$ 148,158,523	\$ -	\$ (236,280)	\$ -	\$ 147,922,243
Land use rights	9,994	-	-	-	9,994
Works of art	719,215	-	-	-	719,215
Construction in progress	24,343,251	8,618,855	-	(80,313)	32,881,793
Total capital assets not depreciated	173,230,983	8,618,855	(236,280)	(80,313)	181,533,245
Capital assets being depreciated:					
Buildings and improvements	24,807,466	48,425	(10,400)	-	24,845,491
Infrastructure	534,358,785	2,636,572	-	61,565	537,056,922
Vehicles and equipment	24,863,237	3,300,408	(2,009,641)	(17,661)	26,136,343
Software	1,773,819	-	(218,208)	-	1,555,611
Total capital assets being depreciated	585,803,307	5,985,405	(2,238,249)	43,904	589,594,367
Less accumulated depreciation for:					
Buildings and improvements	10,013,962	875,141	(8,476)	-	10,880,627
Infrastructure	209,364,935	11,771,488	-	-	221,136,423
Vehicles and equipment	14,940,275	1,791,882	(1,885,719)	(36,409)	14,810,029
Software	1,656,338	68,767	(217,984)	-	1,507,121
Total accumulated depreciation	235,975,510	14,507,278	(2,112,179)	(36,409)	248,334,200
Total capital assets being depreciated, net	349,827,797	(8,521,873)	(126,070)	80,313	341,260,167
Governmental activities capital assets, net	\$ 523,058,780	\$ 96,982	\$ (362,350)	\$ -	\$ 522,793,412

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

<u>Governmental activities</u>	
General government	\$ 1,115,175
Public safety	1,164,079
Public ways and facilities	12,148,658
Community and economic development	77,555
Urban renewal	1,811
Governmental activities depreciation expense	<u>\$ 14,507,278</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 5 - Capital Assets (Continued)

Business-type capital asset activity for the year ended June 30, 2017 was as follows:

<u>Business-type activities</u>	Balance July 1, 2016	Increases	Decreases	Adjustments	Balance June 30, 2017
Capital assets not depreciated:					
Land including right-of-way	\$ 6,952,082	\$ -	\$ (539,919)	\$ -	\$ 6,412,163
Land use rights	1,365,423	-	-	-	1,365,423
Construction in progress	<u>167,352,319</u>	<u>50,507,141</u>	<u>(268,880)</u>	<u>(4,875,036)</u>	<u>212,715,544</u>
Total capital assets not depreciated	<u>175,669,824</u>	<u>50,507,141</u>	<u>(808,799)</u>	<u>(4,875,036)</u>	<u>220,493,130</u>
Capital assets being depreciated:					
Buildings and improvements	24,272,353	-	(52,797)	-	24,219,556
Vehicles and equipment	12,755,318	1,055,585	(68,687)	(252,335)	13,489,881
Software	698,111	-	-	-	698,111
Water infrastructure	121,258,397	4,185,946	(7,161,399)	3,651,234	121,934,178
Water reclamation infrastructure	159,865,020	2,741,791	-	1,512,546	164,119,357
Stormwater infrastructure	42,568,949	793,973	-	-	43,362,922
Other infrastructure	<u>20,457,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,457,930</u>
Total capital assets being depreciated	<u>381,876,078</u>	<u>8,777,295</u>	<u>(7,282,883)</u>	<u>4,911,445</u>	<u>388,281,935</u>
Less accumulated depreciation for:					
Buildings and improvements	7,535,931	507,512	(48,102)	-	7,995,341
Vehicles and equipment	9,334,248	721,625	(68,687)	(95,204)	9,891,982
Software	664,969	14,241	-	-	679,210
Water infrastructure	34,286,125	2,940,121	(1,278,872)	131,613	36,078,987
Water reclamation infrastructure	51,757,404	2,777,498	-	-	54,534,902
Stormwater infrastructure	15,057,960	860,210	-	-	15,918,170
Other infrastructure	<u>2,637,055</u>	<u>427,211</u>	<u>-</u>	<u>-</u>	<u>3,064,266</u>
Total accumulated depreciation	<u>121,273,692</u>	<u>8,248,418</u>	<u>(1,395,661)</u>	<u>36,409</u>	<u>128,162,858</u>
Total capital assets being depreciated, net	<u>260,602,386</u>	<u>528,877</u>	<u>(5,887,222)</u>	<u>4,875,036</u>	<u>260,119,077</u>
Business-type activities capital assets, net	<u>\$ 436,272,210</u>	<u>\$ 51,036,018</u>	<u>\$ (6,696,021)</u>	<u>\$ -</u>	<u>\$ 480,612,207</u>

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

<u>Business-type activities</u>	
Water	\$ 3,138,573
Water reclamation	3,204,356
Nonmajor:	
Airport	576,077
Downtown Parking	356,346
Stormwater	966,489
Cemetery	<u>6,577</u>
Business-type activities depreciation expense	<u>\$ 8,248,418</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 6 - Lease Obligations

The City leases fire stations from the Deschutes County Rural Fire Protection District No. 2 under operating lease agreements expiring in June 2050 with options to renew for five successive terms of ten years each. Lease payments are due semi-annually on December 1 and June 1 each year. Rental expense for the fiscal year ended June 30, 2017 totaled \$241,803. Minimum future lease payments not including annual consumer price index adjustments are \$244,018 each fiscal year from 2018 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, 2017 totaled \$229,513 and lease payments are due monthly. Minimum future lease payments not including annual consumer price index adjustments total \$591,948 for the remaining two years.

Note 7 - Lease Receivables

The City is the lessor of numerous ground and hangar leases associated with the municipal airport. Most of these leases carry 20 year terms with current leases expiring through 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, 2017 is \$766,268. Cost of leased assets totaled \$1,947,061 at June 30, 2017 with a carrying amount of \$1,049,457 and current year depreciation of \$41,134. Minimum future lease payments not including annual consumer price index adjustments are expected to be \$766,268 each fiscal year from 2018 through 2036.

Note 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.

Description	Amount
Due to the Fire/Emergency Medical Services Fund from the Nonmajor Governmental Funds	\$ 25,601
Due to the General Fund from the Nonmajor Governmental Funds	14,663

Note 9 - Short -Term Note Payable

On June 29, 2017 the City obtained a bank loan in the amount of \$3,000,000 to provide interim financing for capital expenditures including the construction of a rotor craft taxiway, helipad landing site, and helicopter ramp for the helicopter operations area at the Bend Municipal Airport. The note, with stated interest of 2.254% matured on August 14, 2017 and was paid in full on July 20, 2017. Revenue from grants was used to repay the loan.

	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017
Bank loan	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 10 - Interfund Transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations. During the fiscal year ended June 30, 2017, the City made the following interfund transfers between its governmental activities and business-type activities:

Description	Amount
From the General Fund to the Nonmajor Enterprise Funds for general operations	\$ 55,000
From the Nonmajor Enterprise Funds to the General Fund for general operations	(100,000)
From the System Development Charge Fund to the Water Fund to transfer system development charges for eligible expenses	3,818,361
From the System Development Charge Fund to the Water Reclamation Fund to transfer system development charges for eligible expenses	4,936,904
From the Nonmajor Governmental Funds to the Nonmajor Enterprise Funds for general operations	11,113
From the Nonmajor Governmental Funds to the Water Fund for reimbursement for the purchase of land	675,000
From the Nonmajor Governmental Funds to the Water Reclamation Fund for reimbursement for the purchase of land	675,000
From the Nonmajor Governmental Funds to the Nonmajor Enterprise Funds for reimbursement for the purchase of land and project expenditures	202,000
Net transfers on the Statement of Activities	<u>\$ 10,273,378</u>

Note 11 - Compensated Absences

Changes in compensated absences during the fiscal year ended June 30, 2017 were as follows and are included in accrued liabilities on the Statement of Net Position:

	Balance July 1, 2016	Earned	Used	Balance June 30, 2017	Due within one year
Governmental activities	\$ 3,524,404	\$ 3,610,266	\$ (3,229,527)	\$ 3,905,143	\$ 3,905,143
Business-type activities	560,036	632,609	(597,771)	594,874	594,874
	<u>\$ 4,084,440</u>	<u>\$ 4,242,875</u>	<u>\$ (3,827,298)</u>	<u>\$ 4,500,017</u>	<u>\$ 4,500,017</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 12 -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	2.00% to 4.00%	06/01/24
Transportation system, series 2010, refinance series 2000	4,103,000	2.00% to 4.00%	06/01/21
Accessibility, series 2010	3,265,000	0.75% to 5.00%	06/30/24
Street equipment, series 2012	1,425,000	3.00% to 4.00%	12/01/26
Police facility, series 2012, refinance series 2002	4,670,000	3.00% to 4.00%	12/01/26
Fire equipment and police expansion, series 2016, refinance series 2006	2,600,000	2.29 %	12/01/31
Cooley road, police expansion, series 2016, refinance series 2008	2,740,000	2.29 %	12/01/31
Fire equipment and facilities, series 2016	4,525,000	2.29 %	12/01/31
General obligation bonds:			
General obligation bonds, series 2012	26,805,000	2.00% to 4.00%	06/01/32
Notes Payable:			
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% to 3.65%	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, 2017

Note 12 - Long-Term Debt (Continued)

<u>Governmental activities:</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>Balance June 30, 2017</u>	<u>Due within one year</u>
Full faith & credit obligations:					
Pension obligation bonds, series 2004	\$ 12,015,000	\$ -	\$ (485,000)	\$ 11,530,000	\$ 565,000
Police expansion and ambulance, series 2006	2,885,000	-	(2,885,000)	-	-
Cooley road, police expansion, and fire equipment, series 2008	3,065,000	-	(2,850,000)	215,000	215,000
Fire stations, series 2010, refinance series 1999	1,935,000	-	(210,000)	1,725,000	215,000
Transportation system, series 2010, refinance series 2000	1,993,000	-	(370,000)	1,623,000	385,000
Accessibility, series 2010	2,005,000	-	(215,000)	1,790,000	225,000
Street equipment, series 2012	760,000	-	(180,000)	580,000	185,000
Police facility, series 2012, refinance series 2002	3,610,000	-	(270,000)	3,340,000	280,000
Fire equipment and police expansion, series 2016, refinance series 2006	-	2,600,000	-	2,600,000	180,000
Cooley road, police expansion, series 2016, refinance series 2008	-	2,740,000	-	2,740,000	25,000
Fire equipment and facilities, series 2016	-	4,525,000	-	4,525,000	255,000
General obligation bonds:					
General obligation bonds, series 2012:	22,780,000	-	(1,100,000)	21,680,000	1,135,000
Notes Payable:					
Transportation, series 2013, refinance series 2003:	4,512,374	-	(793,166)	3,719,208	805,014
Juniper ridge, series 2013, refinance line of credit:	2,827,210	-	(358,917)	2,468,293	364,321
Murphy crossing urban renewal, series 2015:	2,737,354	-	(172,271)	2,565,083	176,866
Fire equipment, series 2015B:	2,860,199	-	(285,395)	2,574,804	293,009
Line of credit:					
Enterprise resource project, series 2015	<u>1,331,820</u>	<u>2,594,305</u>	<u>-</u>	<u>3,926,125</u>	<u>5,000,000</u>
Long-term debt obligations	65,316,957	12,459,305	(10,174,749)	67,601,513	10,304,210
Premiums and discounts	<u>1,684,515</u>	<u>-</u>	<u>(198,257)</u>	<u>1,486,258</u>	<u>125,870</u>
	<u>\$67,001,472</u>	<u>\$12,459,305</u>	<u>\$10,373,006</u>	<u>\$ 69,087,771</u>	<u>\$10,430,080</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 12 -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	2.00% to 4.00%	06/01/19
Water RZEDB, series 2010	2,300,000	1.50% to 6.20%	11/01/30
Sewer RZEDB, series 2010	10,730,000	1.50% to 6.20%	11/01/30
Sewer, series 2012, refinance series 2002	3,185,000	3.00% to 4.00%	12/01/26
Revenue bonds:			
Sewer, series 2008	10,000,000	3.50% to 4.50%	10/31/28
Water, series 2016	49,910,000	3.00% to 5.00%	12/01/36
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 %	06/01/22
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
Clean Water State Revolving Fund Loan R14517	5,450,000	1.60 %	TBD
Clean Water State Revolving Fund Loan R14518	7,895,000	1.60 %	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, 2017

Note 12 -Long-Term Debt (Continued)

<u>Business-type activities:</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>Balance June 30, 2017</u>	<u>Due within one year</u>
Full faith & credit obligations:					
Airport, series 2010, refinance series 1999	\$ 387,000	\$ -	\$ (125,000)	\$ 262,000	\$ 130,000
Water RZEDB, series 2010	1,978,742	-	(110,322)	1,868,420	112,087
Sewer RZEDB, series 2010	9,231,258	-	(514,678)	8,716,580	522,913
Sewer, series 2012, refinance series 2002	2,280,000	-	(295,000)	1,985,000	305,000
Revenue bonds:					
Sewer, series 2008	7,365,000	-	(440,000)	6,925,000	455,000
Water, series 2016	-	49,910,000	-	49,910,000	1,545,000
Notes payable:					
Pacific Aviation Composites	127,162	-	(60,805)	66,357	66,357
Airport Eastside Improvement	645,973	-	(30,009)	615,964	30,209
Safe Drinking Water Revolving Loan Fund Loan	2,370,949	-	(2,370,949)	-	-
Clean Water State Revolving Fund Loan R14510	5,067,881	-	(217,690)	4,850,191	210,850
Clean Water State Revolving Fund Loan R14511	13,663,853	(32,023)	-	13,631,830	-
Clean Water State Revolving Fund Loan R14512	18,833,534	-	-	18,833,534	-
Clean Water State Revolving Fund Loan R14513	3,778,548	(854,833)	-	2,923,715	318,031
Clean Water State Revolving Fund Loan R14515	8,400,159	3,821,535	-	12,221,694	-
Clean Water State Revolving Fund Loan R14516 *	10,516,545	24,348,433	-	34,864,978	-
Clean Water State Revolving Fund Loan R14518	-	1,426,169	-	1,426,169	-
Line of credit:					
Water interim financing, series 2015	30,000,000	-	(30,000,000)	-	-
Long-term debt obligations	14,646,604	78,619,281	(34,164,453)	159,101,432	3,695,447
Premiums and discounts	168,779	12,073,169	(613,252)	11,628,696	613,252
	<u>\$ 14,815,383</u>	<u>\$ 90,692,450</u>	<u>\$ (34,777,705)</u>	<u>\$ 170,730,128</u>	<u>\$ 4,308,699</u>

*Additional funding of \$31,204,851 was approved on August 24, 2017.

<u>Total long-term debt obligations:</u>	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>	<u>Due within one year</u>
Full faith & credit	\$ 30,668,000	\$ 12,832,000	\$ 43,500,000	\$ 3,600,000
Revenue bonds	-	56,835,000	56,835,000	2,000,000
Notes payable	11,327,388	89,434,432	100,761,820	2,264,657
General obligation bonds	21,680,000	-	21,680,000	1,135,000
Line of credit	3,926,125	-	3,926,125	5,000,000
Long-term debt obligations	67,601,513	159,101,432	226,702,945	13,999,657
Premiums and discounts	1,486,258	11,628,696	13,114,954	739,122
Total long-term debt obligations	<u>\$ 69,087,771</u>	<u>\$ 170,730,128</u>	<u>\$ 239,817,899</u>	<u>\$ 14,738,779</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 12 - 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
2018	\$ 10,304,210	\$ 2,376,708	\$ 3,695,447	\$ 7,417,433	\$ 13,999,657	\$ 9,794,141
2019	5,527,350	2,030,632	6,894,697	5,708,950	12,422,047	7,739,582
2020	5,749,670	1,860,344	8,504,131	5,529,571	14,253,801	7,389,915
2021	5,786,432	1,680,533	8,893,380	5,780,019	14,679,812	7,460,552
2022	5,184,666	1,483,641	9,303,769	5,169,011	14,488,435	6,652,652
2023-2027	23,389,585	4,600,988	45,530,545	21,371,936	68,920,130	25,972,924
2028-2032	12,733,567	1,002,120	49,004,457	13,163,099	61,738,024	14,165,219
2033-2037	-	-	49,368,852	5,032,809	49,368,852	5,032,809
2038-2040	-	-	6,355,505	133,901	6,355,505	133,901
	<u>\$ 68,675,480</u>	<u>\$ 15,034,966</u>	<u>\$187,550,783</u>	<u>\$ 69,306,729</u>	<u>\$256,226,263</u>	<u>\$ 84,341,695</u>

Debt service requirements for governmental activities include \$1.1 million in payments on the ERP line of credit that has not yet been fully drawn. Requirements for business activities include \$28.4 million in payments on DEQ loans that have not been drawn yet.

The balance of unamortized premiums and discounts on long-term debt issuances is \$13,114,954, 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 has 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 0.75% to 6.20% and maturities through fiscal year 2040.

Revenue Bonds

The City has 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, 2017. The outstanding bonds have stated interest rates on specific maturities ranging from 3.00% to 5.00% and maturities through fiscal year 2036.

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.

The City has long-term notes payable to the Bank of New York to provide funding for fire equipment, facilities, and transportation. The notes have maturities through fiscal year 2030 and stated interest rates on specific maturities of 1.50% to 3.65%.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 12 -Long-Term Debt (Continued)

New Debt Issuance

On July 27, 2016 the City issued \$49,910,000 in new water revenue bonds with interest rates ranging from 3.00% to 5.00% and maturity in fiscal year 2037 to finance and refinance through the reimbursements of costs previously paid by the City, the current refunding of the \$30,000,000 series 2015 City of Bend Water System Interim Financing Note, the costs of additions, replacements, expansions or improvements to the City's water system infrastructure, including the Bridge Creek Project and water treatment facilities, and the current refunding of the \$2,072,317 Safe Drinking Water Revolving Loan. The refunding was undertaken to reduce the future debt service payments by \$545,181, resulting in an economic gain of \$175,600.

On November 29, 2016, the City secured a CWSRF loan (R14517) of \$5,450,000 from ODEQ for design and construction of the existing water reclamation plant interceptor. 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 1.60% 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, 2017, there is no outstanding balance.

On November 29, 2016, the City secured a CWSRF loan (R14518) of \$7,895,000 from ODEQ for rehabilitation and upgrade of the existing plant interceptor. 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 1.60% 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, 2017, there is an outstanding balance of \$1,426,169.

On December 20, 2016 the City issued \$4,525,000 in full faith and credit obligations series 2016 with an interest rate of 2.29% and maturity in fiscal year 2032. The proceeds of the obligations are being used to finance the purchase of a new ambulance fleet, the purchase of real property adjacent to City Hall, and to reimburse prior expenditures associated with the purchase of real property adjacent to the Boyd Acres utility campus.

On December 20, 2016 the City also issued \$2,740,000 in full faith and credit obligations series 2016 with an interest rate of 2.29% and maturity in fiscal year 2032 to refinance the 2008 series full faith and credit obligations with an interest rate of 3.00 to 4.25%. The proceeds were placed in an irrevocable trust to provide for the future debt service payments on the 2008 bonds in the amount of \$2,722,665. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. The City refunding was structured so that the City pays the scheduled December 1, 2017 payment and the trust will pay the balance of the defeased debt on the redemption date of December 1, 2017. This advanced refunding decreases total debt service by \$209,928 resulting in an economic gain of \$188,264.

On December 20, 2016 the City also issued \$2,600,000 in full faith and credit obligations series 2016 to provide resources to refund the full faith and credit obligations 2006 series with an interest rate of 3.00 to 4.25%. The refunding was undertaken to reduce the total future debt service payments by \$360,536. The transaction also resulted in an economic gain of \$304,837.

On August 24, 2017 the City secured an increase to a CWSRF loan (R14516) of \$31,204,851 from ODEQ for the Southeast Interceptor Sewer Project, making the total loan amount \$59,349,742. This loan is drawn on a reimbursement basis, and as of June 30, 2017, there is an outstanding balance of \$34,864,978.

Note 13 -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. There has been no significant reduction in insurance coverage from the prior year.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 13 -Risk Management (Continued)

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
2014-15	\$ 684,514	\$ 150,098	\$ (222,346)	\$ 612,266
2015-16	612,266	115,710	(130,068)	597,908
2016-17	597,908	(65,642)	(31,109)	501,157

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 \$20,089 for the probable and reasonable co-insurance claims.

Note 14 -Tax Abatements

As of June 30, 2017, the City provides tax abatements through four programs:

Nonprofit low income rental (ORS 307.541) - In 1985, Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations. The tax exemption is intended to benefit low-income renters by alleviating the property tax burden on those agencies that provide this type of housing.

Charitable, nonprofit organizations that provide housing to low-income persons are eligible, and must be certified by the Internal Revenue Service as 501(c)(3) or (4) organization. Organizations must own or have a leasehold interest in the property or participate in a partnership as long as the nonprofit organization is responsible for the day-to-day management of the property. Applicants who are leaseholders must have a signed leasehold agreement by the application deadline. Vacant land intended to be developed as low-income housing is also eligible for the exemption.

Housing for low income rental (ORS 307.517) - An exemption is allowed for property or a portion of property if it meets certain criteria. The property must be offered for rent or held for the purpose of developing low income rental housing, be occupied by low income persons, and have a rent required payment that reflects the full value of the tax exemption.

Enterprise zones (ORS 285C.175) - The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for up to 5 years after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

Construction in process in enterprise zones (ORS 285C.170) - The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions. A Construction-in-Process exemption is available for qualifying properties currently under construction in an Enterprise Zone.

To qualify, the property must be owned or leased by an authorized business that is contractually obligated to own or lease the property until placed in service, it may not be previously subject to exemption as a commercial facility (ORS 307.330), and may not be operated, in all or part, as a hotel, motel, or destination resort.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 14 - Tax Abatements (Continued)

Property may be exempt for no more than two tax years, which must be consecutive, and is not dependent on the property already receiving or being qualified to receive the Enterprise Zone exemption.

Tax Abatement Program	Estimated Taxes Abated During 2016-17
Nonprofit low income rental	\$ 42,886
Housing for low income rental	9,211
Enterprise zones	76,167
Construction in process in enterprise zones	91,752
Total	\$ 220,016

Note 15 - 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, 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.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 15 - Pension Plan (Continued)

Benefits provided (Continued)

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238 (Continued)

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.

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.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 15 - Pension Plan (Continued)

Benefits provided (Continued)

2. OPSRP Pension Program (OPSRP DB) (Continued)

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.

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, 2017 were \$5,338,248. The rates in effect for the fiscal year ended June 30, 2017 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.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 15 - Pension Plan (Continued)

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

At June 30, 2017, the City reported a liability of \$14,738,779 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. 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, 2016, the City's proportion was 0.3778 percent, which increased .0009 percent from its proportion measured as of June 30, 2015. The changes from the prior year are primarily due to changes in the estimates and assumptions used by the PERS actuary.

For the year ended June 30, 2017, the City's recognized a pension expense of \$10,364,234. At June 30, 2017, 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	\$ 1,876,419	\$ -
Changes of assumptions	12,096,198	-
Net difference between projected and actual earnings on pension plan investments	11,204,737	-
Changes in proportion and differences between contributions and proportionate share of contributions	48,477	85
Differences between employer contributions and proportionate share of contributions	<u>1,134,631</u>	<u>257,999</u>
Total (prior to post-measurement date contributions)	26,360,462	258,084
Contributions subsequent to the measurement date	<u>5,338,248</u>	-
Net deferred outflows/(inflows) of resources	<u>\$ 31,698,710</u>	<u>\$ 258,084</u>

\$5,338,248 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Net Deferred Outflow/(Inflow) of Resources</u>
2018	\$ 4,732,552
2019	4,732,552
2020	8,861,404
2021	6,782,558
2022	993,312
Total	<u>\$ 26,102,378</u>

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 15 - Pension Plan (Continued)

Actuarial Assumptions

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the Entry Age Normal 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, 2014 rolled forward to June 30, 2016
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	2.50 percent
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.50 percent
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

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.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 15 - Pension Plan (Continued)

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.

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
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		2.50 %

Discount Rate

The discount rate used to measure the total pension liability was 7.5 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.

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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rates (7.5%)</u>	<u>1% Increase (8.5%)</u>
The City's proportionate share of the net pension liability (asset)	\$ 91,577,717	\$ 56,716,178	\$ 27,578,031

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 15 - Pension Plan (Continued)

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 percent 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.

Actuarial Methods and Assumptions

Changes in Actuarial Methods and Allocation Procedures

Allocation of Liability for Service Segments - For purposes of allocating Tier One/Tier Two member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2012 and December 31, 2013 valuations, the Money Match was weighted 30% for General Service members and five percent for Police & Fire members. For the December 31, 2014 and December 31, 2015 valuations, this weighting has been adjusted to 25% for General Service members and zero percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions:

Inflation - The inflation rate was lowered to 2.5% based on a combination of historical and market data and expert forecasts.

Payroll growth - Payroll growth, which is the sum of inflation and real wage growth, changed from 3.75% to 3.5%.

Investment Return and Interest Crediting - The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.5%. Previously, the assumed investment return and interest crediting to both regular and variable account balances was 7.75%.

Tier 1/Tier 2 Administrative Expenses - Recently implemented GASB statements No. 67 and 68 necessitated an explicit Tier 1/Tier 2 administrative expense assumption. The administrative expense for December 31, 2014 and December 31, 2015 is \$33 million per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum Retiree Healthcare Insurance Premium Account (RHIPA) subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions:

Healthy Mortality - The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality - The disabled mortality assumption base was changed from the RP2000 static tables to the RP2000 generational tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination - Rates for disability, retirement from active status, and termination were adjusted.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 15 - Pension Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Changes in Salary Increase Assumptions:

Merit Increases, Unused Sick Leave, and Vacation Pay - Unused sick leave and vacation pay rates were adjusted.

Retiree Healthcare Participation - The Retirement Health Insurance Account (RHIA) participation rate for healthy retirees was reduced from 45% to 38%.

Note 16 - Other Post Employment Benefits (OPEB)

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

Health Insurance Continuation and Stand Alone Plans

Plan Description

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

Based on negotiated union agreements, the City provides retiree health benefits to retired employees with at least 15 years of service prior to retirement when the retiree reaches age 62 (age 60 for emergency personnel). The City will pay the premium for retiree coverage if the retiree has continuously maintained City retiree or OPERS group insurance since date of retirement until the qualifying age of 62 (age 60 for emergency personnel). The City will pay the OPERS sponsored supplement to Medicare insurance beginning at age 65 if the retiree has continuously maintained coverage. The City is not responsible for any costs associated with retiree health care insurance coverage including Medicare and supplement to Medicare insurance for non-represented employees hired after December 31, 2010, 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, 2016 the total number of plan participants is 709: 584 active, 125 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, 2017

Note 16 - 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, 2017
<u>Determination of Annual Required Contribution</u>	
Normal cost at year end	\$ 1,308,841
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	2,004,039
Annual required contribution (ARC)	\$ 3,312,880
<u>Determination of Net OPEB Obligation</u>	
Annual required contribution	\$ 3,312,880
Interest on prior year net OPEB obligation	779,154
Adjustment to annual required contribution	(1,213,354)
Annual OPEB expense	2,878,680
Benefit payments	(784,793)
Increase in net OPEB obligation	2,093,887
Net OPEB obligation - beginning of year	17,314,544
Net OPEB obligation - end of year	\$ 19,408,431

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2015-17 were as follows.

Year ended June 30	Annual OPEB Cost	OPEB Contribution	Percentage of Cost Contributed	Net OPEB Obligation
2015	\$ 2,330,110	\$ 556,004	24 %	\$ 15,457,803
2016	2,385,869	529,128	22 %	17,314,544
2017	2,878,680	784,793	27 %	19,408,431

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2016 was as follows:

Actuarial accrued liability (AAL):	\$ 27,366,149
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 27,366,149
Funded ratio (actuarial value of plan assets / AAL)	0 %
Covered payroll	\$ 37,386,747
UAAL/covered payroll	73.2 %

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.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

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

Health Insurance Continuation and Stand Alone Plans (Continued)

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, 2016 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, 2017

Note 16 -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, 2017, June 30, 2016, and June 30, 2015 were \$174,776, \$174,944, and \$183,704, respectively, which equaled 100% of the required contributions for each of the three years.

Note 17 -Deferred Compensation Plan

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

Note 18 -Commitment and Contingencies

At June 30, 2017 the City was significantly committed on outstanding construction, engineering, consulting, service and equipment purchase contracts as follows:

Governmental activities:	
Transportation Operations Fund	\$ 2,586,349
Transportation Construction Fund	1,204,853
Internal Service Fund	1,253,202
	<u>\$ 5,044,404</u>
Business-type activities:	
Water Reclamation Fund	24,577,289
Nonmajor Business-type Funds	2,659,815
	<u>\$ 27,237,104</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, 2017 amounts collected and potentially due to developers totaled \$220,622 and are recorded as a liability in the System Development Charges Fund.

Two environmental groups challenged the U. S. Forest Service's special use 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, in an administrative lawsuit under the National Environmental Policy Act (NEPA) and other federal laws. The federal district court ruled in favor of the Forest Service and the City, and the opponents appealed to the Ninth Circuit Court of Appeals. In August of 2017, a three-judge panel of the Ninth Circuit denied the appeal and affirmed the district court decision. The appellants then filed a Petition for a Rehearing and Rehearing En Banc, which the Ninth Circuit denied on November 3, 2017. The appellants have 90 days to file a writ of certiorari with the United States Supreme Court, where review is discretionary and the Court only accepts a small minority of petitions for review. The surface water pipeline is now fully operational. The lawsuit does not seek damages, and further review is highly unlikely.

City of Bend, Oregon
Notes to the Financial Statements
For the Year Ended June 30, 2017

Note 18 -Commitment and Contingencies (Continued)

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.

On June 7, 2017 the City Council authorized a \$1.0 million settlement that includes the acquisition of infrastructure on the east side of the Bend Municipal Airport to be paid by future airport lease revenues.

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 related to excessive force and 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.

Note 19 -Subsequent Events

At its July 28, 2017 meeting, the PERS Board lowered its effective "assumed rate" from 7.5% to 7.2% effective, January 1, 2018. The assumed rate is the rate of investment return (including inflation) that the PERS Fund's regular account is expected to earn over the long term. Oregon Administrative Rule 459-007-0001(2) states that the assumed rate "means the actuarial assumed rate of return on investments as adopted by the Board for the most recent actuarial valuation."

In August 2017, the Internal Service – City Wide Administration Fund loaned the Airport Fund \$1.0 million for the acquisition of infrastructure on the east side of the Bend Municipal Airport. The loan carries a rate equal to the current Local Government Investment Pool rate of 1.30% and will be repaid by June 30, 2027 from airport operating revenues with no prepayment penalty.

In September 2017, the City sold property in the Juniper Ridge Urban Renewal area for \$398,126.

Note 20 -Related Parties

As a result of receiving an offer from Roats Water System, Inc and Avion Water Co., the City sold a portion of its water system in fiscal year 2016-17 to Roats Water System, Inc. and Avion Water Co. A related party transaction occurred due to a City Council Member, now mayor, Casey Roats, serving as the Vice President of Roats Water System, Inc. Please refer to page v of the Letter of Transmittal in the Introductory Section of this report for more detail surrounding this sale of this portion of the water system.

The portion of the system sold to Roats Water system included assets with a book value of \$4.2 million, a sale price of \$1.4 million and resulted in a recognized loss of \$2.8 million included in the "loss on disposal of assets" reported in the Water Fund financials statements.

Roats Water System executed a promissory note under the Juniper Utility Asset Purchase Agreement for the purchase of their portion of the water system infrastructure. The promissory note is for \$1,400,000 at an interest rate of 6.5% per year for 20 years with annual payments beginning February 2018. The first three years are interest only then equal debt service payments during years 4 through 19. The final payment in year 20 will be for any remaining unpaid balance. Roats Water System, Inc. may prepay at any time without penalty and there was no down payment requirement.

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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.

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, 2017

	<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	\$ 53,046,500	\$ 53,647,800	\$ 26,307,646	\$ 27,563,295	\$ 53,870,941	\$ 223,141
Delinquent property taxes	1,065,900	1,065,900	573,899	527,231	1,101,130	35,230
Transient room taxes	8,807,600	9,808,820	4,970,342	5,627,353	10,597,695	788,875
Franchise fees	12,708,200	12,724,700	6,275,941	6,614,136	12,890,077	165,377
Intergovernmental	5,431,700	5,507,220	2,464,800	2,694,192	5,158,992	(348,228)
Licenses and permits	219,300	219,300	133,468	116,563	250,031	30,731
Charges for services:						
Charges to others	587,200	587,200	287,308	354,670	641,978	54,778
Charges to other City funds	33,200	33,200	1,288,050	1,248,352	2,536,402	2,503,202
Fines and forfeitures	1,808,400	1,808,400	946,649	1,038,284	1,984,933	176,533
Investment income	166,700	166,700	189,749	120,686	310,435	143,735
Miscellaneous	11,800	11,800	49,096	33,925	83,021	71,221
Total Revenues	83,886,500	85,581,040	43,486,948	45,938,687	89,425,635	3,844,595
Expenditures						
Accessibility program	540,369	540,060	249,293	252,550	501,843	38,217
Municipal court program	1,353,744	1,360,075	608,031	637,444	1,245,475	114,600
Code enforcement program	956,025	1,010,033	510,609	496,476	1,007,085	2,948
Community projects program	2,958,000	3,143,000	1,360,101	1,673,992	3,034,093	108,907
Police program	43,433,533	43,647,427	20,711,469	21,755,264	42,466,733	1,180,694
Growth management program	3,766,823	3,771,107	1,914,301	1,328,447	3,242,748	528,359
Nondepartmental	840,000	-	-	-	-	-
Contingency	8,050,626	6,086,726	-	-	-	6,086,726
Reserves	250,000	-	-	-	-	-
Total Expenditures	62,149,120	59,558,428	25,353,804	26,144,173	51,497,977	8,060,451
Excess (deficiency) of revenues over (under) expenditures	21,737,380	26,022,612	18,133,144	19,794,514	37,927,658	11,905,046
Other Financing Sources (Uses)						
Proceeds from sale of assets	-	-	500	2,985	3,485	3,485
Insurance proceeds	-	-	-	1,667	1,667	1,667
Advances to other governments	-	(140,000)	(22,000)	(30,000)	(52,000)	88,000
Repayments from other governments	130,000	130,000	35,000	22,000	57,000	(73,000)
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	1,062,580	627,500	170,163	797,663	(264,917)
Transfers out	(32,826,780)	(37,788,992)	(18,979,062)	(18,644,919)	(37,623,981)	165,011
Total Other Financing Sources (Uses)	(31,033,280)	(36,686,412)	(18,273,062)	(18,478,104)	(36,751,166)	(64,754)
Net changes in fund balance	(9,295,900)	(10,663,800)	(139,918)	1,316,410	1,176,492	11,581,921
Beginning Fund Balance	9,295,900	10,663,800	14,928,695	14,788,777	14,928,695	4,264,895
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 14,788,777	\$ 16,105,187	\$ 16,105,187	\$ 16,105,187

The beginning fund balance includes funds the City has set aside as an Other Post Employment Benefits reserve.

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, 2017

Reconciliation of Budgetary basis to GAAP basis

Total Other Financing Sources (Uses) - Budgetary Basis (1)	\$ (18,248,516)
Advances to other governments reported as other financing uses on the budgetary basis are reported as receivables on the GAAP basis	30,000
Repayments from other governments reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis	<u>(22,000)</u>
Total Other Financing Sources (Uses) - GAAP Basis	<u>\$ (18,240,516)</u>
Ending Fund Balance - Budgetary Basis (1)	\$ 18,624,387
Capitalized amounts reported as assets on GAAP basis	4,554,943
Advances to other governments reported as other financing uses on the budgetary basis are reported as receivables on the GAAP basis	30,000
Repayments from other governments reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis	<u>(22,000)</u>
Combined Ending Fund Balance - GAAP Basis	<u>\$ 23,187,330</u>

(1) Includes: General Fund and General Fund Stabilization Fund (page 161).

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, 2017

	<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	\$ 1,111,100	\$ 1,111,100	\$ 714,368	\$ 839,997	\$ 1,554,365	\$ 443,265
Intergovernmental:						
State highway fund apportionment	9,196,000	9,196,000	4,777,281	4,938,580	9,715,861	519,861
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	140,457	423,988	(94,012)
Investment income	37,100	37,100	42,000	15,708	57,708	20,608
Miscellaneous	35,200	35,200	20,323	40,409	60,732	25,532
Total Revenues	12,690,400	12,690,400	6,560,115	5,975,151	12,535,266	(155,134)
<u>Expenditures</u>						
Current:						
Personnel services	7,817,248	7,712,248	3,446,910	3,677,856	7,124,766	587,482
Materials and services	3,962,710	4,348,791	1,541,880	2,545,576	4,087,456	261,335
Interfund charges	4,325,060	4,025,383	1,906,898	1,881,131	3,788,029	237,354
Debt service	401,000	401,000	200,425	200,100	400,525	475
Capital outlay	3,980,000	10,148,829	2,100,678	3,507,528	5,608,206	4,540,623
Contingency	1,106,852	336,852	-	-	-	336,852
Total Expenditures	21,592,870	26,973,103	9,196,791	11,812,191	21,008,982	5,964,121
Excess (deficiency) of revenues over (under) expenditures	(8,902,470)	(14,282,703)	(2,636,676)	(5,837,040)	(8,473,716)	5,808,987
<u>Other Financing Sources (Uses)</u>						
Proceeds from sale of assets	-	-	9,487	12,026	21,513	21,513
Insurance proceeds	-	-	7,500	-	7,500	7,500
Transfers in	6,379,070	11,122,603	6,063,312	5,049,142	11,112,454	(10,149)
Total Other Financing Sources (Uses)	6,379,070	11,122,603	6,080,299	5,061,168	11,141,467	18,864
Net changes in fund balance	(2,523,400)	(3,160,100)	3,443,623	(775,872)	2,667,751	5,827,851
Beginning Fund Balance (Deficit)	2,523,400	3,160,100	3,160,081	6,603,704	3,160,081	(19)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 6,603,704	\$ 5,827,832	\$ 5,827,832	\$ 5,827,832

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, 2017

	<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	\$ 1,986,647	\$ 3,883,968	\$ 30,768
Delinquent property taxes	76,900	76,900	27,697	31,942	59,639	(17,261)
Transient room taxes	284,200	284,200	158,574	181,586	340,160	55,960
Intergovernmental	6,831,800	7,606,063	3,621,089	3,977,106	7,598,195	(7,868)
Charges for services:						
Charges to others	5,646,171	5,983,561	3,258,494	3,298,440	6,556,934	573,373
Charges to other City funds	6,800	6,800	3,320	4,734	8,054	1,254
Contributions	1,800	1,800	970	4,733	5,703	3,903
Investment income	56,100	56,100	42,803	747	43,550	(12,550)
Miscellaneous	27,600	109,700	9,333	97,241	106,574	(3,126)
Total Revenues	16,756,671	17,978,324	9,019,601	9,583,176	18,602,777	624,453
Expenditures						
Current:						
Personnel services	31,254,100	32,896,290	15,853,865	16,966,669	32,820,534	75,756
Materials and services	3,851,340	3,950,490	1,703,705	2,041,578	3,745,283	205,207
Interfund charges	3,774,750	3,799,300	1,809,736	1,789,735	3,599,471	199,829
Debt service	1,225,000	1,481,000	438,399	628,266	1,066,665	414,335
Capital outlay	3,780,000	6,125,863	3,538,421	2,159,971	5,698,392	427,471
Contingency	2,770,681	1,988,481	-	-	-	1,988,481
Reserved for maintenance	100,000	100,000	-	-	-	100,000
Total Expenditures	46,755,871	50,341,424	23,344,126	23,586,219	46,930,345	3,411,079
Excess (deficiency) of revenues over (under) expenditures	(29,999,200)	(32,363,100)	(14,324,525)	(14,003,043)	(28,327,568)	4,035,532
Other Financing Sources (Uses)						
Proceeds from sale of assets	180,000	180,000	43,000	49,000	92,000	(88,000)
Insurance proceeds	-	-	6,911	50,385	57,296	57,296
Issuance of long-term debt	3,060,000	4,923,000	2,945,000	1,862,475	4,807,475	(115,525)
Payments to refunded bond escrow agent	-	-	-	(256,298)	(256,298)	(256,298)
Transfers in	24,046,700	24,349,000	11,870,492	12,382,801	24,253,293	(95,707)
Transfers out	(44,100)	(44,100)	(23,548)	(23,219)	(46,767)	(2,667)
Total Other Financing Sources (Uses)	27,242,600	29,407,900	14,841,855	14,065,144	28,906,999	(500,901)
Net changes in fund balance	(2,756,600)	(2,955,200)	517,330	62,101	579,431	3,534,631
Beginning Fund Balance (Deficit)	2,756,600	2,955,200	3,891,449	4,408,779	3,891,449	936,249
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 4,408,779	\$ 4,470,880	\$ 4,470,880	\$ 4,470,880

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, 2017

	<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	\$ 34,085,500	\$ 18,414,176	\$ 16,828,132	\$ 35,242,308	\$ 1,156,808
Loan repayments	155,500	155,500	242,950	940,509	1,183,459	1,027,959
Investment income	165,300	165,300	166,736	255,957	422,693	257,393
Total Revenues	24,406,300	34,406,300	18,823,862	18,024,598	36,848,460	2,442,160
<u>Expenditures</u>						
Current:						
Interfund charges	733,000	733,000	232,271	301,066	533,337	199,663
Contingency	8,884,000	8,884,000	-	-	-	8,884,000
Total Expenditures	9,617,000	9,617,000	232,271	301,066	533,337	9,083,663
Excess (deficiency) of revenues over (under) expenditures	14,789,300	24,789,300	18,591,591	17,723,532	36,315,123	11,525,823
<u>Other Financing Sources (Uses)</u>						
Transfers out	(20,723,300)	(30,723,300)	(13,268,382)	(11,244,693)	(24,513,075)	6,210,225
Total Other Financing Sources (Uses)	(20,723,300)	(30,723,300)	(13,268,382)	(11,244,693)	(24,513,075)	6,210,225
Net changes in fund balance	(5,934,000)	(5,934,000)	5,323,209	6,478,839	11,802,048	17,736,048
Beginning Fund Balance (Deficit)	5,934,000	5,934,000	5,525,202	10,848,411	5,525,202	(408,798)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 10,848,411	\$ 17,327,250	\$ 17,327,250	\$ 17,327,250

City of Bend, Oregon
Other Postemployment Benefit Plans
Schedule of Funding Progress and Employer Contributions
For the fiscal year ended June 30, 2017
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Funding Progress				UAAAL as a Percentage of Covered Payroll	Employer Contributions		
		Actuarial Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll		Fiscal Year Ended Date	Annual OPEB Cost	Percentage Contributed
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 %
7/1/2016	-	27,366	27,366	- %	37,387	73 %	6/30/2016	2,879	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; 2016-17 annual claims costs for an age 64 retiree or spouse are assumed to be \$11,252. 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 (asset)/liability
2015	0.37690343	\$ (8,543,325)	\$ 29,852,487	(28.62)%	103.59%
2016	0.37689702	21,639,397	33,753,314	64.11%	91.90%
2017	0.37779751	56,716,178	35,860,584	158.16%	80.53%

(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
2015	\$ 3,758,247	\$ (3,758,247)	-	\$ 33,753,314	11.13%
2016	5,005,056	(5,005,056)	-	35,860,584	13.96%
2017	5,338,248	(5,338,248)	-	38,825,140	13.75%

(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, 2017

Required Supplementary Information includes budgetary comparisons for the General Fund, the Transportation Operations Fund, the Fire/Emergency Medical Services Fund, and the System Development Charges 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 Actuarial Methods and Allocation Procedures

Allocation of Liability for Service Segments - For purposes of allocating Tier One/Tier Two member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2012 and December 31, 2013 valuations, the Money Match was weighted 30% for General Service members and five percent for Police & Fire members. For the December 31, 2014 and December 31, 2015 valuations, this weighting has been adjusted to 25% for General Service members and zero percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

City of Bend, Oregon
Notes to the Required Supplementary Information
Fiscal Year Ended June 30, 2017

Note 2 - Oregon Public Retirement System Information (Continued)

Changes in Economic Assumptions:

Inflation - The inflation rate was lowered to 2.5% based on a combination of historical and market data and expert forecasts.

Payroll growth - Payroll growth, which is the sum of inflation and real wage growth, changed from 3.75% to 3.5%.

Investment Return and Interest Crediting - The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.5%. Previously, the assumed investment return and interest crediting to both regular and variable account balances was 7.75%.

Tier 1/Tier 2 Administrative Expenses - Recently implemented GASB statements No. 67 and 68 necessitated an explicit Tier 1/Tier 2 administrative expense assumption. The administrative expense for December 31, 2014 and December 31, 2015 is \$33.0 million per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum Retiree Healthcare Insurance Premium Account (RHIPA) subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions:

Healthy Mortality - The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality - The disabled mortality assumption base was changed from the RP2000 static tables to the RP2000 generational tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination - Rates for disability, retirement from active status, and termination were adjusted.

Changes in Salary Increase Assumptions:

Merit Increases, Unused Sick Leave, and Vacation Pay - Unused sick leave and vacation pay rates were adjusted.

Retiree Healthcare Participation - The Retirement Health Insurance Account (RHIA) participation rate for healthy retirees was reduced from 45% to 38%.

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, 2017

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>General Fund</u>			
Accessibility program	\$ 384,819	\$ 346,498	\$ 38,321
Municipal court program	1,006,494	879,497	126,997
Code enforcement program	860,925	852,396	8,529
Community projects program	3,143,000	3,034,093	108,907
Police program	37,822,083	36,891,345	930,738
Growth management program	3,314,873	2,764,960	549,913
Transfers	45,568,500	44,405,169	1,163,331
Contingency	6,086,726	-	6,086,726
Total General Fund	<u>\$ 98,187,420</u>	<u>\$ 89,173,958</u>	<u>\$ 9,013,462</u>
<u>Transportation Operations Fund</u>			
Personnel services	\$ 7,712,248	\$ 7,124,766	\$ 587,482
Materials and services	4,348,791	4,087,456	261,335
Transfers	4,025,383	3,788,029	237,354
Debt service	401,000	400,525	475
Capital outlay	10,148,829	5,608,206	4,540,623
Contingency	336,852	-	336,852
Total Transportation Operations Fund	<u>\$ 26,973,103</u>	<u>\$ 21,008,982</u>	<u>\$ 5,964,121</u>
<u>Fire / Emergency Medical Services Fund</u>			
Personnel services	\$ 32,896,290	\$ 32,820,534	\$ 75,756
Materials and services	3,950,490	3,745,283	205,207
Transfers	3,843,400	3,646,238	197,162
Debt service	1,481,000	1,322,963	158,037
Capital outlay	6,125,863	5,698,392	427,471
Contingency	1,988,481	-	1,988,481
Reserves	100,000	-	100,000
Total Fire / Emergency Medical Services Fund	<u>\$ 50,385,524</u>	<u>\$ 47,233,410</u>	<u>\$ 3,152,114</u>
<u>System Development Charges (SDC) Fund</u>			
Transfers	\$ 31,456,300	\$ 25,046,412	\$ 6,409,888
Contingency	8,884,000	-	8,884,000
Total System Development Charges (SDC) Fund	<u>\$ 40,340,300</u>	<u>\$ 25,046,412</u>	<u>\$ 15,293,888</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, 2017

	<u>Biennium Budget</u>		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
Revenues						
Intergovernmental	\$ 82,700	\$ 82,700	\$ 50,180	\$ 93,574	\$ 143,754	\$ 61,054
Charges for services:						
Charges to others	37,719,400	37,719,400	18,400,025	19,298,474	37,698,499	(20,901)
Charges to other City funds	416,300	416,300	146,374	133,358	279,732	(136,568)
Contributions	-	-	-	64,699	64,699	64,699
Loan repayments	-	-	-	37,148	37,148	37,148
Investment income	156,000	156,000	82,101	97,503	179,604	23,604
Miscellaneous	24,500	24,500	145,831	24,190	170,021	145,521
Total Revenues	38,398,900	38,398,900	18,824,511	19,748,946	38,573,457	174,557
Expenses						
Current:						
Personnel services	9,100,496	9,100,496	4,132,345	4,231,102	8,363,447	737,049
Materials and services	8,632,016	9,516,146	3,450,092	3,611,914	7,062,006	2,454,140
Interfund charges	7,213,060	7,003,930	2,896,574	3,805,404	6,701,978	301,952
Debt service	4,700,500	37,121,500	397,048	32,473,863	32,870,911	4,250,589
Capital outlay	8,145,500	11,685,500	1,675,421	4,401,306	6,076,727	5,608,773
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	21,838,698	-	-	-	21,838,698
Total Expenses	58,730,270	104,966,270	12,551,480	48,523,589	61,075,069	43,891,201
Excess (deficiency) of revenues over (under) expenses	(20,331,370)	(66,567,370)	6,273,031	(28,774,643)	(22,501,612)	44,065,758
Other Financing Sources (Uses)						
Proceeds from sale of assets	-	-	-	1,829,864	1,829,864	1,829,864
Issuance of long-term debt	-	65,236,000	-	49,910,000	49,910,000	(15,326,000)
Premium on issuance of long-term debt	-	-	-	12,463,034	12,463,034	12,463,034
Payments to refunded bond escrow agent	-	-	-	(2,376,680)	(2,376,680)	(2,376,680)
Transfers in	6,750,870	6,750,870	3,995,350	4,493,361	8,488,711	1,737,841
Transfers out	(1,545,900)	(24,447,900)	(4,927,900)	(18,493,359)	(23,421,259)	1,026,641
Total Other Financing Sources (Uses)	5,204,970	47,538,970	(932,550)	47,826,220	46,893,670	(645,300)
Net changes in fund balance	(15,126,400)	(19,028,400)	5,340,481	19,051,577	24,392,058	43,420,458
Beginning Fund Balance (Deficit)	15,126,400	19,028,400	19,458,215	24,798,696	19,458,215	429,815
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 24,798,696	\$ 43,850,273	\$ 43,850,273	\$ 43,850,273

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, 2017

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 19,748,946
Revenues reported on the budgetary basis related to capitalized interest subsidy are reported as assets on the GAAP basis	(41,578)
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	4,185,946
Proceeds from sale of assets reported as other financing sources (uses) on the budgetary basis are reported as revenues on the GAAP basis.	1,829,864
Total Revenues - GAAP Basis	<u>\$ 25,723,178</u>
Total Expenses - Budgetary Basis	\$ 48,523,590
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	162,175
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	52,659
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(7,845,473)
Principal payments on bonds reported as expenses on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(30,110,322)
The interest portion of payments to bond escrow agents reported as other financing sources (uses) on the budgetary basis is reported as an expense on the GAAP basis.	5,730
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	3,138,573
Amortization of premiums and discounts is not reported on the budgetary basis but is reported as an expense (revenue) on the GAAP basis	(617,304)
Gain/Loss on disposal of asset not reported on the budgetary basis is reported as an expense on the GAAP basis	6,691,325
Total Expenses - GAAP Basis	<u>\$ 20,000,953</u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 47,826,220
Proceeds from bond issuance reported as other financing sources (uses) on the budgetary basis are reported as bond payable liability on the GAAP basis	(62,373,034)
Transfers to the Water Fund from the Bridge Creek Pipe Project Fund are eliminated when presented together on the GAAP basis.	18,493,359
Proceeds from sale of assets reported as other financing sources (uses) on the budgetary basis are reported as revenues on the GAAP basis.	(1,829,864)
The principal portion of payments to bond escrow agents reported as other financing sources (uses) on the budgetary basis is reported as a reduction in bond payable liability on the GAAP basis.	(2,370,949)
The interest portion of payments to bond escrow agents reported as other financing sources (uses) on the budgetary basis is reported as an expense on the GAAP basis.	(5,730)
Total Transfers - GAAP Basis	<u>\$ (259,998)</u>

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, 2017

	Biennium Budget		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
Revenues						
Intergovernmental	\$ 386,200	\$ 386,200	\$ 199,768	\$ 193,990	\$ 393,758	\$ 7,558
Charges for services:						
Charges to others	45,525,100	45,525,100	21,493,456	24,029,932	45,523,388	(1,712)
Charges to other City funds	45,700	45,700	22,545	22,077	44,622	(1,078)
Loan repayments	500	500	12,974	3,442	16,416	15,916
Contributions	200,000	200,000	25,000	-	25,000	(175,000)
Investment income	545,000	545,000	303,325	108,074	411,399	(133,601)
Miscellaneous	35,500	35,500	16,358	11,267	27,625	(7,875)
Total Revenues	46,738,000	46,738,000	22,073,426	24,368,782	46,442,208	(295,792)
Expenses						
Current:						
Personnel services	11,324,536	11,324,536	4,960,081	5,356,056	10,316,137	1,008,399
Materials and services	6,974,474	7,118,054	2,783,541	2,869,130	5,652,671	1,465,383
Interfund charges	7,675,010	9,204,030	3,458,709	5,430,551	8,889,260	314,770
Debt service	18,234,500	18,234,500	7,023,652	3,602,070	10,625,722	7,608,778
Capital outlay	29,496,200	61,798,200	9,509,951	33,797,249	43,307,200	18,491,000
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	141,902,730	27,735,934	51,055,056	78,790,990	63,111,740
Excess (deficiency) of revenues over (under) expenses	(61,190,130)	(95,164,730)	(5,662,508)	(26,686,274)	(32,348,782)	62,815,948
Other Financing Sources (Uses)						
Insurance proceeds	-	-	1,597	-	1,597	1,597
Issuance of long-term debt	25,073,800	59,949,800	8,816,018	29,571,202	38,387,220	(21,562,580)
Transfers in	7,080,930	7,080,930	6,387,383	5,612,887	12,000,270	4,919,340
Transfers out	(2,745,800)	(3,915,630)	(2,687,178)	-	(2,687,178)	1,228,452
Total Other Financing Sources (Uses)	29,408,930	63,115,100	12,517,820	35,184,089	47,701,909	(15,413,191)
Net changes in fund balance	(31,781,200)	(32,049,630)	6,855,312	8,497,815	15,353,127	47,402,757
Beginning Fund Balance (Deficit)	31,781,200	32,049,630	32,540,898	39,396,210	32,540,898	491,268
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 39,396,210	\$ 47,894,025	\$ 47,894,025	\$ 47,894,025

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, 2017**

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 24,368,782
Revenues reported on the budgetary basis related to capitalized interest subsidy are reported as assets on the GAAP basis	(193,990)
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>2,741,791</u>
Total Revenues - GAAP Basis	<u>\$ 26,916,583</u>
Total Expenses - Budgetary Basis	\$ 51,055,056
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	401,628
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	64,124
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(39,041,849)
Principal payments on bonds reported as expenses on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(1,467,368)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	3,204,356
Amortization of premiums and discounts is not reported on the budgetary basis but is reported as an expense (revenue) on the GAAP basis	<u>(16,346)</u>
Total Expenses - GAAP Basis	<u>\$ 14,199,601</u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 35,184,089
Proceeds from bond issuance reported as other financing sources (uses) on the budgetary basis are reported as bond payable liability on the GAAP basis	(29,571,202)
Transfers from the Southeast Interceptor Project Fund and the Secondary Expansion Project Fund to the Water Reclamation Fund are eliminated when presented together on the GAAP basis.	(983)
Forgiveness of long term debt not reported as other financing source on the budgetary basis is reported as contribution revenue on the GAAP basis	861,921
Total Transfers - GAAP Basis	<u>\$ 6,473,825</u>

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, 2017

	<u>Appropriation</u>	<u>Actual Expenses</u>	<u>Variance Positive (Negative)</u>
<u>Water Fund</u>			
Personnel services	\$ 9,100,496	\$ 8,363,447	\$ 737,049
Materials and services	9,516,146	7,062,006	2,454,140
Transfers	31,451,830	30,123,237	1,328,593
Debt service	37,121,500	35,247,591	1,873,909
Capital outlay	11,685,500	6,076,727	5,608,773
Contingency	3,300,000	-	3,300,000
Reserves	27,238,698	-	27,238,698
Total Water Fund	<u>\$ 129,414,170</u>	<u>\$ 86,873,008</u>	<u>\$ 42,541,162</u>
<u>Water Reclamation Fund</u>			
Personnel services	\$ 11,324,536	\$ 10,316,137	\$ 1,008,399
Materials and services	7,118,054	5,652,671	1,465,383
Transfers	13,119,660	11,576,438	1,543,222
Debt service	18,234,500	10,625,722	7,608,778
Capital outlay	61,798,200	43,307,200	18,491,000
Contingency	3,450,000	-	3,450,000
Reserves	30,773,410	-	30,773,410
Total Water Reclamation Fund	<u>\$ 145,818,360</u>	<u>\$ 81,478,168</u>	<u>\$ 64,340,192</u>

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NONMAJOR GOVERNMENTAL FUNDS

City of Bend, Oregon
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Cemetery Permanent Maintenance Fund	Total Nonmajor Governmental Funds
Assets					
Pooled cash and investments	\$ 7,416,951	\$ -	\$ -	\$ -	\$ 7,416,951
Restricted cash and investments	13,919,041	6,380,840	6,617,309	654,327	27,571,517
Receivables:					
Property taxes	-	100,103	-	-	100,103
Accounts, net	431,229	-	81,467	-	512,696
Assessments receivable, net	31,044	-	-	-	31,044
Loans and notes receivable, net	9,383,649	-	-	-	9,383,649
Due from other governments	19,249	-	-	-	19,249
Total Assets	\$ 31,201,163	\$ 6,480,943	\$ 6,698,776	\$ 654,327	\$ 45,035,209
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)					
Liabilities					
Accounts payable	\$ 245,374	\$ -	\$ 452,110	\$ -	\$ 697,484
Salaries and benefits payable	94,396	-	900	-	95,296
Retainage payable	-	-	29,522	-	29,522
Deposits - restricted	167,994	-	-	-	167,994
Unearned revenue	8,363	-	-	-	8,363
Due to other funds	40,264	-	-	-	40,264
Total Liabilities	556,391	-	482,532	-	1,038,923
Deferred Inflows of Resources					
Unavailable revenue - property taxes	-	75,346	-	-	75,346
Unavailable revenue - assessments & loans receivable	9,395,610	-	-	-	9,395,610
Total Deferred Inflows of Resources	9,395,610	75,346	-	-	9,470,956
Fund Balances (Deficits)					
Nonspendable:					
Permanent maintenance funds	-	-	-	632,796	632,796
Restricted for:					
External grantor covenant	630,528	-	-	-	630,528
Outside debt covenant	-	3,726,503	-	-	3,726,503
Outside construction covenant	-	-	4,367,552	-	4,367,552
State law revenue restriction	13,446,121	-	-	21,531	13,467,652
Committed:					
Affordable housing	2,519,370	-	-	-	2,519,370
Reserves for police operations	639,596	-	-	-	639,596
Assigned:					
Construction activities	-	-	1,848,602	-	1,848,602
Planning support services	3,891,323	-	-	-	3,891,323
Community development contracts	122,224	-	-	-	122,224
Debt service	-	2,679,094	-	-	2,679,094
Unassigned	-	-	90	-	90
Total Fund Balances (Deficits)	21,249,162	6,405,597	6,216,244	654,327	34,525,330
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 31,201,163	\$ 6,480,943	\$ 6,698,776	\$ 654,327	\$ 45,035,209

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, 2017

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Cemetery Permanent Maintenance Fund	Total Nonmajor Governmental Funds
Revenues					
Property taxes	\$ -	\$ 3,158,120	\$ -	\$ -	\$ 3,158,120
Transient room taxes	3,180,644	-	-	-	3,180,644
Franchise fees	-	-	687,069	-	687,069
Intergovernmental	227,164	241,803	38,389	-	507,356
Assessments	151,134	-	-	-	151,134
Licenses and permits	5,681,314	-	-	-	5,681,314
Charges for services	6,167,600	1,220,215	-	-	7,387,815
Contributions	40,264	-	-	-	40,264
Loan repayments	776,746	-	-	-	776,746
Permanent maintenance fees	-	-	-	5,297	5,297
Investment income	68,725	40,026	29,615	36,542	174,908
Miscellaneous	14,568	-	-	-	14,568
Total Revenues	<u>16,308,159</u>	<u>4,660,164</u>	<u>755,073</u>	<u>41,839</u>	<u>21,765,235</u>
Expenditures					
Current:					
General government	-	25,000	-	-	25,000
Public safety	-	7,744	-	-	7,744
Public ways and facilities	-	-	129,126	-	129,126
Community and economic development	14,355,333	-	-	-	14,355,333
Permanent maintenance	-	-	-	5,325	5,325
Urban renewal	40,830	16,969	712	-	58,511
Debt service:					
Principal	-	2,481,189	215,001	-	2,696,190
Interest	-	1,716,623	91,633	-	1,808,256
Capital outlay	46,874	-	2,031,789	-	2,078,663
Total Expenditures	<u>14,443,037</u>	<u>4,247,525</u>	<u>2,468,261</u>	<u>5,325</u>	<u>21,164,148</u>
Excess (deficiency) of revenues over expenditures	1,865,122	412,639	(1,713,188)	36,514	601,087
Other Financing Sources (Uses)					
Issuance of long-term debt	-	2,434,048	-	-	2,434,048
Payment to escrow agent	-	(2,418,649)	-	-	(2,418,649)
Proceeds from sale of assets	82,361	-	-	-	82,361
Transfers in	670,100	8,200	335,800	-	1,014,100
Transfers out	(107,335)	-	-	(11,113)	(118,448)
Total Other Financing Sources (Uses)	<u>645,126</u>	<u>23,599</u>	<u>335,800</u>	<u>(11,113)</u>	<u>993,412</u>
Net change in fund balances	2,510,248	436,238	(1,377,388)	25,401	1,594,499
Fund Balances (Deficits), July 1, 2016	18,738,914	5,969,359	7,593,632	628,926	32,930,831
Fund Balances (Deficits), June 30, 2017	<u>\$ 21,249,162</u>	<u>\$ 6,405,597</u>	<u>\$ 6,216,244</u>	<u>\$ 654,327</u>	<u>\$ 34,525,330</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.

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.

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, 2017

	BURA General Fund	Police Grant Fund	Energy ARRA Grant Fund	Helen Lorenz Estate Fund
Assets				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments	322,464	-	96,829	41,314
Receivables:				
Accounts, net	-	-	-	40,263
Assessments receivable, net	-	-	-	-
Loans and notes receivable, net	-	-	164,827	-
Due from other governments	-	-	-	-
Total Assets	\$ 322,464	\$ -	\$ 261,656	\$ 81,577
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$ 238	\$ -	\$ -	\$ -
Salaries and benefits payable	170	-	-	-
Deposits - restricted	-	-	-	38,810
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	40,264
Total Liabilities	408	-	-	79,074
Deferred Inflows of Resources				
Unavailable revenue - assessments & loans receivable	-	-	164,826	-
Total Deferred Inflows of Resources	-	-	164,826	-
Fund Balances (Deficits)				
Restricted for:				
External grantor covenant	-	-	96,830	2,503
State law revenue restriction	322,056	-	-	-
Committed:				
Affordable housing	-	-	-	-
Reserves for police operations	-	-	-	-
Assigned:				
Planning support services	-	-	-	-
Community development contracts	-	-	-	-
Total Fund Balances (Deficits)	322,056	-	96,830	2,503
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 322,464	\$ -	\$ 261,656	\$ 81,577

Continued on next page

City of Bend, Oregon
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	Building Fund	Planning Fund	Community Development Block Grant Fund	Affordable Housing Fund	Business Advocacy Fund
Assets					
Pooled cash and investments	\$ -	\$ 3,924,949	\$ -	\$ 2,555,415	\$ 172,321
Restricted cash and investments	12,729,034	127,483	523,815	-	-
Receivables:					
Accounts, net	5,462	-	-	-	-
Assessments receivable, net	-	-	-	-	-
Loans and notes receivable, net	-	-	4,944,104	4,274,718	-
Due from other governments	-	-	19,249	-	-
Total Assets	\$ 12,734,496	\$ 4,052,432	\$ 5,487,168	\$ 6,830,133	\$ 172,321
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)					
Liabilities					
Accounts payable	\$ 3,385	\$ 9,029	\$ 9,835	\$ 34,735	\$ 44,400
Salaries and benefits payable	63,488	24,597	2,034	1,310	2,797
Deposits - restricted	1,701	127,483	-	-	-
Unearned revenue	5,463	-	-	-	2,900
Due to other funds	-	-	-	-	-
Total Liabilities	74,037	161,109	11,869	36,045	50,097
Deferred Inflows of Resources					
Unavailable revenue - assessments & loans receivable	-	-	4,944,104	4,274,718	-
Total Deferred Inflows of Resources	-	-	4,944,104	4,274,718	-
Fund Balances (Deficits)					
Restricted for:					
External grantor covenant	-	-	531,195	-	-
State law revenue restriction	12,660,459	-	-	-	-
Committed:					
Affordable housing	-	-	-	2,519,370	-
Reserves for police operations	-	-	-	-	-
Assigned:					
Planning support services	-	3,891,323	-	-	-
Community development contracts	-	-	-	-	122,224
Total Fund Balances (Deficits)	12,660,459	3,891,323	531,195	2,519,370	122,224
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 12,734,496	\$ 4,052,432	\$ 5,487,168	\$ 6,830,133	\$ 172,321

City of Bend, Oregon
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	Tourism Fund	Economic Improvement District Fund	Police Reserve Fund	Total Special Revenue Funds
Assets				
Pooled cash and investments	\$ -	\$ 124,670	\$ 639,596	\$ 7,416,951
Restricted cash and investments	78,102	-	-	13,919,041
Receivables:				
Accounts, net	385,504	-	-	431,229
Assessments receivable, net	-	31,044	-	31,044
Loans and notes receivable, net	-	-	-	9,383,649
Due from other governments	-	-	-	19,249
Total Assets	\$ 463,606	\$ 155,714	\$ 639,596	\$ 31,201,163
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)				
Liabilities				
Accounts payable	\$ -	\$ 143,752	\$ -	\$ 245,374
Salaries and benefits payable	-	-	-	94,396
Deposits - restricted	-	-	-	167,994
Unearned revenue	-	-	-	8,363
Due to other funds	-	-	-	40,264
Total Liabilities	-	143,752	-	556,391
Deferred Inflows of Resources				
Unavailable revenue - assessments & loans receivable	-	11,962	-	9,395,610
Total Deferred Inflows of Resources	-	11,962	-	9,395,610
Fund Balances (Deficits)				
Restricted for:				
External grantor covenant	-	-	-	630,528
State law revenue restriction	463,606	-	-	13,446,121
Committed:				
Affordable housing	-	-	-	2,519,370
Reserves for police operations	-	-	639,596	639,596
Assigned:				
Planning support services	-	-	-	3,891,323
Community development contracts	-	-	-	122,224
Total Fund Balances (Deficits)	463,606	-	639,596	21,249,162
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 463,606	\$ 155,714	\$ 639,596	\$ 31,201,163

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, 2017

	BURA General Fund	Police Grant Fund	Energy ARRA Grant Fund	Helen Lorenz Estate Fund
Revenues				
Transient room taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Contributions	-	-	-	40,264
Loan repayments	-	-	12,280	-
Investment income	1,582	-	385	764
Miscellaneous	-	-	-	-
Total Revenues	<u>1,582</u>	<u>-</u>	<u>12,665</u>	<u>41,028</u>
Expenditures				
Current:				
Community and economic development	-	-	1,689	-
Urban renewal	40,830	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>40,830</u>	<u>-</u>	<u>1,689</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(39,248)	-	10,976	41,028
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(800)	-	-	(40,264)
Total Other Financing Sources (Uses)	<u>(800)</u>	<u>-</u>	<u>-</u>	<u>(40,264)</u>
Net change in fund balances	(40,048)	-	10,976	764
Fund Balances (Deficits), July 1, 2016	362,104	-	85,854	1,739
Fund Balances (Deficits), June 30, 2017	<u>\$ 322,056</u>	<u>\$ -</u>	<u>\$ 96,830</u>	<u>\$ 2,503</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, 2017

	Building Fund	Planning Fund	Community Development Block Grant Fund	Affordable Housing Fund	Business Advocacy Fund
Revenues					
Transient room taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	10,100	217,064	-	-
Assessments	-	-	-	-	-
Licenses and permits	5,307,900	71,279	-	-	302,135
Charges for services	2,301,385	2,567,262	-	1,298,953	-
Contributions	-	-	-	-	-
Loan repayments	-	-	355,792	408,674	-
Investment income	40,090	13,767	869	7,097	539
Miscellaneous	207	14,361	-	-	-
Total Revenues	<u>7,649,582</u>	<u>2,676,769</u>	<u>573,725</u>	<u>1,714,724</u>	<u>302,674</u>
Expenditures					
Current:					
Community and economic development	5,782,637	2,523,480	303,318	1,924,288	401,141
Urban renewal	-	-	-	-	-
Capital outlay	46,874	-	-	-	-
Total Expenditures	<u>5,829,511</u>	<u>2,523,480</u>	<u>303,318</u>	<u>1,924,288</u>	<u>401,141</u>
Excess (deficiency) of revenues over expenditures	1,820,071	153,289	270,407	(209,564)	(98,467)
Other Financing Sources (Uses)					
Proceeds from sale of assets	-	-	-	82,361	-
Transfers in	-	549,100	46,000	-	75,000
Transfers out	-	(20,271)	-	(46,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>528,829</u>	<u>46,000</u>	<u>36,361</u>	<u>75,000</u>
Net change in fund balances	1,820,071	682,118	316,407	(173,203)	(23,467)
Fund Balances (Deficits), July 1, 2016	10,840,388	3,209,205	214,788	2,692,573	145,691
Fund Balances (Deficits), June 30, 2017	<u>\$ 12,660,459</u>	<u>\$ 3,891,323</u>	<u>\$ 531,195</u>	<u>\$ 2,519,370</u>	<u>\$ 122,224</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, 2017

	Tourism Fund	Economic Improvement District Fund	Police Reserve Fund	Total Special Revenue Funds
Revenues				
Transient room taxes	\$ 3,180,644	\$ -	\$ -	\$ 3,180,644
Intergovernmental	-	-	-	227,164
Assessments	-	151,134	-	151,134
Licenses and permits	-	-	-	5,681,314
Charges for services	-	-	-	6,167,600
Contributions	-	-	-	40,264
Loan repayments	-	-	-	776,746
Investment income	908	176	2,548	68,725
Miscellaneous	-	-	-	14,568
Total Revenues	3,181,552	151,310	2,548	16,308,159
Expenditures				
Current:				
Community and economic development	3,267,470	151,310	-	14,355,333
Urban renewal	-	-	-	40,830
Capital outlay	-	-	-	46,874
Total Expenditures	3,267,470	151,310	-	14,443,037
Excess (deficiency) of revenues over expenditures	(85,918)	-	2,548	1,865,122
Other Financing Sources (Uses)				
Proceeds from sale of assets	-	-	-	82,361
Transfers in	-	-	-	670,100
Transfers out	-	-	-	(107,335)
Total Other Financing Sources (Uses)	-	-	-	645,126
Net change in fund balances	(85,918)	-	2,548	2,510,248
Fund Balances (Deficits), July 1, 2016	549,524	-	637,048	18,738,914
Fund Balances (Deficits), June 30, 2017	\$ 463,606	\$ -	\$ 639,596	\$ 21,249,162

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, 2017

	<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	\$ 1,582	\$ 5,885	\$ (215)
Total Revenues	<u>6,100</u>	<u>6,100</u>	<u>4,303</u>	<u>1,582</u>	<u>5,885</u>	<u>(215)</u>
<u>Expenditures</u>						
Current:						
Personnel services	25,780	27,780	13,067	12,760	25,827	1,953
Materials and services	59,360	57,360	9,734	21,571	31,305	26,055
Interfund charges	12,400	12,400	5,900	6,500	12,400	-
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>40,831</u>	<u>69,532</u>	<u>249,868</u>
Excess (deficiency) of revenues over (under) expenditures	(313,300)	(313,300)	(24,398)	(39,249)	(63,647)	249,653
<u>Other Financing Sources (Uses)</u>						
Transfers out	(82,000)	(82,000)	(12,000)	(800)	(12,800)	69,200
Total Other Financing Sources (Uses)	<u>(82,000)</u>	<u>(82,000)</u>	<u>(12,000)</u>	<u>(800)</u>	<u>(12,800)</u>	<u>69,200</u>
Net changes in fund balance	(395,300)	(395,300)	(36,398)	(40,049)	(76,447)	318,853
Beginning Fund Balance (Deficit)	395,300	395,300	398,503	362,105	398,503	3,203
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,105</u>	<u>\$ 322,056</u>	<u>\$ 322,056</u>	<u>\$ 322,056</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, 2017**

	Biennium Budget				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
Revenues						
Intergovernmental	\$ 60,000	\$ 80,713	\$ -	\$ -	\$ -	\$ (80,713)
Total Revenues	60,000	80,713	-	-	-	(80,713)
Expenditures						
Current:						
Materials and services	60,000	60,000	-	-	-	60,000
Capital outlay	-	20,713	-	-	-	20,713
Total Expenditures	60,000	80,713	-	-	-	80,713
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-
Beginning Fund Balance (Deficit)	-	-	-	-	-	-
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

City of Bend, Oregon
Energy ARRA Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2017

	<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>						
Loan repayments	\$ 72,000	\$ 72,000	\$ 13,408	\$ 12,280	\$ 25,688	\$ (46,312)
Investment income	1,300	1,300	960	385	1,345	45
Total Revenues	73,300	73,300	14,368	12,665	27,033	(46,267)
<u>Expenditures</u>						
Current:						
Materials and services	40,000	40,000	-	-	-	40,000
Interfund charges	106,800	106,800	6,633	1,689	8,322	98,478
Total Expenditures	146,800	146,800	6,633	1,689	8,322	138,478
Excess (deficiency) of revenues over (under) expenditures	(73,500)	(73,500)	7,735	10,976	18,711	92,211
Beginning Fund Balance (Deficit)	73,500	73,500	78,119	85,854	78,119	4,619
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 85,854	\$ 96,830	\$ 96,830	\$ 96,830

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, 2017

	<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	\$ 40,264	\$ 116,500	\$ (79,500)
Investment income	-	-	473	764	1,237	1,237
Total Revenues	196,000	196,000	76,709	41,028	117,737	(78,263)
<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	41,028	117,737	(76,963)
<u>Other Financing Sources (Uses)</u>						
Transfers out	(196,000)	(196,000)	(76,236)	(40,264)	(116,500)	79,500
Total Other Financing Sources (Uses)	(196,000)	(196,000)	(76,236)	(40,264)	(116,500)	79,500
Net changes in fund balance	(1,300)	(1,300)	473	764	1,237	2,537
Beginning Fund Balance (Deficit)	1,300	1,300	1,266	1,739	1,266	(34)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,739	\$ 2,503	\$ 2,503	\$ 2,503

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, 2017

	<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	\$ 10,386,400	\$ 10,563,540	\$ 6,108,452	\$ 5,307,900	\$ 11,416,352	\$ 852,812
Charges for services:						
Charges to others	2,710,900	2,852,040	1,672,776	1,494,219	3,166,995	314,955
Charges to other City funds	1,680,000	1,680,000	758,500	807,166	1,565,666	(114,334)
Investment income	158,300	158,300	110,444	40,090	150,534	(7,766)
Miscellaneous	8,500	8,500	3,787	207	3,994	(4,506)
Total Revenues	14,944,100	15,262,380	8,653,959	7,649,582	16,303,541	1,041,161
<u>Expenditures</u>						
Current:						
Personnel services	9,227,019	9,459,299	3,911,398	4,466,927	8,378,325	1,080,974
Materials and services	1,958,439	1,960,639	322,711	509,387	832,098	1,128,541
Interfund charges	1,595,100	1,628,900	809,767	806,322	1,616,089	12,811
Capital outlay	330,000	380,000	188,514	46,874	235,388	144,612
Contingency	8,712,242	8,712,242	-	-	-	8,712,242
Total Expenditures	21,822,800	22,141,080	5,232,390	5,829,510	11,061,900	11,079,180
Excess (deficiency) of revenues over (under) expenditures	(6,878,700)	(6,878,700)	3,421,569	1,820,072	5,241,641	12,120,341
Beginning Fund Balance (Deficit)	6,878,700	6,878,700	7,418,818	10,840,387	7,418,818	540,118
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 10,840,387	\$ 12,660,459	\$ 12,660,459	\$ 12,660,459

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, 2017

	<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	\$ 10,100	\$ 10,699	\$ (2,301)
Licenses and permits	128,600	128,600	89,583	71,279	160,862	32,262
Charges for services:						
Charges to others	3,855,600	4,108,700	2,027,543	2,567,262	4,594,805	486,105
Investment income	43,300	43,300	35,240	13,767	49,007	5,707
Miscellaneous	700	700	-	14,361	14,361	13,661
Total Revenues	4,028,200	4,294,300	2,152,965	2,676,769	4,829,734	535,434
<u>Expenditures</u>						
Current:						
Personnel services	3,033,793	3,343,793	1,463,214	1,677,996	3,141,210	202,583
Materials and services	354,926	458,826	155,882	278,146	434,028	24,798
Interfund charges	1,355,650	1,289,258	671,786	567,339	1,239,125	50,133
Contingency	2,662,831	2,589,831	-	-	-	2,589,831
Total Expenditures	7,407,200	7,681,708	2,290,882	2,523,481	4,814,363	2,867,345
Excess (deficiency) of revenues over (under) expenditures	(3,379,000)	(3,387,408)	(137,917)	153,288	15,371	3,402,779
<u>Other Financing Sources (Uses)</u>						
Transfers in	1,050,900	1,050,900	513,800	549,100	1,062,900	12,000
Transfers out	(21,700)	(13,292)	(13,292)	(20,271)	(33,563)	(20,271)
Total Other Financing Sources (Uses)	1,029,200	1,037,608	500,508	528,829	1,029,337	(8,271)
Net changes in fund balance	(2,349,800)	(2,349,800)	362,591	682,117	1,044,708	3,394,508
Beginning Fund Balance (Deficit)	2,349,800	2,349,800	2,846,615	3,209,206	2,846,615	496,815
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 3,209,206	\$ 3,891,323	\$ 3,891,323	\$ 3,891,323

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, 2017

	<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	\$ 217,064	\$ 907,386	\$ (292,614)
Loan repayments	436,000	436,000	147,800	355,792	503,592	67,592
Investment income	7,700	7,700	2,515	869	3,384	(4,316)
Miscellaneous	-	-	206	-	206	206
Total Revenues	1,543,700	1,643,700	840,843	573,725	1,414,568	(229,132)
<u>Expenditures</u>						
Current:						
Personnel services	268,326	296,826	130,464	134,403	264,867	31,959
Materials and services	1,047,710	1,611,210	1,021,076	151,615	1,172,691	438,519
Interfund charges	33,900	33,900	16,600	17,300	33,900	-
Contingency	535,364	323,364	-	-	-	323,364
Total Expenditures	1,885,300	2,265,300	1,168,140	303,318	1,471,458	793,842
Excess (deficiency) of revenues over (under) expenditures	(341,600)	(621,600)	(327,297)	270,407	(56,890)	564,710
<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	130,000	75,000	46,000	121,000	(9,000)
Total Other Financing Sources (Uses)	100,000	130,000	50,000	46,000	96,000	(34,000)
Net changes in fund balance	(241,600)	(491,600)	(277,297)	316,407	39,110	530,710
Beginning Fund Balance (Deficit)	241,600	491,600	492,085	214,788	492,085	485
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 214,788	\$ 531,195	\$ 531,195	\$ 531,195

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, 2017

	<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	\$ 1,298,953	\$ 2,295,087	\$ 618,087
Loan repayments	1,990,000	1,990,000	333,437	408,674	742,111	(1,247,889)
Investment income	12,700	12,700	28,122	7,097	35,219	22,519
Total Revenues	3,679,700	3,679,700	1,357,693	1,714,724	3,072,417	(607,283)
<u>Expenditures</u>						
Current:						
Personnel services	172,961	172,961	84,321	87,120	171,441	1,520
Materials and services	4,003,546	4,003,546	425,091	1,820,267	2,245,358	1,758,188
Interfund charges	32,800	32,800	15,900	16,900	32,800	-
Contingency	321,693	283,693	-	-	-	283,693
Total Expenditures	4,531,000	4,493,000	525,312	1,924,287	2,449,599	2,043,401
Excess (deficiency) of revenues over (under) expenditures	(851,300)	(813,300)	832,381	(209,563)	622,818	1,436,118
<u>Other Financing Sources (Uses)</u>						
Proceeds from sale of assets	-	-	-	82,361	82,361	82,361
Transfers out	(100,000)	(138,000)	(75,000)	(46,000)	(121,000)	17,000
Total Other Financing Sources (Uses)	(100,000)	(138,000)	(75,000)	36,361	(38,639)	99,361
Net changes in fund balance	(951,300)	(951,300)	757,381	(173,202)	584,179	1,535,479
Beginning Fund Balance (Deficit)	951,300	951,300	1,935,191	2,692,572	1,935,191	983,891
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 2,692,572	\$ 2,519,370	\$ 2,519,370	\$ 2,519,370

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, 2017

	<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	\$ 302,135	\$ 598,770	\$ (27,330)
Investment income	1,100	1,100	1,368	539	1,907	807
Miscellaneous	-	-	2,139	-	2,139	2,139
Total Revenues	627,200	627,200	300,142	302,674	602,816	(24,384)
<u>Expenditures</u>						
Current:						
Personnel services	366,537	319,037	103,473	170,992	274,465	44,572
Materials and services	298,597	386,397	169,044	188,449	357,493	28,904
Interfund charges	92,900	87,200	44,970	41,700	86,670	530
Contingency	61,466	61,466	-	-	-	61,466
Total Expenditures	819,500	854,100	317,487	401,141	718,628	135,472
Excess (deficiency) of revenues over (under) expenditures	(192,300)	(226,900)	(17,345)	(98,467)	(115,812)	111,088
<u>Other Financing Sources (Uses)</u>						
Transfers in	150,000	150,000	75,000	75,000	150,000	-
Total Other Financing Sources (Uses)	150,000	150,000	75,000	75,000	150,000	-
Net changes in fund balance	(42,300)	(76,900)	57,655	(23,467)	34,188	111,088
Beginning Fund Balance (Deficit)	42,300	76,900	88,036	145,691	88,036	11,136
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 145,691	\$ 122,224	\$ 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, 2017

	<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>						
Transient room taxes	\$ 4,978,900	\$ 5,920,900	\$ 2,801,644	\$ 3,180,644	\$ 5,982,288	\$ 61,388
Investment income	2,600	2,600	1,275	908	2,183	(417)
Total Revenues	4,981,500	5,923,500	2,802,919	3,181,552	5,984,471	60,971
<u>Expenditures</u>						
Current:						
Materials and services	4,865,250	5,975,250	2,502,845	3,212,170	5,715,015	260,235
Interfund charges	116,250	116,250	52,200	55,300	107,500	8,750
Contingency	133,700	133,700	-	-	-	133,700
Total Expenditures	5,115,200	6,225,200	2,555,045	3,267,470	5,822,515	402,685
Excess (deficiency) of revenues over (under) expenditures	(133,700)	(301,700)	247,874	(85,918)	161,956	463,656
Beginning Fund Balance (Deficit)	133,700	301,700	301,650	549,524	301,650	(50)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 549,524	\$ 463,606	\$ 463,606	\$ 463,606

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, 2017

	<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	\$ 341,700	\$ 170,958	\$ 151,134	\$ 322,092	\$ (19,608)
Investment income	200	200	257	176	433	233
Total Revenues	306,200	341,900	171,215	151,310	322,525	(19,375)
<u>Expenditures</u>						
Current:						
Materials and services	290,900	324,800	162,667	143,753	306,420	18,380
Interfund charges	15,300	17,100	8,548	7,557	16,105	995
Total Expenditures	306,200	341,900	171,215	151,310	322,525	19,375
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, 2017

	<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	\$ 12,600	\$ 12,600	\$ 7,159	\$ 2,549	\$ 9,708	\$ (2,892)
Total Revenues	<u>12,600</u>	<u>12,600</u>	<u>7,159</u>	<u>2,549</u>	<u>9,708</u>	<u>(2,892)</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	2,549	9,708	638,908
Beginning Fund Balance (Deficit)	629,200	629,200	629,888	637,047	629,888	688
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 637,047</u>	<u>\$ 639,596</u>	<u>\$ 639,596</u>	<u>\$ 639,596</u>

City of Bend, Oregon
Nonmajor Special Revenue Funds
Schedule of Expenditures and Other Uses by Appropriation Levels
For the biennium ended June 30, 2017

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>BURA General Fund</u>			
Personnel services	\$ 27,780	\$ 25,827	\$ 1,953
Materials and services	57,360	31,305	26,055
Transfers	94,400	25,200	69,200
Reserves	221,860	-	221,860
Total BURA General Fund	<u>\$ 401,400</u>	<u>\$ 82,332</u>	<u>\$ 319,068</u>
<u>Police Grant Fund</u>			
Materials and services	\$ 60,000	\$ -	\$ 60,000
Capital outlay	20,713	-	20,713
Total Police Grant Fund	<u>\$ 80,713</u>	<u>\$ -</u>	<u>\$ 80,713</u>
<u>Energy ARRA Grant Fund</u>			
Materials and services	\$ 40,000	\$ -	\$ 40,000
Transfers	106,800	8,322	98,478
Total Energy ARRA Grant Fund	<u>\$ 146,800</u>	<u>\$ 8,322</u>	<u>\$ 138,478</u>
<u>Helen Lorenz Estate Fund</u>			
Transfers	\$ 196,000	\$ 116,500	\$ 79,500
Contingency	1,300	-	1,300
Total Helen Lorenz Estate Fund	<u>\$ 197,300</u>	<u>\$ 116,500</u>	<u>\$ 80,800</u>
<u>Building Fund</u>			
Personnel services	\$ 9,459,299	\$ 8,378,325	\$ 1,080,974
Materials and services	1,960,639	832,098	1,128,541
Transfers	1,628,900	1,616,089	12,811
Capital outlay	380,000	235,388	144,612
Contingency	8,712,242	-	8,712,242
Total Building Fund	<u>\$ 22,141,080</u>	<u>\$ 11,061,900</u>	<u>\$ 11,079,180</u>
<u>Planning Fund</u>			
Personnel services	\$ 3,343,793	\$ 3,141,210	\$ 202,583
Materials and services	458,826	434,028	24,798
Transfers	1,302,550	1,272,688	29,862
Contingency	2,589,831	-	2,589,831
Total Planning Fund	<u>\$ 7,695,000</u>	<u>\$ 4,847,926</u>	<u>\$ 2,847,074</u>
<u>Community Development Block Grant Fund</u>			
Personnel services	\$ 296,826	\$ 264,867	\$ 31,959
Materials and services	1,611,210	1,172,691	438,519
Transfers	33,900	33,900	-
Debt service	200,000	25,000	175,000
Contingency	323,364	-	323,364
Total Community Development Block Grant Fund	<u>\$ 2,465,300</u>	<u>\$ 1,496,458</u>	<u>\$ 968,842</u>

Continued on next page

City of Bend, Oregon
Nonmajor Special Revenue Funds
Schedule of Expenditures and Other Uses by Appropriation Levels (Continued)
For the biennium ended June 30, 2017

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Affordable Housing Fund</u>			
Personnel services	\$ 172,961	\$ 171,441	\$ 1,520
Materials and services	4,003,546	2,245,358	1,758,188
Transfers	170,800	153,800	17,000
Contingency	283,693	-	283,693
Total Affordable Housing Fund	<u>\$ 4,631,000</u>	<u>\$ 2,570,599</u>	<u>\$ 2,060,401</u>
<u>Business Advocacy Fund</u>			
Personnel services	\$ 319,037	\$ 274,465	\$ 44,572
Materials and services	386,397	357,493	28,904
Transfers	87,200	86,670	530
Contingency	61,466	-	61,466
Total Business Advocacy Fund	<u>\$ 854,100</u>	<u>\$ 718,628</u>	<u>\$ 135,472</u>
<u>Tourism Fund</u>			
Materials and services	\$ 5,975,250	\$ 5,715,015	\$ 260,235
Transfers	116,250	107,500	8,750
Contingency	133,700	-	133,700
Total Tourism Fund	<u>\$ 6,225,200</u>	<u>\$ 5,822,515</u>	<u>\$ 402,685</u>
<u>Economic Improvement District Fund</u>			
Materials and services	\$ 324,800	\$ 306,420	\$ 18,380
Transfers	17,100	16,105	995
Total Economic Improvement District Fund	<u>\$ 341,900</u>	<u>\$ 322,525</u>	<u>\$ 19,375</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>

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, 2017

	Murphy Crossing Urban Renewal Debt Service Fund	Fire Station Debt Service Fund	PERS Debt Service Fund
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Restricted cash and investments	\$ 506,055	\$ 9,050	\$ 2,679,094
Receivables:			
Property taxes	7,514	-	-
Total Assets	<u>\$ 513,569</u>	<u>\$ 9,050</u>	<u>\$ 2,679,094</u>
<u>Deferred Inflows of Resources and Fund Balances (Deficits)</u>			
Deferred Inflows of Resources			
Unavailable revenue - property taxes	\$ 5,669	\$ -	\$ -
Total Deferred Inflows of Resources	<u>5,669</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)			
Restricted for:			
Outside debt covenant	507,900	9,050	-
Assigned:			
Debt service	-	-	2,679,094
Total Fund Balances (Deficits)	<u>507,900</u>	<u>9,050</u>	<u>2,679,094</u>
Total Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 513,569</u>	<u>\$ 9,050</u>	<u>\$ 2,679,094</u>

City of Bend, Oregon
Combining Balance Sheet (Continued)
Nonmajor Debt Service Funds
June 30, 2017

	Juniper Ridge Urban Renewal Debt Service Fund	General Obligation Bond Debt Service Fund	Total Debt Service Funds
<u>Assets</u>			
Restricted cash and investments	\$ 2,002,855	\$ 1,183,786	\$ 6,380,840
Receivables:			
Property taxes	31,523	61,066	100,103
Total Assets	\$ 2,034,378	\$ 1,244,852	\$ 6,480,943
<u>Deferred Inflows of Resources and Fund Balances (Deficits)</u>			
Deferred Inflows of Resources			
Unavailable revenue - property taxes	\$ 23,927	\$ 45,750	\$ 75,346
Total Deferred Inflows of Resources	23,927	45,750	75,346
Fund Balances (Deficits)			
Restricted for:			
Outside debt covenant	2,010,451	1,199,102	3,726,503
Assigned:			
Debt service	-	-	2,679,094
Total Fund Balances (Deficits)	2,010,451	1,199,102	6,405,597
Total Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 2,034,378	\$ 1,244,852	\$ 6,480,943

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, 2017

	Murphy Crossing Urban Renewal Debt Service Fund	Fire Station Debt Service Fund	PERS Debt Service Fund
	<u> </u>	<u> </u>	<u> </u>
<u>Revenues</u>			
Property taxes	\$ 241,480	\$ -	\$ -
Intergovernmental	-	241,803	-
Charges for services	-	-	1,220,215
Investment income	2,868	584	13,440
Total Revenues	<u>244,348</u>	<u>242,387</u>	<u>1,233,655</u>
<u>Expenditures</u>			
Current:			
General government	-	-	25,000
Public safety	-	7,744	-
Urban renewal	-	-	-
Debt service:			
Principal	172,271	180,000	485,000
Interest	71,410	61,803	726,880
Total Expenditures	<u>243,681</u>	<u>249,547</u>	<u>1,236,880</u>
Excess (deficiency) of revenues over expenditures	667	(7,160)	(3,225)
<u>Other Financing Sources (Uses)</u>			
Issuance of long-term debt	-	-	-
Payment to escrow agent	-	-	-
Transfers in	-	8,200	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>8,200</u>	<u>-</u>
Net change in fund balances	667	1,040	(3,225)
Fund Balances (Deficits), July 1, 2016	507,233	8,010	2,682,319
Fund Balances (Deficits), June 30, 2017	<u>\$ 507,900</u>	<u>\$ 9,050</u>	<u>\$ 2,679,094</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, 2017

	Juniper Ridge Urban Renewal Debt Service Fund	General Obligation Bond Debt Service Fund	Total Debt Service Funds
<u>Revenues</u>			
Property taxes	\$ 996,035	\$ 1,920,605	\$ 3,158,120
Intergovernmental	-	-	241,803
Charges for services	-	-	1,220,215
Investment income	8,674	14,460	40,026
Total Revenues	1,004,709	1,935,065	4,660,164
<u>Expenditures</u>			
Current:			
General government	-	-	25,000
Public safety	-	-	7,744
Urban renewal	16,969	-	16,969
Debt service:			
Principal	543,917	1,100,001	2,481,189
Interest	120,480	736,050	1,716,623
Total Expenditures	681,366	1,836,051	4,247,525
Excess (deficiency) of revenues over expenditures	323,343	99,014	412,639
<u>Other Financing Sources (Uses)</u>			
Issuance of long-term debt	2,434,048	-	2,434,048
Payment to escrow agent	(2,418,649)	-	(2,418,649)
Transfers in	-	-	8,200
Total Other Financing Sources (Uses)	15,399	-	23,599
Net change in fund balances	338,742	99,014	436,238
Fund Balances (Deficits), July 1, 2016	1,671,709	1,100,088	5,969,359
Fund Balances (Deficits), June 30, 2017	\$ 2,010,451	\$ 1,199,102	\$ 6,405,597

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, 2017

	<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>						
Property taxes:						
Current year's property tax levy	\$ 558,200	\$ 558,200	\$ 228,971	\$ 237,103	\$ 466,074	\$ (92,126)
Delinquent property taxes	11,100	11,100	4,698	4,377	9,075	(2,025)
Investment income	10,800	10,800	6,282	2,868	9,150	(1,650)
Total Revenues	580,100	580,100	239,951	244,348	484,299	(95,801)
<u>Expenditures</u>						
Debt service	492,000	492,000	243,681	243,681	487,362	4,638
Reserved for debt service	586,050	586,050	-	-	-	586,050
Total Expenditures	1,078,050	1,078,050	243,681	243,681	487,362	590,688
Excess (deficiency) of revenues over (under) expenditures	(497,950)	(497,950)	(3,730)	667	(3,063)	494,887
Beginning Fund Balance (Deficit)	497,950	497,950	510,963	507,233	510,963	13,013
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 507,233	\$ 507,900	\$ 507,900	\$ 507,900

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, 2017

	<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	\$ 479,000	\$ 479,000	\$ 236,875	\$ 241,803	\$ 478,678	\$ (322)
Investment income	-	-	387	584	971	971
Total Revenues	479,000	479,000	237,262	242,387	479,649	649
<u>Expenditures</u>						
Current:						
Materials and services	1,400	1,400	277	244	521	879
Interfund charges	14,600	14,600	7,100	7,500	14,600	-
Debt service	479,000	479,000	236,875	241,803	478,678	322
Reserved for debt service	7,150	7,150	-	-	-	7,150
Total Expenditures	502,150	502,150	244,252	249,547	493,799	8,351
Excess (deficiency) of revenues over (under) expenditures	(23,150)	(23,150)	(6,990)	(7,160)	(14,150)	9,000
<u>Other Financing Sources (Uses)</u>						
Transfers in	16,000	16,000	7,800	8,200	16,000	-
Total Other Financing Sources (Uses)	16,000	16,000	7,800	8,200	16,000	-
Net changes in fund balance	(7,150)	(7,150)	810	1,040	1,850	9,000
Beginning Fund Balance (Deficit)	7,150	7,150	7,200	8,010	7,200	50
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 8,010	\$ 9,050	\$ 9,050	\$ 9,050

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, 2017

	<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	\$ 2,500,900	\$ 2,500,900	\$ 1,120,814	\$ 1,220,215	\$ 2,341,029	\$ (159,871)
Investment income	57,000	57,000	32,451	13,440	45,891	(11,109)
Total Revenues	2,557,900	2,557,900	1,153,265	1,233,655	2,386,920	(170,980)
<u>Expenditures</u>						
Current:						
Interfund charges	48,800	48,800	23,800	25,000	48,800	-
Debt service	2,373,000	2,373,000	1,160,575	1,211,880	2,372,455	545
Reserved for debt service	2,933,700	2,933,700	-	-	-	2,933,700
Total Expenditures	5,355,500	5,355,500	1,184,375	1,236,880	2,421,255	2,934,245
Excess (deficiency) of revenues over (under) expenditures	(2,797,600)	(2,797,600)	(31,110)	(3,225)	(34,335)	2,763,265
Beginning Fund Balance (Deficit)	2,797,600	2,797,600	2,713,429	2,682,319	2,713,429	(84,171)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 2,682,319	\$ 2,679,094	\$ 2,679,094	\$ 2,679,094

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, 2017

	<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>						
Property taxes:						
Current year's property tax levy	\$ 1,864,300	\$ 1,864,300	\$ 1,001,794	\$ 976,452	\$ 1,978,246	\$ 113,946
Delinquent property taxes	37,500	37,500	21,383	19,583	40,966	3,466
Investment income	31,500	31,500	18,855	8,674	27,529	(3,971)
Total Revenues	1,933,300	1,933,300	1,042,032	1,004,709	2,046,741	113,441
<u>Expenditures</u>						
Current:						
Materials and services	-	20,000	-	16,969	16,969	3,031
Debt service	1,376,600	1,376,600	685,928	664,397	1,350,325	26,275
Reserved for debt service	1,866,600	1,866,600	-	-	-	1,866,600
Total Expenditures	3,243,200	3,263,200	685,928	681,366	1,367,294	1,895,906
Excess (deficiency) of revenues over (under) expenditures	(1,309,900)	(1,329,900)	356,104	323,343	679,447	1,891,935
<u>Other Financing Sources (Uses)</u>						
Issuance of long-term debt	-	2,439,000	-	2,434,048	2,434,048	(4,952)
Payments to refunded bond escrow agent	-	(2,419,000)	-	(2,418,649)	(2,418,649)	351
Total Other Financing Sources (Uses)	-	20,000	-	15,399	15,399	(4,601)
Net changes in fund balance	(1,309,900)	(1,309,900)	356,104	338,742	694,846	1,887,334
Beginning Fund Balance (Deficit)	1,309,900	1,309,900	1,315,605	1,671,709	1,315,605	5,705
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,671,709	\$ 2,010,451	\$ 2,010,451	\$ 2,010,451

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, 2017

	<u>Biennium Budget</u>		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
Revenues						
Property taxes:						
Current year's property tax levy	\$ 3,680,000	\$ 3,680,000	\$ 1,877,739	\$ 1,881,960	\$ 3,759,699	\$ 79,699
Delinquent property taxes	100,200	100,200	45,050	38,645	83,695	(16,505)
Investment income	20,800	20,800	17,992	14,460	32,452	11,652
Total Revenues	3,801,000	3,801,000	1,940,781	1,935,065	3,875,846	74,846
Expenditures						
Debt service	3,678,000	3,678,000	1,837,650	1,836,050	3,673,700	4,300
Reserved for debt service	1,104,400	1,104,400	-	-	-	1,104,400
Total Expenditures	4,782,400	4,782,400	1,837,650	1,836,050	3,673,700	1,108,700
Excess (deficiency) of revenues over (under) expenditures	(981,400)	(981,400)	103,131	99,015	202,146	1,183,546
Beginning Fund Balance (Deficit)	981,400	981,400	996,956	1,100,087	996,956	15,556
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,100,087</u>	<u>\$ 1,199,102</u>	<u>\$ 1,199,102</u>	<u>\$ 1,199,102</u>

City of Bend, Oregon
Nonmajor Debt Service Funds
Schedule of Expenditures and Other Uses by Appropriation Levels
For the biennium ended June 30, 2017

	Appropriation	Actual Expenditures	Variance Positive (Negative)
<u>Murphy Crossing Urban Renewal Debt Service Fund</u>			
Debt service	\$ 492,000	\$ 487,362	\$ 4,638
Reserves	586,050	-	586,050
Total Murphy Crossing Urban Renewal Debt Service Fund	<u>\$ 1,078,050</u>	<u>\$ 487,362</u>	<u>\$ 590,688</u>
<u>Fire Station Debt Service Fund</u>			
Materials and services	\$ 1,400	\$ 521	\$ 879
Transfers	14,600	14,600	-
Debt service	479,000	478,678	322
Reserves	7,150	-	7,150
Total Fire Station Debt Service Fund	<u>\$ 502,150</u>	<u>\$ 493,799</u>	<u>\$ 8,351</u>
<u>PERS Debt Service Fund</u>			
Transfers	\$ 48,800	\$ 48,800	\$ -
Debt service	2,373,000	2,372,455	545
Reserves	2,933,700	-	2,933,700
Total PERS Debt Service Fund	<u>\$ 5,355,500</u>	<u>\$ 2,421,255</u>	<u>\$ 2,934,245</u>
<u>Juniper Ridge Urban Renewal Debt Service Fund</u>			
Materials and services	\$ 20,000	\$ 16,969	\$ 3,031
Debt service	3,795,600	3,768,974	26,626
Reserves	1,866,600	-	1,866,600
Total Juniper Ridge Urban Renewal Debt Service Fund	<u>\$ 5,682,200</u>	<u>\$ 3,785,943</u>	<u>\$ 1,896,257</u>
<u>General Obligation Bond Debt Service Fund</u>			
Debt service	\$ 3,678,000	\$ 3,673,700	\$ 4,300
Reserves	1,104,400	-	1,104,400
Total General Obligation Bond Debt Service Fund	<u>\$ 4,782,400</u>	<u>\$ 3,673,700</u>	<u>\$ 1,108,700</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, 2017

	<u>Biennium Budget</u>		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
Revenues						
Franchise fees	\$ 1,311,600	\$ 1,311,600	\$ 605,845	\$ 653,045	\$ 1,258,890	\$ (52,710)
Intergovernmental	-	77,800	-	67,640	67,640	(10,160)
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	121,158	233,396	2,296
Contributions	-	-	81,248	204,319	285,567	285,567
Investment income	132,000	132,000	106,470	(157,949)	(51,479)	(183,479)
Miscellaneous	-	-	7,872	1,348	9,220	9,220
Total Revenues	1,840,600	1,918,400	919,641	889,561	1,809,202	(109,198)
Expenditures						
Current:						
Personnel services	912,210	912,210	387,487	438,422	825,909	86,301
Materials and services	2,009,312	2,087,112	282,141	563,606	845,747	1,241,365
Interfund charges	1,642,500	1,642,500	817,501	622,597	1,440,098	202,402
Debt service	2,612,000	2,612,000	1,307,087	1,301,138	2,608,225	3,775
Capital outlay	2,485,000	2,985,000	354,729	847,474	1,202,203	1,782,797
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	16,310,600	3,148,945	3,773,237	6,922,182	9,388,418
Excess (deficiency) of revenues over (under) expenditures	(14,392,200)	(14,392,200)	(2,229,304)	(2,883,676)	(5,112,980)	9,279,220
Other Financing Sources (Uses)						
Proceeds from sale of assets	389,600	389,600	-	124,056	124,056	(265,544)
Transfers in	7,279,800	7,279,800	3,321,138	2,489,428	5,810,566	(1,469,234)
Total Other Financing Sources (Uses)	7,669,400	7,669,400	3,321,138	2,613,484	5,934,622	(1,734,778)
Net changes in fund balance	(6,722,800)	(6,722,800)	1,091,834	(270,192)	821,642	7,544,442
Beginning Fund Balance (Deficit)	6,722,800	6,722,800	7,808,649	8,900,483	7,808,649	1,085,849
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 8,900,483	\$ 8,630,291	\$ 8,630,291	\$ 8,630,291

City of Bend, Oregon
Major Capital Projects Fund
Schedule of Expenditures and Other Uses by Appropriation Levels
For the biennium ended June 30, 2017

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Transportation Construction Fund</u>			
Personnel services	\$ 912,210	\$ 825,909	\$ 86,301
Materials and services	2,087,112	845,747	1,241,365
Interfund charges	1,642,500	1,440,098	202,402
Debt service	2,612,000	2,608,225	3,775
Capital outlay	2,985,000	1,202,203	1,782,797
Contingency	600,000	-	600,000
Reserves	5,471,778	-	5,471,778
Total Transportation Construction Fund	<u>\$ 16,310,600</u>	<u>\$ 6,922,182</u>	<u>\$ 9,388,418</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, 2017

	<u>Local Improvement District Construction Fund</u>	<u>Murphy Crossing Urban Renewal Construction Fund</u>	<u>Juniper Ridge Urban Renewal Construction Fund</u>
<u>Assets</u>			
Restricted cash and investments	\$ 601,563	\$ 230,633	\$ 90
Receivables:			
Accounts, net	-	-	-
Total Assets	<u>\$ 601,563</u>	<u>\$ 230,633</u>	<u>\$ 90</u>
<u>Liabilities and Fund Balances (Deficits)</u>			
Liabilities			
Accounts payable	\$ -	\$ 3,428	\$ -
Salaries and benefits payable	-	-	-
Retainage payable	-	11,011	-
Total Liabilities	<u>-</u>	<u>14,439</u>	<u>-</u>
Fund Balances (Deficits)			
Restricted for:			
Outside construction covenant	-	216,194	-
Committed:			
Assigned:			
Construction activities	601,563	-	-
Unassigned	-	-	90
Total Fund Balances (Deficits)	<u>601,563</u>	<u>216,194</u>	<u>90</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 601,563</u>	<u>\$ 230,633</u>	<u>\$ 90</u>

City of Bend, Oregon
Combining Balance Sheet (Continued)
Nonmajor Capital Projects Funds
June 30, 2017

	Accessibility Construction Fund	General Obligation Bond Transportation Construction Fund	Total Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Restricted cash and investments	\$ 1,171,282	\$ 4,613,741	\$ 6,617,309
Receivables:			
Accounts, net	81,467	-	81,467
Total Assets	<u>\$ 1,252,749</u>	<u>\$ 4,613,741</u>	<u>\$ 6,698,776</u>
Liabilities and Fund Balances (Deficits)			
Liabilities			
Accounts payable	\$ 4,810	\$ 443,872	\$ 452,110
Salaries and benefits payable	900	-	900
Retainage payable	-	18,511	29,522
Total Liabilities	<u>5,710</u>	<u>462,383</u>	<u>482,532</u>
Fund Balances (Deficits)			
Restricted for:			
Outside construction covenant	-	4,151,358	4,367,552
Committed:			
Assigned:			
Construction activities	1,247,039	-	1,848,602
Unassigned	-	-	90
Total Fund Balances (Deficits)	<u>1,247,039</u>	<u>4,151,358</u>	<u>6,216,244</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,252,749</u>	<u>\$ 4,613,741</u>	<u>\$ 6,698,776</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, 2017

	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	2,397	1,640	(38)
Total Revenues	<u>2,397</u>	<u>1,640</u>	<u>(38)</u>
Expenditures			
Current:			
Public ways and facilities	-	-	-
Urban renewal	-	-	712
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	299,054	-
Total Expenditures	<u>-</u>	<u>299,054</u>	<u>712</u>
Excess (deficiency) of revenues over expenditures	2,397	(297,414)	(750)
Other Financing Sources (Uses)			
Transfers in	-	-	800
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>800</u>
Net change in fund balances	2,397	(297,414)	50
Fund Balances (Deficits), July 1, 2016	599,166	513,608	40
Fund Balances (Deficits), June 30, 2017	<u>\$ 601,563</u>	<u>\$ 216,194</u>	<u>\$ 90</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, 2017

	Accessibility Construction Fund	General Obligation Bond Transportation Construction Fund	Total Capital Projects Funds
Revenues			
Franchise fees	\$ 687,069	\$ -	\$ 687,069
Intergovernmental	38,389	-	38,389
Investment income	3,143	22,473	29,615
Total Revenues	<u>728,601</u>	<u>22,473</u>	<u>755,073</u>
Expenditures			
Current:			
Public ways and facilities	128,571	555	129,126
Urban renewal	-	-	712
Debt service:			
Principal	215,001	-	215,001
Interest	91,633	-	91,633
Capital outlay	523,966	1,208,769	2,031,789
Total Expenditures	<u>959,171</u>	<u>1,209,324</u>	<u>2,468,261</u>
Excess (deficiency) of revenues over expenditures	(230,570)	(1,186,851)	(1,713,188)
Other Financing Sources (Uses)			
Transfers in	335,000	-	335,800
Total Other Financing Sources (Uses)	<u>335,000</u>	<u>-</u>	<u>335,800</u>
Net change in fund balances	104,430	(1,186,851)	(1,377,388)
Fund Balances (Deficits), July 1, 2016	1,142,609	5,338,209	7,593,632
Fund Balances (Deficits), June 30, 2017	<u>\$ 1,247,039</u>	<u>\$ 4,151,358</u>	<u>\$ 6,216,244</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, 2017

	<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>						
Investment income	\$ 11,900	\$ 11,900	\$ 6,734	\$ 2,397	\$ 9,131	\$ (2,769)
Total Revenues	<u>11,900</u>	<u>11,900</u>	<u>6,734</u>	<u>2,397</u>	<u>9,131</u>	<u>(2,769)</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	2,397	9,131	601,031
Beginning Fund Balance (Deficit)	591,900	591,900	592,432	599,166	592,432	532
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,166</u>	<u>\$ 601,563</u>	<u>\$ 601,563</u>	<u>\$ 601,563</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, 2017

	<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	\$ 500	\$ 500	\$ 17,129	\$ 1,640	\$ 18,769	\$ 18,269
Total Revenues	<u>500</u>	<u>500</u>	<u>17,129</u>	<u>1,640</u>	<u>18,769</u>	<u>18,269</u>
<u>Expenditures</u>						
Capital outlay	1,300,000	1,755,022	1,258,043	299,054	1,557,097	197,925
Total Expenditures	<u>1,300,000</u>	<u>1,755,022</u>	<u>1,258,043</u>	<u>299,054</u>	<u>1,557,097</u>	<u>197,925</u>
Excess (deficiency) of revenues over (under) expenditures	(1,299,500)	(1,754,522)	(1,240,914)	(297,414)	(1,538,328)	216,194
Beginning Fund Balance (Deficit)	1,299,500	1,754,522	1,754,522	513,608	1,754,522	-
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 513,608</u>	<u>\$ 216,194</u>	<u>\$ 216,194</u>	<u>\$ 216,194</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, 2017

	<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)	\$ (38)	\$ (106)	\$ (106)
Total Revenues	-	-	(68)	(38)	(106)	(106)
<u>Expenditures</u>						
Current:						
Materials and services	82,000	82,000	12,310	711	13,021	68,979
Contingency	2,800	2,800	-	-	-	2,800
Total Expenditures	84,800	84,800	12,310	711	13,021	71,779
Excess (deficiency) of revenues over (under) expenditures	(84,800)	(84,800)	(12,378)	(749)	(13,127)	71,673
<u>Other Financing Sources (Uses)</u>						
Transfers in	82,000	82,000	12,000	800	12,800	(69,200)
Total Other Financing Sources (Uses)	82,000	82,000	12,000	800	12,800	(69,200)
Net changes in fund balance	(2,800)	(2,800)	(378)	51	(327)	2,473
Beginning Fund Balance (Deficit)	2,800	2,800	417	39	417	(2,383)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 39	\$ 90	\$ 90	\$ 90

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, 2017

	<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	\$ 687,069	\$ 1,370,776	\$ 59,176
Intergovernmental	78,200	78,200	41,513	38,389	79,902	1,702
Investment income	19,700	19,700	10,052	3,143	13,195	(6,505)
Total Revenues	1,409,500	1,409,500	735,272	728,601	1,463,873	54,373
<u>Expenditures</u>						
Current:						
Personnel services	136,819	136,819	41,773	56,264	98,037	38,782
Materials and services	250,960	12,960	2,338	1,635	3,973	8,987
Interfund charges	206,800	248,300	175,614	70,672	246,286	2,014
Debt service	617,000	617,000	308,983	306,633	615,616	1,384
Capital outlay	1,023,000	1,717,207	461,022	523,966	984,988	732,219
Contingency	798,121	300,414	-	-	-	300,414
Total Expenditures	3,032,700	3,032,700	989,730	959,170	1,948,900	1,083,800
Excess (deficiency) of revenues over (under) expenditures	(1,623,200)	(1,623,200)	(254,458)	(230,569)	(485,027)	1,138,173
<u>Other Financing Sources (Uses)</u>						
Transfers in	821,000	821,000	486,000	335,000	821,000	-
Total Other Financing Sources (Uses)	821,000	821,000	486,000	335,000	821,000	-
Net changes in fund balance	(802,200)	(802,200)	231,542	104,431	335,973	1,138,173
Beginning Fund Balance (Deficit)	802,200	802,200	911,066	1,142,608	911,066	108,866
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 1,142,608	\$ 1,247,039	\$ 1,247,039	\$ 1,247,039

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, 2017

	<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	\$ 45,600	\$ 45,600	\$ 73,036	\$ 22,473	\$ 95,509	\$ 49,909
Total Revenues	<u>45,600</u>	<u>45,600</u>	<u>73,036</u>	<u>22,473</u>	<u>95,509</u>	<u>49,909</u>
<u>Expenditures</u>						
Current:						
Materials and services	1,800	1,800	500	554	1,054	746
Capital outlay	9,231,660	9,231,660	3,334,902	1,208,769	4,543,671	4,687,989
Total Expenditures	<u>9,233,460</u>	<u>9,233,460</u>	<u>3,335,402</u>	<u>1,209,323</u>	<u>4,544,725</u>	<u>4,688,735</u>
Excess (deficiency) of revenues over (under) expenditures	(9,187,860)	(9,187,860)	(3,262,366)	(1,186,850)	(4,449,216)	4,738,644
Beginning Fund Balance (Deficit)	<u>9,187,860</u>	<u>9,187,860</u>	<u>8,600,574</u>	<u>5,338,208</u>	<u>8,600,574</u>	<u>(587,286)</u>
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,338,208</u>	<u>\$ 4,151,358</u>	<u>\$ 4,151,358</u>	<u>\$ 4,151,358</u>

City of Bend, Oregon
Nonmajor Capital Projects Funds
Schedule of Expenditures and Other Uses by Appropriation Levels
For the biennium ended June 30, 2017

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<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	\$ 1,557,097	\$ 197,925
Total Murphy Crossing Urban Renewal Construction Fund	<u>\$ 1,755,022</u>	<u>\$ 1,557,097</u>	<u>\$ 197,925</u>
<u>Juniper Ridge Urban Renewal Construction Fund</u>			
Materials and services	\$ 82,000	\$ 13,021	\$ 68,979
Contingency	2,800	-	2,800
Total Juniper Ridge Urban Renewal Construction Fund	<u>\$ 84,800</u>	<u>\$ 13,021</u>	<u>\$ 71,779</u>
<u>Accessibility Construction Fund</u>			
Personnel services	\$ 136,819	\$ 98,037	\$ 38,782
Materials and services	12,960	3,973	8,987
Transfers	248,300	246,286	2,014
Debt service	617,000	615,616	1,384
Capital outlay	1,717,207	984,988	732,219
Contingency	300,414	-	300,414
Total Accessibility Construction Fund	<u>\$ 3,032,700</u>	<u>\$ 1,948,900</u>	<u>\$ 1,083,800</u>
<u>General Obligation Bond Transportation Construction Fund</u>			
Materials and services	\$ 1,800	\$ 1,054	\$ 746
Capital outlay	9,231,660	4,543,671	4,687,989
Total General Obligation Bond Transportation Construction Fund	<u>\$ 9,233,460</u>	<u>\$ 4,544,725</u>	<u>\$ 4,688,735</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, 2017

	<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	\$ 5,297	\$ 17,827	\$ 8,727
Investment income	40,000	40,000	21,535	36,542	58,077	18,077
Total Revenues	49,100	49,100	34,065	41,839	75,904	26,804
<u>Expenditures</u>						
Current:						
Materials and services	10,000	12,000	5,091	5,326	10,417	1,583
Reserved for permanent maintenance	665,300	661,950	-	-	-	661,950
Total Expenditures	675,300	673,950	5,091	5,326	10,417	663,533
Excess (deficiency) of revenues over (under) expenditures	(626,200)	(624,850)	28,974	36,513	65,487	690,337
<u>Other Financing Sources (Uses)</u>						
Transfers out	(30,000)	(31,350)	(16,444)	(11,113)	(27,557)	3,793
Total Other Financing Sources (Uses)	(30,000)	(31,350)	(16,444)	(11,113)	(27,557)	3,793
Net changes in fund balance	(656,200)	(656,200)	12,530	25,400	37,930	694,130
Beginning Fund Balance (Deficit)	656,200	656,200	616,397	628,927	616,397	(39,803)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 628,927	\$ 654,327	\$ 654,327	\$ 654,327

City of Bend, Oregon
Nonmajor Permanent Funds
Schedule of Expenses and Other Uses by Appropriation Levels
For the biennium ended June 30, 2017

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<u>Cemetery Permanent Maintenance Fund</u>			
Materials and services	\$ 12,000	\$ 10,416	\$ 1,584
Transfers	31,350	27,557	3,793
Reserves	661,950	-	661,950
Total Cemetery Permanent Maintenance Fund	<u>\$ 705,300</u>	<u>\$ 37,973</u>	<u>\$ 667,327</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, 2017

	Airport Fund	Cemetery Fund	Downtown Parking Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
<u>Assets</u>					
Current assets:					
Pooled cash and investments	\$ 384,000	\$ 47,828	\$ 1,854,432	\$ 4,791,470	\$ 7,077,730
Receivables:					
Accounts, net	40,860	-	139,784	491,040	671,684
Due from other governments	4,082,043	-	-	-	4,082,043
Total Current Assets	<u>4,506,903</u>	<u>47,828</u>	<u>1,994,216</u>	<u>5,282,510</u>	<u>11,831,457</u>
Noncurrent assets:					
Restricted cash and investments	16,226	-	21,802	-	38,028
Capital assets, net	27,039,557	100,484	12,488,715	29,073,978	68,702,734
Total Noncurrent Assets	<u>27,055,783</u>	<u>100,484</u>	<u>12,510,517</u>	<u>29,073,978</u>	<u>68,740,762</u>
Total Assets	<u>31,562,686</u>	<u>148,312</u>	<u>14,504,733</u>	<u>34,356,488</u>	<u>80,572,219</u>
<u>Deferred Outflows of Resources</u>					
Deferred outflows from pensions	126,795	41,208	19,020	462,801	649,824
Total Deferred Outflows of Resources	<u>126,795</u>	<u>41,208</u>	<u>19,020</u>	<u>462,801</u>	<u>649,824</u>
<u>Liabilities</u>					
Current liabilities:					
Accounts payable	1,516,755	10,051	10,599	59,920	1,597,325
Salaries and benefits payable	4,343	1,057	839	14,180	20,419
Retainage payable	198,781	-	-	-	198,781
Other accrued liabilities:					
Compensated absences	13,289	16,691	-	37,495	67,475
Interest payable	18,285	-	-	-	18,285
Insurance claims	48	-	9	241	298
Other	67,349	-	-	-	67,349
Deposits - restricted	16,226	-	21,802	-	38,028
Current portion of long term debt, net	3,230,534	-	-	-	3,230,534
Total Current Liabilities	<u>5,065,610</u>	<u>27,799</u>	<u>33,249</u>	<u>111,836</u>	<u>5,238,494</u>
Noncurrent liabilities:					
Other post-employment benefits payable	53,310	12,450	16,994	203,462	286,216
Long-term debt, net	718,895	-	-	-	718,895
Net pension obligation	226,865	73,731	34,030	828,056	1,162,682
Total Noncurrent liabilities	<u>999,070</u>	<u>86,181</u>	<u>51,024</u>	<u>1,031,518</u>	<u>2,167,793</u>
Total Liabilities	<u>6,064,680</u>	<u>113,980</u>	<u>84,273</u>	<u>1,143,354</u>	<u>7,406,287</u>
<u>Deferred Inflows of Resources</u>					
Deferred inflows from pensions	1,032	336	154	3,768	5,290
Total Deferred Inflows of Resources	<u>1,032</u>	<u>336</u>	<u>154</u>	<u>3,768</u>	<u>5,290</u>
<u>Net Position (Deficit)</u>					
Net investment in capital assets	23,090,128	100,484	12,488,715	29,073,978	64,753,305
Unrestricted (deficit)	2,533,641	(25,280)	1,950,611	4,598,189	9,057,161
Total Net Position (Deficit)	<u>\$ 25,623,769</u>	<u>\$ 75,204</u>	<u>\$ 14,439,326</u>	<u>\$ 33,672,167</u>	<u>\$ 73,810,466</u>

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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, 2017

	Airport Fund	Cemetery Fund	Downtown Parking Fund	Stormwater Fund	Total Nonmajor Enterprise Funds
<u>Operating Revenues</u>					
Charges for services	\$ 852,206	\$ 63,038	\$ 995,849	\$ 3,481,930	\$ 5,393,023
Miscellaneous	6,245	6,840	-	-	13,085
Total Operating Revenues	<u>858,451</u>	<u>69,878</u>	<u>995,849</u>	<u>3,481,930</u>	<u>5,406,108</u>
<u>Operating Expenses</u>					
Salaries and benefits	316,880	79,063	42,507	1,139,380	1,577,830
Materials and supplies	199,910	24,262	514,804	339,222	1,078,198
Internal services	257,804	29,020	224,542	768,547	1,279,913
Depreciation	576,077	6,577	356,346	966,489	1,905,489
Total Operating Expenses	<u>1,350,671</u>	<u>138,922</u>	<u>1,138,199</u>	<u>3,213,638</u>	<u>5,841,430</u>
Operating income (loss)	(492,220)	(69,044)	(142,350)	268,292	(435,322)
<u>Nonoperating Revenues (Expenses)</u>					
Investment income	(6,065)	164	6,403	15,848	16,350
Interest expense	(45,560)	-	-	-	(45,560)
Amortization	3,968	-	-	-	3,968
Gain (loss) on disposal of assets	(4,695)	-	-	-	(4,695)
Total Nonoperating Revenues (Expenses)	<u>(52,352)</u>	<u>164</u>	<u>6,403</u>	<u>15,848</u>	<u>(29,937)</u>
Income (loss) before contributions and transfers	(544,572)	(68,880)	(135,947)	284,140	(465,259)
<u>Contributions and Transfers</u>					
Capital grants and contributions	4,191,547	-	-	793,973	4,985,520
Transfers in	52,000	66,113	-	150,000	268,113
Transfers out	(100,000)	-	-	-	(100,000)
Total Contributions and Transfers	<u>4,143,547</u>	<u>66,113</u>	<u>-</u>	<u>943,973</u>	<u>5,153,633</u>
Change in net position	3,598,975	(2,767)	(135,947)	1,228,113	4,688,374
Net Position (Deficit), July 1, 2016	22,024,794	77,971	14,575,273	32,444,054	69,122,092
Net Position (Deficit), June 30, 2017	<u>\$ 25,623,769</u>	<u>\$ 75,204</u>	<u>\$ 14,439,326</u>	<u>\$ 33,672,167</u>	<u>\$ 73,810,466</u>

City of Bend, Oregon
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2017

	Airport Fund	Cemetery Fund	Downtown Parking Fund	Stormwater Fund	Total
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 895,972	\$ 63,038	\$ 973,693	\$ 3,458,903	\$ 5,391,606
Cash received from interfund services provided	-	-	-	18,654	18,654
Cash paid to employees for services	(278,231)	(71,232)	(39,912)	(1,057,088)	(1,446,463)
Cash paid to suppliers for goods and services	(243,633)	(16,222)	(554,951)	(349,123)	(1,163,929)
Cash paid for interfund services used	(257,804)	(29,020)	(224,542)	(768,547)	(1,279,913)
Net Cash from Operating Activities	<u>116,304</u>	<u>(53,436)</u>	<u>154,288</u>	<u>1,302,799</u>	<u>1,519,955</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Transfers from other funds	52,000	66,113	-	150,000	268,113
Transfers to other funds	(100,000)	-	-	-	(100,000)
Net Cash from Noncapital Financing Activities	<u>(48,000)</u>	<u>66,113</u>	<u>-</u>	<u>150,000</u>	<u>168,113</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Issuance of debt	3,000,000	-	-	-	3,000,000
Principal payments on capital debt	(215,814)	-	-	-	(215,814)
Interest payments on capital debt	(48,381)	-	-	-	(48,381)
Acquisition and construction of capital assets	(2,880,714)	-	(23,544)	(823,708)	(3,727,966)
Capital grants and contributions	140,182	-	-	-	140,182
Net Cash from Capital and Related Financing Activities	<u>(4,727)</u>	<u>-</u>	<u>(23,544)</u>	<u>(823,708)</u>	<u>(851,979)</u>
<u>Cash flows from investing activities</u>					
Investment income	(6,065)	164	6,403	15,848	16,350
Net change in pooled cash and investments	57,512	12,841	137,147	644,939	852,439
Pooled Cash and Investments, July 1, 2016	342,714	34,987	1,739,087	4,146,531	6,263,319
Pooled Cash and Investments, June 30, 2017	<u>\$ 400,226</u>	<u>\$ 47,828</u>	<u>\$ 1,876,234</u>	<u>\$ 4,791,470</u>	<u>\$ 7,115,758</u>

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2017

	<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 Net Cash Provided (Used) by Operating Activities</u>					
Operating income (loss)	\$ (492,220)	\$ (69,044)	\$ (142,350)	\$ 268,292	\$ (435,322)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	576,077	6,577	356,346	966,489	1,905,489
Change in:					
Accounts receivable	(26,602)	-	(23,956)	(4,373)	(54,931)
Accounts payable	(43,723)	8,040	(40,147)	(9,901)	(85,731)
Salaries and benefits payable	864	292	347	1,833	3,336
Pension benefits	25,927	6,446	2,974	45,973	81,320
Other post-employment benefits	4,593	664	823	13,383	19,463
Compensated absences payable	7,217	429	(1,558)	21,396	27,484
Insurance claims payable	48	-	9	(293)	(236)
Prepays and deposits payable	64,123	(6,840)	1,800	-	59,083
Net Cash Provided (Used) by Operating Activities	<u>\$ 116,304</u>	<u>\$ (53,436)</u>	<u>\$ 154,288</u>	<u>\$ 1,302,799</u>	<u>\$ 1,519,955</u>

Noncash Capital and Related Financing Activities

The City received donated stormwater infrastructure totaling \$793,973 in the current year.

Acquisition of capital assets financed through accounts payable or retainage payable for the current year totaled \$1,752,683 in the Airport Fund, and \$22,476 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, 2017

	<u>Budgeted Amounts</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
Revenues						
Intergovernmental	\$ 7,269,839	\$ 9,739,839	\$ 653,057	\$ 4,191,547	\$ 4,844,604	\$ (4,895,235)
Charges for services	1,836,800	1,836,800	886,342	793,058	1,679,400	(157,400)
Rental income:						
Rental income from others	113,300	113,300	57,167	59,148	116,315	3,015
Investment income	8,800	8,800	3,376	(6,065)	(2,689)	(11,489)
Miscellaneous	4,300	4,300	9,284	6,245	15,529	11,229
Total Revenues	9,233,039	11,703,039	1,609,226	5,043,933	6,653,159	(5,049,880)
Expenses						
Current:						
Personnel services	541,289	555,789	245,862	292,656	538,518	17,271
Materials and services	295,280	383,480	86,394	199,910	286,304	97,176
Interfund charges	525,200	517,000	345,569	251,509	597,078	(80,078)
Capital outlay	7,294,839	10,794,839	680,706	4,620,894	5,301,600	5,493,239
Debt service	1,087,600	887,600	308,675	261,374	570,049	317,551
Contingency	424,231	329,731	-	-	-	329,731
Total Expenses	10,168,439	13,468,439	1,667,206	5,626,343	7,293,549	6,174,890
Excess (deficiency) of revenues over (under) expenses	(935,400)	(1,765,400)	(57,980)	(582,410)	(640,390)	1,125,010
Other Financing Sources (Uses)						
Issuance of short-term debt	-	-	-	3,000,000	3,000,000	3,000,000
Interfund loan proceeds	500,000	500,000	-	-	-	(500,000)
Interfund loan repayments	-	1,000,000	-	-	-	(1,000,000)
Transfers in	-	-	-	52,000	52,000	52,000
Transfers out	-	(200,000)	-	(100,000)	(100,000)	100,000
Total Other Financing Sources (Uses)	500,000	1,300,000	-	2,952,000	2,952,000	1,652,000
Net changes in fund balance	(435,400)	(465,400)	(57,980)	2,369,590	2,311,610	2,777,010
Beginning Fund Balance (Deficit)	435,400	465,400	401,937	343,957	401,937	(63,463)
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,957</u>	<u>\$ 2,713,547</u>	<u>\$ 2,713,547</u>	<u>\$ 2,713,547</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 5,626,343
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	25,927
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	4,592
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(4,620,894)
Principal payments on bonds reported as expenses on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(215,814)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	576,077
Amortization of premiums and discounts is not reported on the budgetary basis but is reported as an expense (revenue) on the GAAP basis	(3,968)
Gain/Loss on disposal of asset not reported on the budgetary basis is reported as an expense on the GAAP basis	4,695
Total Expenses - GAAP Basis	<u>\$ 1,396,958</u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 2,952,000
Proceeds from bond issuance reported as other financing sources (uses) on the budgetary basis are reported as bond payable liability on the GAAP basis	(3,000,000)
Total Other Financing Sources (Uses) - GAAP Basis	<u>\$ (48,000)</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, 2017

	<u>Budgeted Amounts</u>				Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final	FY2015-16 Actual	FY2016-17 Actual		
Revenues						
Burial and lot fees	\$ 156,900	\$ 156,900	\$ 107,174	\$ 63,038	\$ 170,212	\$ 13,312
Investment income	-	-	314	164	478	478
Miscellaneous	-	-	-	6,840	6,840	6,840
Total Revenues	156,900	156,900	107,488	70,042	177,530	20,630
Expenses						
Current:						
Personnel services	132,891	147,891	69,814	73,488	143,302	4,589
Materials and services	101,590	86,590	27,772	24,262	52,034	34,556
Interfund charges	61,000	61,000	23,665	27,485	51,150	9,850
Contingency	6,645	6,645	-	-	-	6,645
Total Expenses	302,126	302,126	121,251	125,235	246,486	55,640
Excess (deficiency) of revenues over (under) expenses	(145,226)	(145,226)	(13,763)	(55,193)	(68,956)	76,270
Other Financing Sources (Uses)						
Transfers in	142,026	142,026	19,830	66,113	85,943	(56,083)
Total Other Financing Sources (Uses)	142,026	142,026	19,830	66,113	85,943	(56,083)
Net changes in fund balance	(3,200)	(3,200)	6,067	10,920	16,987	20,187
Beginning Fund Balance (Deficit)	3,200	3,200	3,038	9,105	3,038	(162)
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 9,105	\$ 20,025	\$ 20,025	\$ 20,025

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 125,235
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	6,446
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	664
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	6,577
Total Expenses - GAAP Basis	\$ 138,922

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, 2017

	<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	\$ 7,185	\$ 15,621	\$ 6,221
Fines and lot rental fees	1,693,042	1,706,042	909,694	988,664	1,898,358	192,316
Investment income	32,100	32,100	19,060	6,403	25,463	(6,637)
Miscellaneous	700	700	812	-	812	112
Total Revenues	<u>1,735,242</u>	<u>1,748,242</u>	<u>938,002</u>	<u>1,002,252</u>	<u>1,940,254</u>	<u>192,012</u>
<u>Expenses</u>						
Current:						
Personnel services	69,330	75,830	35,993	39,394	75,387	443
Materials and services	928,818	1,073,818	477,293	514,804	992,097	81,721
Interfund charges	442,700	442,700	217,479	223,858	441,337	1,363
Capital outlay	27,500	40,500	33,541	-	33,541	6,959
Contingency	256,494	204,994	-	-	-	204,994
Reserved for construction	1,370,000	1,270,000	-	-	-	1,270,000
Reserved for maintenance	200,000	200,000	-	-	-	200,000
Total Expenses	<u>3,294,842</u>	<u>3,307,842</u>	<u>764,306</u>	<u>778,056</u>	<u>1,542,362</u>	<u>1,765,480</u>
Excess (deficiency) of revenues over (under) expenses	(1,559,600)	(1,559,600)	173,696	224,196	397,892	1,957,492
Beginning Fund Balance (Deficit)	1,559,600	1,559,600	1,586,340	1,760,036	1,586,340	26,740
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,760,036</u>	<u>\$ 1,984,232</u>	<u>\$ 1,984,232</u>	<u>\$ 1,984,232</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 778,056
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	2,974
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	823
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	356,346
Total Expenses - GAAP Basis	<u>\$ 1,138,199</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, 2017

	<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	\$ 3,463,276	\$ 6,677,331	\$ 84,431
Charges to other City funds	34,400	34,400	18,442	18,654	37,096	2,696
Investment income	61,500	61,500	45,030	15,848	60,878	(622)
Miscellaneous	1,800	1,800	-	-	-	(1,800)
Total Revenues	6,690,600	6,690,600	3,277,527	3,497,778	6,775,305	84,705
<u>Expenses</u>						
Current:						
Personnel services	2,562,220	2,562,220	1,046,002	1,101,359	2,147,361	414,859
Materials and services	1,147,620	1,103,970	263,214	339,222	602,436	501,534
Interfund charges	1,745,820	1,727,870	897,149	838,111	1,735,260	(7,390)
Capital outlay	1,697,000	1,697,000	476,178	433,600	909,778	787,222
Contingency	800,000	800,000	-	-	-	800,000
Reserved for construction	2,100,980	2,100,980	-	-	-	2,100,980
Total Expenses	10,053,640	9,992,040	2,682,543	2,712,292	5,394,835	4,597,205
Excess (deficiency) of revenues over (under) expenses	(3,363,040)	(3,301,440)	594,984	785,486	1,380,470	4,681,910
<u>Other Financing Sources (Uses)</u>						
Transfers in	39,840	39,840	39,211	150,000	189,211	149,371
Transfers out	(134,000)	(195,600)	(134,000)	-	(134,000)	61,600
Total Other Financing Sources (Uses)	(94,160)	(155,760)	(94,789)	150,000	55,211	210,971
Net changes in fund balance	(3,457,200)	(3,457,200)	500,195	935,486	1,435,681	4,892,881
Beginning Fund Balance (Deficit)	3,457,200	3,457,200	3,738,760	4,238,955	3,738,760	281,560
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,238,955</u>	<u>\$ 5,174,441</u>	<u>\$ 5,174,441</u>	<u>\$ 5,174,441</u>

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 2,712,292
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	45,973
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	13,384
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(524,500)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	966,489
Total Expenses - GAAP Basis	<u>\$ 3,213,638</u>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 150,000
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	793,973
Total Other Financing Sources (Uses) - GAAP Basis	<u>\$ 943,973</u>

City of Bend, Oregon
Nonmajor Enterprise Funds
Schedule of Expenses and Other Uses by Appropriation Levels
For the biennium ended June 30, 2017

	<u>Appropriation</u>	<u>Actual Expenses</u>	<u>Variance Positive (Negative)</u>
<u>Airport Fund</u>			
Personnel services	\$ 555,789	\$ 538,518	\$ 17,271
Materials and services	383,480	286,304	97,176
Transfers	717,000	697,078	19,922
Debt service	887,600	570,049	317,551
Capital outlay	10,794,839	5,301,600	5,493,239
Contingency	329,731	-	329,731
Total Airport Fund	<u>\$ 13,668,439</u>	<u>\$ 7,393,549</u>	<u>\$ 6,274,890</u>
<u>Cemetery Fund</u>			
Personnel services	\$ 147,891	\$ 143,302	\$ 4,589
Materials and services	86,590	52,034	34,556
Transfers	61,000	51,150	9,850
Contingency	6,645	-	6,645
Total Cemetery Fund	<u>\$ 302,126</u>	<u>\$ 246,486</u>	<u>\$ 55,640</u>
<u>Downtown Parking Fund</u>			
Personnel services	\$ 75,830	\$ 75,387	\$ 443
Materials and services	1,073,818	992,097	81,721
Transfers	442,700	441,337	1,363
Capital outlay	40,500	33,541	6,959
Contingency	204,994	-	204,994
Reserves	1,470,000	-	1,470,000
Total Downtown Parking Fund	<u>\$ 3,307,842</u>	<u>\$ 1,542,362</u>	<u>\$ 1,765,480</u>
<u>Stormwater Fund</u>			
Personnel services	\$ 2,562,220	\$ 2,147,361	\$ 414,859
Materials and services	1,103,970	602,436	501,534
Transfers	1,923,470	1,869,260	54,210
Capital outlay	1,697,000	909,778	787,222
Contingency	800,000	-	800,000
Reserves	2,100,980	-	2,100,980
Total Stormwater Fund	<u>\$ 10,187,640</u>	<u>\$ 5,528,835</u>	<u>\$ 4,658,805</u>

INTERNAL SERVICE FUNDS

Internal Service Fund - City Wide Administration

Information Technology Program

To account for the operation of the City's Information Technology department, which oversees computer hardware, software, and phone systems. Revenues are generated from overhead allocation through the City's cost allocation plan to the departments receiving the service.

Facilities Management Program

To account for acquisition, maintenance and improvements to City owned or leased buildings. Revenues are generated from rent charges developed through the City's cost allocation plan to the departments occupying the buildings.

Insurance & Risk Management Program

To account for the City's commercial liability insurance, workers' compensation insurance, and risk management functions. 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 Program

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.

Internal Service Fund - Department Administration

Garage Program

To account for the the maintenance and service of all City vehicles and heavy equipment, excluding the police department fleet. Revenue is generated by charges to the departments receiving service.

Engineering & Infrastructure Planning Program

The Engineering & Infrastructure Planning Division accounts for the City's Engineering department which provides infrastructure and planning services. Revenue is mainly generated by user charges to other funds.

Private Development Engineering Program

This program is responsible for ensuring that all public improvements made in conjunction with community development are constructed to development standards so they can be accepted into the inventory of public assets for perpetuity. Revenue is mainly generated by user fees

Public Works Laboratory Program

This division accounts for laboratory services provided to the City's water, water reclamation and stormwater utilities. Revenue is generated from overhead allocation through the City's cost allocation plan to the departments or funds receiving service.

City of Bend, Oregon
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2017

	Internal Service Fund - City Wide Administration	Internal Service Fund - Departmental Administration	Total Internal Service Funds
<u>Assets</u>			
Current assets:			
Pooled cash and investments	\$ 10,770,248	\$ 4,657,203	\$ 15,427,451
Receivables:			
Accounts, net	1,242,730	-	1,242,730
Other assets	-	348	348
Prepays and deposits	299,372	-	299,372
Total Current Assets	<u>12,312,350</u>	<u>4,657,551</u>	<u>16,969,901</u>
Noncurrent assets:			
Restricted cash and investments	6,014	495,418	501,432
Capital assets, net	21,023,671	270,133	21,293,804
Total Noncurrent Assets	<u>21,029,685</u>	<u>765,551</u>	<u>21,795,236</u>
Total Assets	<u>33,342,035</u>	<u>5,423,102</u>	<u>38,765,137</u>
<u>Deferred Outflows of Resources</u>			
Deferred outflows from pensions	3,455,157	1,981,169	5,436,326
Deferred outflows from debt refunding	9,278	-	9,278
Total Deferred Outflows of Resources	<u>3,464,435</u>	<u>1,981,169</u>	<u>5,445,604</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	461,841	92,106	553,947
Salaries and benefits payable	128,624	75,741	204,365
Other accrued liabilities:			
Compensated absences	482,695	312,452	795,147
Interest payable	33,104	-	33,104
Insurance claims	503,633	1,211	504,844
Deposits - restricted	6,014	495,418	501,432
Current portion of long term debt, net	23,626	-	23,626
Total Current Liabilities	<u>1,639,537</u>	<u>976,928</u>	<u>2,616,465</u>
Noncurrent liabilities:			
Other post-employment benefits payable	1,528,820	945,661	2,474,481
Long-term debt, net	13,039,806	-	13,039,806
Net pension obligation	6,182,064	3,544,761	9,726,825
Total Noncurrent Liabilities	<u>20,750,690</u>	<u>4,490,422</u>	<u>25,241,112</u>
Total Liabilities	<u>22,390,227</u>	<u>5,467,350</u>	<u>27,857,577</u>
<u>Deferred Inflows of Resources</u>			
Deferred inflows from pensions	28,132	16,130	44,262
Deferred inflows from debt refunding	37,645	-	37,645
Total Deferred Inflows of Resources	<u>65,777</u>	<u>16,130</u>	<u>81,907</u>
<u>Net Position (Deficit)</u>			
Net investment in capital assets	7,931,872	270,133	8,202,005
Unrestricted (deficit)	6,418,594	1,650,658	8,069,252
Total Net Position (Deficit)	<u>\$ 14,350,466</u>	<u>\$ 1,920,791</u>	<u>\$ 16,271,257</u>

City of Bend, Oregon
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2017

	Internal Service Fund - City Wide Administration	Internal Service Fund - Departmental Administration	Total Internal Service Funds
<u>Operating Revenues</u>			
Licenses and permits	\$ 181,347	\$ 369,369	\$ 550,716
Charges for services	13,269,569	6,038,863	19,308,432
Rental income:			
Rental income from others	81,098	-	81,098
Rental income from other City funds	2,603,601	-	2,603,601
Miscellaneous	265,097	306	265,403
Total Operating Revenues	<u>16,400,712</u>	<u>6,408,538</u>	<u>22,809,250</u>
<u>Operating Expenses</u>			
Salaries and benefits	8,440,000	3,350,808	11,790,808
Materials and supplies	4,230,925	1,255,797	5,486,722
Internal services	1,256,325	1,480,964	2,737,289
Insurance premiums and claims	1,819,742	-	1,819,742
Depreciation	1,054,931	60,244	1,115,175
Total Operating Expenses	<u>16,801,923</u>	<u>6,147,813</u>	<u>22,949,736</u>
Operating income (loss)	(401,211)	260,725	(140,486)
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	38,192	17,502	55,694
Insurance proceeds	67,758	-	67,758
Interest expense	(308,871)	-	(308,871)
Amortization	26,398	-	26,398
Gain (loss) on disposal of assets	(3,343)	-	(3,343)
Total Nonoperating Revenues (Expenses)	<u>(179,866)</u>	<u>17,502</u>	<u>(162,364)</u>
Income (loss) before contributions and transfers	(581,077)	278,227	(302,850)
<u>Contributions and Transfers</u>			
Transfers in	1,308,550	123,100	1,431,650
Transfers out	(2,983,154)	(25,818)	(3,008,972)
Total Contributions and Transfers	<u>(1,674,604)</u>	<u>97,282</u>	<u>(1,577,322)</u>
Change in net position	(2,255,681)	375,509	(1,880,172)
Net Position (Deficit), July 1, 2016	16,606,147	1,545,282	18,151,429
Net Position (Deficit), June 30, 2017	<u>\$ 14,350,466</u>	<u>\$ 1,920,791</u>	<u>\$ 16,271,257</u>

City of Bend, Oregon
Combining Statement of Cash Flows
Internal Service Fund
For the fiscal year ended June 30, 2017

	Internal Service Fund - City Wide Administration	Internal Service Fund - Departmental Administration	Total
<u>Cash Flows from Operating Activities</u>			
Cash received from customers	\$ (601,573)	\$ 2,208,904	\$ 1,607,331
Cash received from interfund services provided	15,583,381	4,298,458	19,881,839
Cash paid to employees for services	(7,837,487)	(2,931,690)	(10,769,177)
Cash paid to suppliers for goods and services	(5,870,584)	(1,282,005)	(7,152,589)
Cash paid for interfund services used	(1,109,950)	(1,480,964)	(2,590,914)
Net Cash from Operating Activities	<u>163,787</u>	<u>812,703</u>	<u>976,490</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers from other funds	1,308,550	123,100	1,431,650
Transfers to other funds	(2,983,154)	(25,818)	(3,008,972)
Net Cash from Noncapital Financing Activities	<u>(1,674,604)</u>	<u>97,282</u>	<u>(1,577,322)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Issuance of debt	8,162,782	-	8,162,782
Principal payments on capital debt	(3,040,829)	-	(3,040,829)
Interest payments on capital debt	(288,481)	-	(288,481)
Acquisition and construction of capital assets	(2,670,853)	(67,788)	(2,738,641)
Insurance proceeds	67,758	-	67,758
Net Cash from Capital and Related Financing Activities	<u>2,230,377</u>	<u>(67,788)</u>	<u>2,162,589</u>
<u>Cash Flows from Investing Activities</u>			
Investment income	38,192	17,502	55,694
Net Cash from Investing Activities	<u>38,192</u>	<u>17,502</u>	<u>55,694</u>
Net change in pooled cash and investments	757,752	859,699	1,617,451
Pooled Cash and Investments, July 1, 2016	10,018,510	4,292,922	14,311,432
Pooled Cash and Investments, June 30, 2017	<u>\$ 10,776,262</u>	<u>\$ 5,152,621</u>	<u>\$ 15,928,883</u>

City of Bend, Oregon
Combining Statement of Cash Flows (Continued)
Internal Service Fund
For the fiscal year ended June 30, 2017

	Internal Service Fund - City Wide Administration	Internal Service Fund - Departmental Administration	Total
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided</u>			
<u>(Used) by Operating Activities</u>			
Operating income (loss)	\$ (401,211)	\$ 260,725	\$ (140,486)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	1,054,931	60,244	1,115,175
Change in:			
Accounts receivable	(1,228,271)	-	(1,228,271)
Inventories	-	244	244
Prepays and deposits	(190,633)	-	(190,633)
Accounts payable	180,083	(26,452)	153,631
Salaries and benefits payable	23,758	15,264	39,022
Pension benefits	593,243	297,682	890,925
Other post-employment benefits	157,342	80,902	238,244
Compensated absences payable	77,304	28,040	105,344
Insurance claims payable	(102,759)	(2,770)	(105,529)
Prepays and deposits payable	-	98,824	98,824
	<u>\$ 163,787</u>	<u>\$ 812,703</u>	<u>\$ 976,490</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 163,787</u>	<u>\$ 812,703</u>	<u>\$ 976,490</u>

Noncash Capital and Related Financing Activities

Acquisition of capital assets financed through accounts payable or retainage payable for the current year totaled \$97,354 in the City-Wide Administration Fund, and \$28,750 in the Departmental Administration Fund.

City of Bend, Oregon
Internal Service Fund - City Wide Administration
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2017

	<u>Biennium Budget</u>		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
Revenues						
Licenses and permits	\$ 221,100	\$ 221,100	\$ 211,336	\$ 181,347	\$ 392,683	\$ 171,583
Charges for services:						
Charges to others	374,400	374,200	267,326	289,789	557,115	182,915
Charges to other City funds	25,265,760	26,031,640	14,089,863	12,979,780	27,069,643	1,038,003
Rental income:						
Rental income from others	96,130	96,130	77,268	81,098	158,366	62,236
Rental income from other City funds	5,125,100	5,142,460	2,537,200	2,603,601	5,140,801	(1,659)
Contributions	-	-	5,000	-	5,000	5,000
Investment income	149,600	149,600	106,597	38,192	144,789	(4,811)
Miscellaneous	4,100	185,300	24,835	265,097	289,932	104,632
Total Revenues	31,236,190	32,200,430	17,319,425	16,438,904	33,758,329	1,557,899
Expenses						
Current:						
Personnel services	17,901,312	17,616,712	8,129,935	8,793,103	16,923,038	693,674
Materials and services	11,305,386	12,910,150	5,651,273	6,147,318	11,798,591	1,111,559
Interfund charges	2,205,000	2,205,000	1,822,253	1,109,950	2,932,203	(727,203)
Debt service	2,851,500	5,487,500	2,080,950	703,163	2,784,113	2,703,387
Capital outlay	4,074,000	6,589,096	2,796,946	1,576,707	4,373,653	2,215,443
Contingency	1,834,632	922,632	-	-	-	922,632
Reserved for maintenance	300,000	300,000	-	-	-	300,000
Reserves	4,692,100	3,422,100	-	-	-	3,422,100
Total Expenses	45,163,930	49,453,190	20,481,357	18,330,241	38,811,598	10,641,592
Excess (deficiency) of revenues over (under) expenses	(13,927,740)	(17,252,760)	(3,161,932)	(1,891,337)	(5,053,269)	12,199,491
Other Financing Sources (Uses)						
Proceeds from sale of assets	2,278,500	2,278,500	2,008,287	-	2,008,287	(270,213)
Insurance proceeds	-	-	936,197	67,758	1,003,955	1,003,955
Issuance of long-term debt	2,060,000	8,681,400	928,620	8,162,782	9,091,402	410,002
Payments to refunded bond escrow agent	-	-	-	(2,635,829)	(2,635,829)	(2,635,829)
Advances to other funds	-	(1,000,000)	-	-	-	1,000,000
Transfers in	4,169,940	4,048,450	1,319,578	1,308,550	2,628,128	(1,420,322)
Transfers out	(2,982,800)	(5,169,190)	(1,221,815)	(2,983,154)	(4,204,969)	964,221
Total Other Financing Sources (Uses)	5,525,640	8,839,160	3,970,867	3,920,107	7,890,974	(948,186)
Net changes in fund balance	(8,402,100)	(8,413,600)	808,935	2,028,770	2,837,705	11,251,305
Beginning Fund Balance (Deficit)	8,402,100	8,413,600	9,070,317	9,879,252	9,070,317	656,717
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 9,879,252	\$ 11,908,022	\$ 11,908,022	\$ 11,908,022

Note: The Internal Service Fund was broken into two separate funds, the Internal Service Fund - City Wide Administration Fund and the Internal Service Fund - Departmental Administration Fund, during fiscal year 2016-17.

City of Bend, Oregon
Internal Service Fund - City Wide Administration
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual (Continued)
For the fiscal year ended June 30, 2017

Reconciliation of Budgetary basis to GAAP basis

Total Expenses - Budgetary Basis	\$ 18,330,241
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	593,243
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	146,375
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	1,054,931
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(1,586,828)
Capitalized payroll amounts reported as expense on the budgetary basis are reported as assets on the GAAP basis	(946,346)
Estimated self insurance expenses reported on the budgetary basis are not reported as expenses on the GAAP basis.	(96,651)
Principal payments on bonds reported as expenses on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(3,020,000)
Amortization of deferred inflows and outflows related to the refunding of debt is reported as an expense (revenue) on the GAAP basis.	(262)
Amortization of premiums and discounts is not reported on the budgetary basis but is reported as an expense (revenue) on the GAAP basis	(26,136)
Gain/Loss on disposal of asset not reported on the budgetary basis is reported as an expense on the GAAP basis	3,343
Payments to refunded bond escrow agent reported as other financing sources (uses) on the budgetary basis are reported as expenses on the GAAP basis.	<u>2,635,829</u>
Total Expenses - GAAP Basis	<u>\$ 17,087,739</u>
 Total Other Financing Sources (Uses) - Budgetary Basis	 \$ 3,920,107
Insurance proceeds reported as other financing sources (uses) on the budgetary basis are reported as revenue on the GAAP basis.	(67,758)
Proceeds from bond issuance reported as other financing sources (uses) on the budgetary basis are reported as bond payable liability on the GAAP basis	(8,162,782)
Payments to refunded bond escrow agent reported as other financing sources (uses) on the budgetary basis are reported as expenses on the GAAP basis.	<u>2,635,829</u>
Total Transfers - GAAP Basis	<u>\$ (1,674,604)</u>

This fund is a combination of divisions from prior years. It includes the Administration/Finance Program, Facilities Management Program, Information Technology Program, Insurance Program and Legal and Risk Management Program.

City of Bend, Oregon
Internal Service Fund - Departmental Administration
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual
For the fiscal year ended June 30, 2017

	<u>Biennium Budget</u>		FY2015-16 Actual	FY2016-17 Actual	Total Actual Budget Basis	Variance with Final Budget
	Original	Final				Positive (Negative)
Revenues						
Licenses and permits	\$ 1,008,000	\$ 915,400	\$ 345,008	\$ 369,369	\$ 714,377	\$ (201,023)
Charges for services:						
Charges to others	2,972,460	3,215,060	1,565,321	1,740,405	3,305,726	90,666
Charges to other City funds	14,394,100	14,338,100	6,303,978	6,432,558	12,736,536	(1,601,564)
Investment income	40,300	40,300	42,395	17,502	59,897	19,597
Miscellaneous	5,500	5,500	526	306	832	(4,668)
Total Revenues	18,420,360	18,514,360	8,257,228	8,560,140	16,817,368	(1,696,992)
Expenses						
Current:						
Personnel services	11,348,346	11,252,991	4,698,804	5,098,446	9,797,250	1,455,741
Materials and services	3,998,150	4,144,757	1,270,164	1,349,597	2,619,761	1,524,996
Interfund charges	2,869,260	2,784,910	1,404,948	1,395,042	2,799,990	(15,080)
Debt service	168,000	-	-	-	-	-
Capital outlay	2,359,500	627,198	162,304	96,538	258,842	368,356
Contingency	2,104,024	2,069,024	-	-	-	2,069,024
Total Expenses	22,847,280	20,878,880	7,536,220	7,939,623	15,475,843	5,403,037
Excess (deficiency) of revenues over (under) expenses	(4,426,920)	(2,364,520)	721,008	620,517	1,341,525	3,706,045
Other Financing Sources (Uses)						
Issuance of long-term debt	2,040,000	-	-	-	-	-
Transfers in	623,220	4,223,220	499,340	123,100	622,440	(3,600,780)
Transfers out	(527,156)	(4,162,156)	(471,907)	(25,818)	(497,725)	3,664,431
Total Other Financing Sources (Uses)	2,136,064	61,064	27,433	97,282	124,715	63,651
Net changes in fund balance	(2,290,856)	(2,303,456)	748,441	717,799	1,466,240	3,769,696
Beginning Fund Balance (Deficit)	2,290,856	2,303,456	2,755,973	3,504,414	2,755,973	452,517
Ending Fund Balance (Deficit)	\$ -	\$ -	\$ 3,504,414	\$ 4,222,213	\$ 4,222,213	\$ 4,222,213

Note: The Internal Service Fund was broken into two separate funds, the Internal Service Fund - City Wide Administration Fund and the Internal Service Fund - Departmental Administration Fund, during fiscal year 2016-17.

City of Bend, Oregon
Internal Service Fund - Departmental Administration
Schedule of Revenues, Expenses, and Changes in Fund Balance (Deficit) - Budget and Actual (Continued)
For the fiscal year ended June 30, 2017

Reconciliation of Budgetary basis to GAAP basis

Total Revenues - Budgetary Basis	\$ 8,560,140
Contributions of capital assets reported as revenues on the budgetary basis are reported as assets on the GAAP basis	<u>(2,134,100)</u>
Total Revenues - GAAP Basis	<u>\$ 6,426,040</u>
Total Expenses - Budgetary Basis	\$ 7,939,623
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	297,682
Pension expense is not reported on the budgetary basis but is reported as an increase (decrease) to expense on the GAAP basis	(1,959,398)
Capitalized amounts reported as expenses on the budgetary basis are reported as assets on the GAAP basis	(96,538)
Depreciation/Amortization not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>60,244</u>
Total Expenses - GAAP Basis	<u>\$ 6,147,813</u>

This fund is a combination of divisions from prior year. It includes the Garage Program, Engineering Infrastructure & Planning Program, Private Development Engineering Program, and Public Works Laboratory Program.

City of Bend, Oregon
Internal Service Funds
Schedule of Expenses and Other Uses by Appropriation Levels
For the biennium ended June 30, 2017

	<u>Appropriation</u>	<u>Actual Expenses</u>	<u>Variance Positive (Negative)</u>
<u>Internal Service Fund - City Wide Administration</u>			
Garage Program	\$ 1,773,126	\$ 1,605,416	\$ 167,710
Information Technology Program	10,202,611	8,834,532	1,368,079
Facilities Management Program	7,426,687	6,043,650	1,383,037
Engineering Infrastructure & Planning Program	3,714,258	3,608,863	105,395
Public Works Laboratory Program	983,156	916,995	66,161
Insurance Program	4,860,900	3,578,214	1,282,686
Administration & Financial Services Program	14,937,896	14,022,154	915,742
Legal and Risk Management Program	687,864	616,729	71,135
Debt service	5,487,500	5,419,942	67,558
Interfund transfers	12,900,156	9,014,028	3,886,128
Contingency	922,632	-	922,632
Reserves	3,722,100	-	3,722,100
Total Internal Service Fund - City Wide Administration	<u>\$ 67,618,886</u>	<u>\$ 53,660,523</u>	<u>\$ 13,958,363</u>
<u>Internal Service Fund - Departmental Administration</u>			
Garage Program	\$ 2,800,390	\$ 1,754,203	\$ 1,046,187
Engineering Infrastructure & Planning Program	3,890,749	2,693,056	1,197,693
Private Development Engineering Program	1,590,046	1,218,306	371,740
Public Works Laboratory Program	1,273,221	879,016	394,205
Interfund transfers	1,421,100	1,420,860	240
Contingency	2,069,024	-	2,069,024
Total Internal Service Fund - Departmental Administration	<u>\$ 13,044,530</u>	<u>7,965,441</u>	<u>\$ 5,079,089</u>

Per City Council Resolution 3035, the Internal Service Fund was split into two funds for fiscal year 2016-2017. The two funds are City Wide Administration and Department Administration. Shown above are the legally adopted budget appropriations and biennium actuals.

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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, 2017

	Balance July 01, 2016	Additions	Deductions	Balance June 30, 2017
<u>Assets</u>				
Cash and investments	\$ 638,990	\$ 7,563,483	\$ (6,566,659)	\$ 1,635,814
Total Assets	<u>\$ 638,990</u>	<u>\$ 7,563,483</u>	<u>\$ (6,566,659)</u>	<u>\$ 1,635,814</u>
<u>Liabilities</u>				
Amounts held for others	\$ 638,990	\$ 16,404,653	\$ (15,407,829)	\$ 1,635,814
Total Liabilities	<u>\$ 638,990</u>	<u>\$ 16,404,653</u>	<u>\$ (15,407,829)</u>	<u>\$ 1,635,814</u>

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OTHER FUNDS

City of Bend, Oregon
Combining Balance Sheet
General Fund
June 30, 2017

	General Fund	General Fund Stabilization Fund	Total General Fund
<u>Assets</u>			
Pooled cash and investments	\$ 16,304,521	\$ 2,519,200	\$ 18,823,721
Restricted cash and investments	164,992	-	164,992
Receivables:			
Property taxes	876,793	-	876,793
Accounts, net	3,565,315	-	3,565,315
Loans and notes receivable, net	639,656	-	639,656
Interest	578,384	-	578,384
Due from other funds	14,663	-	14,663
Due from other governments	552,722	-	552,722
Assets held for resale	4,554,943	-	4,554,943
Total Assets	<u>\$ 27,251,989</u>	<u>\$ 2,519,200</u>	<u>\$ 29,771,189</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</u>			
Liabilities			
Accounts payable	\$ 1,924,186	\$ -	\$ 1,924,186
Salaries and benefits payable	272,320	-	272,320
Other accrued liabilities	883,883	-	883,883
Deposits - restricted	164,992	-	164,992
Total Liabilities	<u>3,245,381</u>	<u>-</u>	<u>3,245,381</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	657,145	-	657,145
Unavailable revenue - assessments & loans receivable	2,681,333	-	2,681,333
Total Deferred Inflows of Resources	<u>3,338,478</u>	<u>-</u>	<u>3,338,478</u>
Fund Balances (Deficits)			
 Nonspendable:			
Assets held for resale	4,554,943	-	4,554,943
Committed	-	2,519,200	2,519,200
Assigned	6,650,676	-	6,650,676
Unassigned	9,462,511	-	9,462,511
Total Fund Balances (Deficits)	<u>20,668,130</u>	<u>2,519,200</u>	<u>23,187,330</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 27,251,989</u>	<u>\$ 2,519,200</u>	<u>\$ 29,771,189</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, 2017

	<u>General Fund</u>	<u>General Fund Stabilization Fund</u>	<u>Total General Fund</u>
<u>Revenues</u>			
Taxes	\$ 33,717,879	\$ -	\$ 33,717,879
Franchise fees	6,614,136	-	6,614,136
Intergovernmental	2,694,192	-	2,694,192
Licenses and permits	116,563	-	116,563
Charges for services	1,603,022	-	1,603,022
Fines and forfeitures	1,038,284	-	1,038,284
Investment income	120,686	8,622	129,308
Miscellaneous	33,925	-	33,925
Total Revenues	<u>45,938,687</u>	<u>8,622</u>	<u>45,947,309</u>
<u>Expenditures</u>			
Current:			
General government	2,563,986	-	2,563,986
Public safety	21,201,774	-	21,201,774
Community and economic development	1,824,923	-	1,824,923
Capital outlay	553,490	-	553,490
Total Expenditures	<u>26,144,173</u>	<u>-</u>	<u>26,144,173</u>
Excess (deficiency) of revenues over expenditures	19,794,514	8,622	19,803,136
<u>Other Financing Sources (Uses)</u>			
Insurance proceeds	1,667	-	1,667
Proceeds from sale of assets	2,985	-	2,985
Transfers in	170,163	229,588	399,751
Transfers out	<u>(18,644,919)</u>	<u>-</u>	<u>(18,644,919)</u>
Total Other Financing Sources (Uses)	<u>(18,470,104)</u>	<u>229,588</u>	<u>(18,240,516)</u>
Net change in fund balances	1,324,410	238,210	1,562,620
Fund Balances (Deficits), July 1, 2016	<u>19,343,720</u>	<u>2,280,990</u>	<u>21,624,710</u>
Fund Balances (Deficits), June 30, 2017	<u>\$ 20,668,130</u>	<u>\$ 2,519,200</u>	<u>\$ 23,187,330</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, 2017

	<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	\$ 42,600	\$ 42,600	\$ 23,987	\$ 8,622	\$ 32,609	\$ (9,991)
Total Revenues	<u>42,600</u>	<u>42,600</u>	<u>23,987</u>	<u>8,622</u>	<u>32,609</u>	<u>(9,991)</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	8,622	32,609	2,308,809
<u>Other Financing Sources (Uses)</u>						
Transfers in	228,300	228,300	164,530	229,588	394,118	165,818
Total Other Financing Sources (Uses)	<u>228,300</u>	<u>228,300</u>	<u>164,530</u>	<u>229,588</u>	<u>394,118</u>	<u>165,818</u>
Net changes in fund balance	(2,047,900)	(2,047,900)	188,517	238,210	426,727	2,474,627
Beginning Fund Balance (Deficit)	<u>2,047,900</u>	<u>2,047,900</u>	<u>2,092,473</u>	<u>2,280,990</u>	<u>2,092,473</u>	<u>44,573</u>
Ending Fund Balance (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280,990</u>	<u>\$ 2,519,200</u>	<u>\$ 2,519,200</u>	<u>\$ 2,519,200</u>

City of Bend, Oregon
General Fund Stabilization Fund
Schedule of Expenditures and Other Uses by Appropriation Levels
For the biennium ended June 30, 2017

	<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	\$ 2,318,800	\$ -	\$ 2,318,800

City of Bend, Oregon
Other Major Funds
Schedule of Expenses and Other Uses by Appropriation Levels
For the biennium ended June 30, 2017

	<u>Appropriation</u>	<u>Actual Expenses</u>	<u>Variance Positive (Negative)</u>
<u>Bridge Creek Pipe Project Fund</u>			
Materials and services	\$ 10,000	\$ 1,028	\$ 8,972
Transfers	1,032,900	1,032,900	-
Debt service	600,000	345,800	254,200
Capital outlay	14,213,500	13,681,867	531,633
Total Bridge Creek Pipe Project Fund	<u>\$ 15,856,400</u>	<u>\$ 15,061,595</u>	<u>\$ 794,805</u>
<u>Secondary Expansion Project Fund</u>			
Transfers	\$ 1,095,200	\$ 1,088,877	\$ 6,323
Capital outlay	3,300,000	2,664,539	635,461
Total Secondary Expansion Project Fund	<u>\$ 4,395,200</u>	<u>\$ 3,753,416</u>	<u>\$ 641,784</u>
<u>Southeast Interceptor Fund</u>			
Transfers	\$ 432,000	\$ 431,044	\$ 956
Capital outlay	11,504,000	10,524,155	979,845
Total Southeast Interceptor Fund	<u>\$ 11,936,000</u>	<u>\$ 10,955,199</u>	<u>\$ 980,801</u>

The Bridge Creek Pipe Project Fund is part of the legally adopted Water Fund for fiscal year 2016-17.

The Secondary Expansion Project Fund and the Southeast Interceptor Project Fund are both part of the legally adopted Water Reclamation Fund for fiscal year 2016-17.

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OTHER FINANCIAL SCHEDULES

City of Bend, Oregon
Schedule of Property Tax Transactions
For the fiscal year ended June 30, 2017

Fiscal Year	Uncollected Balances June 30, 2016	Current Year's Levy	Adjustments, Interest and Discounts	Net Collections	Uncollected Balances June 30, 2017
Prior	\$ 3,988	\$ -	\$ 72	\$ (482)	\$ 3,578
2007-08	1,103	-	(4)	(377)	722
2008-09	1,778	-	38	(689)	1,127
2009-10	2,487	-	95	(697)	1,885
2010-11	4,211	-	(149)	(2,123)	1,939
2011-12	7,137	-	429	(4,628)	2,938
2012-13	40,265	-	3,917	(38,810)	5,372
2013-14	90,390	-	10,227	(68,830)	31,787
2014-15	232,888	-	7,473	(103,008)	137,353
2015-16	598,147	-	(9,669)	(373,601)	214,877
2016-17	-	34,323,438	(1,019,413)	(32,668,760)	635,265
Totals	\$ 982,394	\$ 34,323,438	\$ (1,006,984)	\$ (33,262,005)	\$ 1,036,843

Reconciliation to revenues:

Collections	\$ 33,262,005
Change in unavailable revenue	5,230
Total Property Tax Revenues	\$ 33,267,235

Summary by fund:

	Revenues	Property Tax Receivable
General Fund	\$ 28,090,526	\$ 876,793
Fire / Emergency Medical Services Fund	2,018,589	59,947
Juniper Ridge Urban Renewal Debt Service Fund	996,035	31,523
Murphy Crossing Urban Renewal Debt Service Fund	241,480	7,514
General Obligation Bond Debt Service Fund	1,920,605	61,066
Totals	\$ 33,267,235	\$ 1,036,843

City of Bend, Oregon
Schedule of Long-Term Debt Transactions - Principal
For the fiscal year ended June 30, 2017

<u>Series</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Unmatured and Outstanding June 30, 2016</u>	<u>Bonds Issued</u>	<u>Bonds Called and Matured</u>	<u>Unmatured and Outstanding June 30, 2017</u>
Full faith & credit obligation bonds:							
Pension obligation bonds, series 2004	05/27/04	06/01/28	\$ 13,725,000	\$ 12,015,000	\$ -	\$ (485,000)	\$ 11,530,000
Police expansion and ambulance, series 2006	12/21/06	12/01/31	4,950,000	2,885,000	-	(2,885,000)	-
Police expansion, Cooley Road, and fire equipment, series 2008	02/14/08	12/01/27	4,425,000	3,065,000	-	(2,850,000)	215,000
Fire stations, series 2010, refinance 1999	02/18/10	06/01/24	3,225,000	1,935,000	-	(210,000)	1,725,000
Accessibility, series 2010	02/18/10	06/30/24	3,265,000	2,005,000	-	(215,000)	1,790,000
Transportation system, series 2000, refinance series 2010	02/18/10	06/01/21	4,103,000	1,993,000	-	(370,000)	1,623,000
Airport, series 2010, refinance 1999	02/18/10	06/01/19	1,057,000	387,000	-	(125,000)	262,000
Water recovery zone, series 2010C	11/30/10	11/01/30	2,300,000	1,978,742	-	(110,322)	1,868,420
Water reclamation recovery zone, series 2010C	11/30/10	11/01/30	10,730,000	9,231,258	-	(514,678)	8,716,580
Street equipment, police facility, sewer, series 2012, refinance series 2002	04/01/12	12/01/26	9,280,000	6,650,000	-	(745,000)	5,905,000
Fire equipment and police expansion, series 2016, refinance series 2006	12/20/16	12/01/31	2,600,000	-	2,600,000	-	2,600,000
Cooley road, police expansion, series 2016, refinance series 2008	12/20/16	12/01/31	2,740,000	-	2,740,000	-	2,740,000
Fire equipment and facilities, series 2016	12/20/16	12/01/31	4,525,000	-	4,525,000	-	4,525,000
Total full faith & credit obligation bonds				42,145,000	9,865,000	(8,510,000)	43,500,000
Revenue bonds:							
Water reclamation, series 2008	08/14/08	10/31/28	10,000,000	7,365,000	-	(440,000)	6,925,000
Water, series 2016	07/27/16	12/01/36	49,910,000	-	49,910,000	-	49,910,000
Total revenue bonds				7,365,000	49,910,000	(440,000)	56,835,000
General obligation bonds:							
GO Bond construction, series 2012	09/20/12	06/01/32	26,805,000	22,780,000	-	(1,100,000)	21,680,000
Total general obligation bonds				22,780,000	-	(1,100,000)	21,680,000
Notes payable:							
First Interstate Bank							
Transportation, series 2013, refinance series 2003	11/20/13	12/01/21	6,283,391	4,512,374	-	(793,166)	3,719,208
Juniper ridge, series 2013	11/22/13	12/01/23	3,700,000	2,827,210	-	(358,917)	2,468,293
Murphy Crossing urban renewal, series 2015	01/29/15	12/01/29	3,000,000	2,737,354	-	(172,271)	2,565,083
Fire engine replacement, series 2015	06/19/15	06/01/25	3,000,000	2,860,199	-	(285,395)	2,574,804
Oregon Business Development Department:							
Pacific Aviation composites	10/15/97	12/01/17	655,000	127,162	-	(60,805)	66,357
Airport eastside improvements	05/01/07	12/01/31	867,335	645,973	-	(30,009)	615,964
Safe drinking water revolving loan fund loan	09/03/09	12/01/31	2,806,500	2,370,949	-	(2,370,949)	-
Oregon Department of Environmental Quality:							
Clean water revolving fund loan R14510	06/10/11	10/01/33	5,482,336	5,067,881	-	(217,690)	4,850,191
Clean water revolving fund loan R14511	11/01/11	TBD	14,484,130	13,663,852	(32,023)	-	13,631,829
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	3,778,548	(854,833)	-	2,923,715
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	3,821,535	-	12,221,694
Clean water revolving fund loan R14516	12/04/15	TBD	28,144,891	10,516,545	24,348,433	-	34,864,978
Clean water revolving fund loan R14518	11/29/16	TBD	7,895,000	-	1,426,169	-	1,426,169
Total notes payable				76,341,740	28,709,281	(4,289,202)	100,761,819
Lines of credit							
Bank of the Cascades							
ERP software replacement	04/30/15	04/30/18	5,000,000	1,331,820	2,594,305	-	3,926,125
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				31,331,820	2,594,305	(30,000,000)	3,926,125
Total long-term debt				\$ 179,963,560	\$ 91,078,586	\$(44,339,202)	\$ 226,702,944

City of Bend, Oregon
Schedule of Long-Term Debt Transactions - Interest
For the fiscal year ended June 30, 2017

<u>Series</u>	Interest Rates on Outstanding Balances	Unmatured and Outstanding June 30, 2016	Bonds Issued	Bonds Called and Matured	Unmatured and Outstanding June 30, 2017
Full faith & credit obligation bonds:					
Pension obligation bonds, series 2004	2.13% - 6.095%	\$ 5,496,913	\$ -	\$ (726,880)	\$ 4,770,033
Police expansion and ambulance, series 2006	3.75% - 6.00%	917,818	(857,048)	(60,770)	-
Police expansion, Cooley Road, and fire equipment, series 2008	3.00% - 4.25%	792,896	(731,515)	(61,381)	-
Fire stations, series 2010, refinance 1999	3.23 %	335,043	-	(8,960)	326,083
Accessibility, series 2010	2.62 %	451,046	-	(91,633)	359,413
Transportation system, series 2000, refinance series 2010	2.84 %	227,821	-	(73,333)	154,488
Airport, series 2010, refinance 1999	2.60 %	29,990	-	(14,230)	15,760
Water recovery zone, series 2010C	3.05 %	887,444	-	(99,197)	788,247
Water reclamation recovery zone, series 2010C	3.05 %	4,140,118	-	(462,778)	3,677,340
Street equipment, police facility, sewer, series 2012, refinance series 2002	1.66% - 2.60%	1,180,250	-	(223,425)	956,825
Fire equipment and police expansion, series 2016, refinance series 2006	2.29 %	-	446,079	(26,628)	419,451
Cooley road, police expansion, series 2016, refinance series 2008	2.29 %	-	412,896	(28,061)	384,835
Fire equipment and facilities, series 2016	2.29 %	-	867,479	(46,342)	821,137
Total full faith & credit obligation bonds		14,459,339	137,891	(1,923,618)	12,673,612
Revenue bonds:					
Water reclamation, series 2008	3.50% - 4.50%	2,130,293	-	(290,638)	1,839,655
Water, series 2016	3.00% - 4.00%	-	30,865,946	(2,038,996)	28,826,950
Total revenue bonds		2,130,293	30,865,946	(2,329,634)	30,666,605
General obligation bonds:					
GO Bond construction, series 2012	2.62 %	6,629,800	-	(736,050)	5,893,750
Total general obligation bonds		6,629,800	-	(736,050)	5,893,750
Notes payable:					
First Interstate Bank					
Transportation, series 2013, refinance series 2003	1.50 %	205,584	-	(64,639)	140,945
Juniper ridge, series 2013	1.50 %	172,688	-	(41,071)	131,617
Murphy crossing urban renewal, series 2015	2.65 %	566,736	-	(71,410)	495,326
Fire engine replacement, series 2015	2.65 %	373,866	-	(73,923)	299,943
Oregon Business Development Department:					
Pacific Aviation composites	5.01 %	9,872	-	(6,487)	3,385
Airport eastside improvements	4.00% - 4.375%	263,729	-	(27,664)	236,065
Safe drinking water revolving loan fund loan	3.83 %	649,571	(649,571)	-	-
Oregon Department of Environmental Quality:					
Clean water revolving fund loan R14510	3.32 %	1,910,517	24,998	(191,801)	1,743,714
Clean water revolving fund loan R14511	2.48 %	4,328,453	935,904	-	5,264,357
Clean water revolving fund loan R14512	2.44 %	5,675,251	2,102,510	-	7,777,761
Clean water revolving fund loan R14513	1.06 %	142,186	5,561	-	147,747
Clean water revolving fund loan R14514	1.93 %	-	-	-	-
Clean water revolving fund loan R14515	2.00 %	-	3,640,334	-	3,640,334
Clean water revolving fund loan R14516	1.00 %	-	2,823,384	-	2,823,384
Clean water revolving fund loan R14517	1.60 %	-	-	-	-
Clean water revolving fund loan R14518	1.60 %	-	388,416	-	388,416
Total notes payable		12,979,579	9,271,536	(225,952)	22,025,163
Lines of credit					
Bank of the Cascades					
ERP software replacement	2.65 %	67,645	156,344	(45,745)	178,244
JP Morgan					
Water system interim financing	1.14 %	741,000	(687,800)	(53,200)	-
Total lines of credit		808,645	(531,456)	(98,945)	178,244
Total long-term debt		\$ 38,326,530	\$ 39,743,917	\$ (5,565,242)	\$ 72,505,205

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations
For the fiscal year ended June 30, 2017

Fiscal Year	Total Requirements			Pension Obligation Bonds Series 2004	
	Principal	Interest	Total	Principal	Interest
2017-18	\$ 3,600,000	\$ 1,936,606	\$ 5,536,606	\$ 565,000	\$ 698,443
2018-19	3,780,000	1,749,191	5,529,191	650,000	664,877
2019-20	3,830,000	1,603,168	5,433,168	750,000	625,779
2020-21	3,820,000	1,450,408	5,270,408	850,000	580,667
2021-22	3,600,000	1,289,736	4,889,736	965,000	529,539
2022-23	3,745,000	1,131,619	4,876,619	1,085,000	471,495
2023-24	3,590,000	968,919	4,558,919	1,215,000	406,232
2024-25	3,220,000	799,536	4,019,536	1,360,000	332,178
2025-26	3,430,000	642,749	4,072,749	1,515,000	249,286
2026-27	3,655,000	472,956	4,127,956	1,680,000	156,946
2027-28	2,510,000	297,330	2,807,330	895,000	54,553
2028-29	1,355,000	177,929	1,532,929	-	-
2029-30	1,390,000	113,779	1,503,779	-	-
2030-31	1,435,000	46,685	1,481,685	-	-
2031-32	540,000	6,183	546,183	-	-
Total	\$ 43,500,000	\$ 12,686,794	\$ 56,186,794	\$ 11,530,000	\$ 4,769,995

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)
For the fiscal year ended June 30, 2017

Fiscal Year	Police Facility, Cooley Rd, and Fire Equipment Series 2008		Fire Stations Series 2010		Accessibility Series 2010	
	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ 215,000	\$ 55,007	\$ 215,000	\$ 64,463	\$ 225,000	\$ 83,463
2018-19	-	-	225,000	55,863	235,000	74,125
2019-20	-	-	235,000	46,863	240,000	64,138
2020-21	-	-	240,000	37,463	255,000	53,338
2021-22	-	-	260,000	29,363	265,000	41,353
2022-23	-	-	265,000	19,938	280,000	28,500
2023-24	-	-	285,000	10,331	290,000	14,500
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
2026-27	-	-	-	-	-	-
2027-28	-	-	-	-	-	-
2028-29	-	-	-	-	-	-
2029-30	-	-	-	-	-	-
2030-31	-	-	-	-	-	-
2031-32	-	-	-	-	-	-
Total	\$ 215,000	\$ 55,007	\$ 1,725,000	\$ 264,284	\$ 1,790,000	\$ 359,417

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, 2017

Fiscal Year	Transportation System Series 2010		Airport Series 2010		Water & Sewer RZEDB Series 2010C	
	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ 385,000	\$ 62,233	\$ 130,000	\$ 10,480	\$ 635,000	\$ 541,175
2018-19	398,000	46,833	132,000	5,280	645,000	517,646
2019-20	410,000	30,913	-	-	660,000	491,370
2020-21	430,000	14,513	-	-	675,000	461,985
2021-22	-	-	-	-	695,000	430,128
2022-23	-	-	-	-	715,000	396,278
2023-24	-	-	-	-	735,000	359,650
2024-25	-	-	-	-	755,000	320,155
2025-26	-	-	-	-	780,000	278,320
2026-27	-	-	-	-	805,000	233,928
2027-28	-	-	-	-	830,000	186,500
2028-29	-	-	-	-	855,000	136,365
2029-30	-	-	-	-	885,000	83,723
2030-31	-	-	-	-	915,000	28,365
2031-32	-	-	-	-	-	-
Total	\$ 1,623,000	\$ 154,492	\$ 262,000	\$ 15,760	\$ 10,585,000	\$ 4,465,588

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Full Faith & Credit Obligations (Continued)
For the fiscal year ended June 30, 2017

Fiscal Year	Street, Sewer, Police, Facilities Series 2012		Fire, Police, Cooley, Facilities Series 2016	
	Principal	Interest	Principal	Interest
2017-18	\$ 770,000	\$ 200,700	\$ 460,000	\$ 220,642
2018-19	800,000	177,150	695,000	207,417
2019-20	825,000	152,775	710,000	191,330
2020-21	640,000	127,600	730,000	174,842
2021-22	670,000	101,400	745,000	157,953
2022-23	700,000	74,000	700,000	141,408
2023-24	350,000	53,000	715,000	125,206
2024-25	370,000	38,600	735,000	108,603
2025-26	380,000	23,600	755,000	91,543
2026-27	400,000	8,000	770,000	74,082
2027-28	-	-	785,000	56,277
2028-29	-	-	500,000	41,564
2029-30	-	-	505,000	30,056
2030-31	-	-	520,000	18,320
2031-32	-	-	540,000	6,183
Total	\$ 5,905,000	\$ 956,825	\$ 9,865,000	\$ 952,184

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Revenue Bonds
For the fiscal year ended June 30, 2017

Fiscal Year	Total Requirements			Series 2008		Series 2016	
	Principal	Interest	Total	Principal	Interest	Principal	Interest
2017-18	\$ 2,000,000	\$ 2,664,731	\$ 4,664,731	\$ 455,000	\$ 273,306	\$ 1,545,000	\$ 2,391,425
2018-19	2,075,000	2,591,525	4,666,525	475,000	255,275	1,600,000	2,336,250
2019-20	2,160,000	2,505,588	4,665,588	495,000	234,638	1,665,000	2,270,950
2020-21	2,255,000	2,416,050	4,671,050	520,000	213,100	1,735,000	2,202,950
2021-22	2,355,000	2,314,775	4,669,775	540,000	191,900	1,815,000	2,122,875
2022-23	2,465,000	2,199,775	4,664,775	560,000	169,900	1,905,000	2,029,875
2023-24	2,590,000	2,079,125	4,669,125	585,000	147,000	2,005,000	1,932,125
2024-25	2,715,000	1,952,450	4,667,450	605,000	123,200	2,110,000	1,829,250
2025-26	2,845,000	1,819,625	4,664,625	630,000	98,500	2,215,000	1,721,125
2026-27	2,990,000	1,680,200	4,670,200	660,000	72,700	2,330,000	1,607,500
2027-28	3,135,000	1,532,944	4,667,944	685,000	44,944	2,450,000	1,488,000
2028-29	3,290,000	1,377,569	4,667,569	715,000	15,194	2,575,000	1,362,375
2029-30	2,705,000	1,230,375	3,935,375	-	-	2,705,000	1,230,375
2030-31	2,845,000	1,091,625	3,936,625	-	-	2,845,000	1,091,625
2031-32	2,990,000	945,750	3,935,750	-	-	2,990,000	945,750
2032-33	3,145,000	792,375	3,937,375	-	-	3,145,000	792,375
2033-34	3,305,000	631,125	3,936,125	-	-	3,305,000	631,125
2034-35	3,475,000	461,625	3,936,625	-	-	3,475,000	461,625
2035-36	3,655,000	283,375	3,938,375	-	-	3,655,000	283,375
2036-37	3,840,000	96,000	3,936,000	-	-	3,840,000	96,000
Total	\$ 56,835,000	\$ 30,666,607	\$ 87,501,607	\$ 6,925,000	\$ 1,839,657	\$ 49,910,000	\$ 28,826,950

City of Bend, Oregon
Schedule of Future Debt Service Requirements of General Obligation Bonds
For the fiscal year ended June 30, 2017

Fiscal Year	Total Requirements			GO Bond Construction Series 2012	
	Principal	Interest	Total	Principal	Interest
2017-18	\$ 1,135,000	\$ 703,050	\$ 1,838,050	\$ 1,135,000	\$ 703,050
2018-19	1,170,000	669,000	1,839,000	1,170,000	669,000
2019-20	1,205,000	633,900	1,838,900	1,205,000	633,900
2020-21	1,240,000	597,750	1,837,750	1,240,000	597,750
2021-22	1,290,000	548,150	1,838,150	1,290,000	548,150
2022-23	1,340,000	496,550	1,836,550	1,340,000	496,550
2023-24	1,395,000	442,950	1,837,950	1,395,000	442,950
2024-25	1,450,000	387,150	1,837,150	1,450,000	387,150
2025-26	1,495,000	343,650	1,838,650	1,495,000	343,650
2026-27	1,540,000	298,800	1,838,800	1,540,000	298,800
2027-28	1,585,000	252,600	1,837,600	1,585,000	252,600
2028-29	1,635,000	205,050	1,840,050	1,635,000	205,050
2029-30	1,680,000	156,000	1,836,000	1,680,000	156,000
2030-31	1,735,000	105,600	1,840,600	1,735,000	105,600
2031-32	1,785,000	53,550	1,838,550	1,785,000	53,550
Total	\$ 21,680,000	\$ 5,893,750	\$ 27,573,750	\$ 21,680,000	\$ 5,893,750

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Notes Payable
For the fiscal year ended June 30, 2017

Fiscal Year	Total Requirements			Pacific Aviation Composites 1998	
	Principal	Interest	Total	Principal	Interest
2017-18	\$ 2,264,657	\$ 3,717,547	\$ 5,982,204	\$ 66,357	\$ 3,385
2018-19	4,500,661	2,100,651	6,601,312	-	-
2019-20	5,904,817	2,049,639	7,954,456	-	-
2020-21	6,189,247	2,426,072	8,615,319	-	-
2021-22	6,045,886	1,957,582	8,003,468	-	-
2022-23	5,054,145	1,831,855	6,886,000	-	-
2023-24	4,952,016	1,712,237	6,664,253	-	-
2024-25	4,852,854	1,594,282	6,447,136	-	-
2025-26	4,587,490	1,477,552	6,065,042	-	-
2026-27	4,676,355	1,365,505	6,041,860	-	-
2027-28	4,772,167	1,251,101	6,023,268	-	-
2028-29	4,865,075	1,133,954	5,999,029	-	-
2029-30	4,819,675	1,014,576	5,834,251	-	-
2030-31	4,813,077	897,492	5,710,569	-	-
2031-32	4,905,697	779,091	5,684,788	-	-
2032-33	4,945,615	658,171	5,603,786	-	-
2033-34	4,873,828	536,675	5,410,503	-	-
2034-35	4,747,507	422,996	5,170,503	-	-
2035-36	4,835,048	311,701	5,146,749	-	-
2036-37	4,924,390	198,166	5,122,556	-	-
2037-38	3,511,701	82,333	3,594,034	-	-
2038-39	1,252,075	24,416	1,276,491	-	-
2039-40	467,282	6,787	474,069	-	-
Total	\$ 102,761,265	\$ 27,550,381	\$ 130,311,646	\$ 66,357	\$ 3,385

* 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, 2017

Fiscal Year	Airport Eastside Improvements 2007		Clean Water State Revolving Loan Fund Loan R14510		Clean Water State Revolving Loan Fund Loan R14511 *	
	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ 30,209	\$ 26,464	\$ 210,850	\$ 197,553	\$ -	\$ 923,050
2018-19	30,417	25,255	232,036	175,313	585,709	428,018
2019-20	30,634	24,039	239,804	166,385	600,325	410,473
2020-21	35,867	22,775	247,831	157,159	615,305	392,491
2021-22	36,113	21,269	256,127	147,623	630,658	374,062
2022-23	36,373	19,734	264,701	137,769	646,397	355,170
2023-24	36,644	18,188	273,562	127,584	662,526	335,809
2024-25	41,929	16,612	282,720	117,058	679,058	315,964
2025-26	42,232	14,778	292,185	106,180	696,004	295,623
2026-27	42,549	12,930	301,965	94,939	713,372	274,775
2027-28	47,879	11,069	312,073	83,321	731,173	253,407
2028-29	48,224	8,974	322,521	71,313	749,418	231,506
2029-30	48,584	6,864	333,317	58,904	768,119	209,058
2030-31	53,959	4,739	344,475	46,079	787,287	186,049
2031-32	54,351	2,378	356,007	32,825	806,932	162,468
2032-33	-	-	367,924	19,128	827,068	138,297
2033-34	-	-	212,093	4,581	847,707	113,523
2034-35	-	-	-	-	868,860	88,131
2035-36	-	-	-	-	890,542	62,105
2036-37	-	-	-	-	912,764	35,430
2037-38	-	-	-	-	464,906	8,090
2038-39	-	-	-	-	-	-
2039-40	-	-	-	-	-	-
Total	\$ 615,964	\$ 236,068	\$ 4,850,191	\$ 1,743,714	\$ 14,484,130	\$ 5,593,499

* 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.

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, 2017

Fiscal Year	Clean Water State Revolving Loan Fund Loan R14512		Clean Water State Revolving Loan Fund Loan R14513		Clean Water State Revolving Loan Fund Loan R14515 *	
	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ -	\$ 1,839,962	\$ 318,031	\$ 85,219	\$ -	\$ 420,331
2018-19	764,612	501,986	641,128	25,926	577,409	337,627
2019-20	783,382	526,477	647,942	19,112	589,015	323,134
2020-21	802,613	503,329	654,829	12,225	600,854	308,350
2021-22	822,316	479,613	661,786	5,265	612,931	293,269
2022-23	842,504	455,313	-	-	625,251	277,884
2023-24	863,186	430,419	-	-	637,819	262,190
2024-25	884,376	404,913	-	-	650,639	246,181
2025-26	906,086	378,781	-	-	663,716	229,850
2026-27	928,330	352,006	-	-	677,057	213,191
2027-28	951,119	324,576	-	-	690,666	196,197
2028-29	974,468	296,471	-	-	704,549	178,860
2029-30	998,390	267,677	-	-	718,710	161,176
2030-31	1,022,900	238,175	-	-	733,156	143,137
2031-32	1,048,010	207,950	-	-	747,893	124,734
2032-33	1,073,738	176,982	-	-	762,925	105,963
2033-34	1,100,096	145,256	-	-	778,260	86,813
2034-35	1,127,103	112,748	-	-	793,902	67,280
2035-36	1,154,772	79,444	-	-	809,861	47,351
2036-37	1,183,120	45,322	-	-	826,138	27,025
2037-38	602,413	10,361	-	-	419,249	6,288
2038-39	-	-	-	-	-	-
2039-40	-	-	-	-	-	-
Total	\$ 18,833,534	\$ 7,777,761	\$ 2,923,716	\$ 147,747	\$ 13,620,000	\$ 4,056,831

* 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, 2017

Fiscal Year	Clean Water State Revolving Loan Fund Loan R14516 *		Clean Water State Revolving Loan Fund Loan R14518 *		Transportation System Series 2013	
	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ -	\$ -	\$ -	\$ -	\$ 805,014	\$ 52,791
2018-19	-	415,083	-	-	817,135	40,670
2019-20	1,314,044	418,896	-	-	829,368	28,436
2020-21	1,327,218	399,152	173,298	501,230	841,925	15,880
2021-22	1,340,523	379,211	350,766	159,885	425,858	3,203
2022-23	1,353,961	359,071	356,401	152,482	-	-
2023-24	1,367,535	338,727	362,126	144,961	-	-
2024-25	1,381,244	318,180	367,944	137,318	-	-
2025-26	1,395,091	297,427	373,854	129,553	-	-
2026-27	1,409,078	276,464	379,859	121,664	-	-
2027-28	1,423,203	255,294	385,962	113,647	-	-
2028-29	1,437,471	233,910	392,162	105,501	-	-
2029-30	1,451,881	212,313	398,461	97,226	-	-
2030-31	1,466,437	190,497	404,863	88,816	-	-
2031-32	1,481,138	168,464	411,366	80,272	-	-
2032-33	1,495,986	146,210	417,974	71,591	-	-
2033-34	1,510,984	123,732	424,688	62,770	-	-
2034-35	1,526,131	101,030	431,511	53,807	-	-
2035-36	1,541,430	78,101	438,443	44,700	-	-
2036-37	1,556,883	54,941	445,485	35,448	-	-
2037-38	1,572,491	31,548	452,642	26,046	-	-
2038-39	792,162	7,922	459,913	16,494	-	-
2039-40	-	-	467,282	6,787	-	-
Total	\$ 28,144,891	\$ 4,806,173	\$ 7,895,000	\$ 2,150,198	\$ 3,719,300	\$ 140,980

* 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, 2017

Fiscal Year	Juniper Ridge Series 2013		Murphy Crossing Urban Renewal Series 2015		Fire Equipment Series 2015B	
	Principal	Interest	Principal	Interest	Principal	Interest
2017-18	\$ 364,321	\$ 35,667	\$ 176,866	\$ 66,815	\$ 293,009	\$ 66,310
2018-19	369,806	30,182	181,584	62,097	300,825	58,494
2019-20	375,311	24,678	186,275	57,407	308,717	50,602
2020-21	381,025	18,963	191,397	52,284	317,085	42,234
2021-22	386,762	13,227	196,503	47,179	325,543	33,776
2022-23	392,585	7,403	201,745	41,937	334,227	25,092
2023-24	198,483	1,493	207,030	36,652	343,105	16,214
2024-25	-	-	212,649	31,032	352,295	7,024
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	-	-	-	-	-	-
2032-33	-	-	-	-	-	-
2033-34	-	-	-	-	-	-
2034-35	-	-	-	-	-	-
2035-36	-	-	-	-	-	-
2036-37	-	-	-	-	-	-
2037-38	-	-	-	-	-	-
2038-39	-	-	-	-	-	-
2039-40	-	-	-	-	-	-
Total	\$ 2,468,293	\$ 131,613	\$ 2,565,083	\$ 462,666	\$ 2,574,806	\$ 299,746

City of Bend, Oregon
Schedule of Future Debt Service Requirements of Lines of Credit
For the fiscal year ended June 30, 2017

Fiscal Year	Total Requirements			Bank of the Cascades ERP Software Replacement Line of Credit	
	Principal	Interest	Total	Principal	Interest
2017-18	\$ 5,000,000	\$ 132,500	\$ 5,132,500	\$ 5,000,000	\$ 132,500
Total	\$ 5,000,000	\$ 132,500	\$ 5,132,500	\$ 5,000,000	\$ 132,500

* Total Debt Service Requirements of Lines of Credit includes the preliminary repayment schedule for the Bank of the Cascades ERP Software Line of Credit, which is subject to change. Final repayment schedules will be determined when the final loan amount is drawn down.

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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 183 to 192)

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 193 to 196)

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

Debt Capacity (pages 197 to 201)

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 203 to 205)

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 206 to 208)

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)

	2008	2009	2010	2011	2012
<u>Governmental Activities</u>					
Net investment in capital assets	\$ 491,487	\$ 493,230	\$ 485,325	\$ 484,814	\$ 474,505
Restricted	6,782	13,119	15,370	13,915	13,637
Unrestricted	29,912	20,823	24,295	27,398	30,167
Total governmental activities net position	<u>\$ 528,181</u>	<u>\$ 527,172</u>	<u>\$ 524,990</u>	<u>\$ 526,127</u>	<u>\$ 518,309</u>
<u>Business-type Activities</u>					
Net investment in capital assets	\$ 237,030	\$ 237,706	\$ 242,003	\$ 241,176	\$ 256,230
Restricted	844	844	936	-	676
Unrestricted	8,329	20,638	23,050	32,522	33,405
Total business-type activities net position	<u>\$ 246,203</u>	<u>\$ 259,188</u>	<u>\$ 265,989</u>	<u>\$ 273,698</u>	<u>\$ 290,311</u>
<u>Primary Government</u>					
Net investment in capital assets	\$ 728,517	\$ 730,936	\$ 727,328	\$ 725,990	\$ 730,735
Restricted	7,626	13,963	16,306	13,915	14,313
Unrestricted	38,241	41,461	47,345	59,920	63,572
Total primary government net position	<u>\$ 774,384</u>	<u>\$ 786,360</u>	<u>\$ 790,979</u>	<u>\$ 799,825</u>	<u>\$ 808,620</u>

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

	2013	Restated 2014	2015	2016	2017
<u>Governmental Activities</u>					
Net investment in capital assets	\$ 474,356	\$ 472,258	\$ 477,809	\$ 476,817	\$ 468,971
Restricted	16,565	29,652	29,319	42,451	52,371
Unrestricted	29,610	4,056	18,412	11,632	12,839
Total governmental activities net position	<u>\$ 520,531</u>	<u>\$ 505,966</u>	<u>\$ 525,540</u>	<u>\$ 530,900</u>	<u>\$ 534,181</u>
<u>Business-type Activities</u>					
Net investment in capital assets	\$ 263,975	\$ 278,857	\$ 293,753	\$ 321,457	\$ 306,517
Restricted	1,289	1,265	1,678	3,536	3,784
Unrestricted	38,215	36,565	45,677	43,822	92,608
Total business-type activities net position	<u>\$ 303,479</u>	<u>\$ 316,687</u>	<u>\$ 341,108</u>	<u>\$ 368,815</u>	<u>\$ 402,909</u>
<u>Primary Government</u>					
Net investment in capital assets	\$ 738,331	\$ 751,115	\$ 771,562	\$ 798,274	\$ 775,488
Restricted	17,854	30,917	30,997	45,987	56,155
Unrestricted	67,825	40,621	64,089	55,454	105,447
Total primary government net position	<u>\$ 824,010</u>	<u>\$ 822,653</u>	<u>\$ 866,648</u>	<u>\$ 899,715</u>	<u>\$ 937,090</u>

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

	2008	2009	2010	2011	2012
Expenses					
Governmental Activities:					
General government	\$ 15,155	\$ 17,159	\$ 16,732	\$ 18,530	\$ 21,164
Public safety	26,176	27,812	28,025	27,958	28,952
Public ways and facilities	16,928	15,691	15,699	16,042	17,318
Community and economic development	8,728	8,087	6,216	8,012	7,031
Permanent maintenance	-	-	-	-	-
Urban renewal	585	1,841	358	192	1,567
Transit	1,902	1,941	1,851	1,800	-
Interest on long-term debt	2,909	2,373	2,287	1,973	1,772
Total governmental activities expenses	<u>72,383</u>	<u>74,904</u>	<u>71,168</u>	<u>74,507</u>	<u>77,804</u>
Business-Type Activities:					
Water	\$ 9,776	\$ 10,690	\$ 12,686	\$ 12,757	\$ 11,701
Water reclamation	10,184	10,844	11,832	12,045	12,528
Airport	733	731	746	951	1,010
Cemetery	182	141	110	75	85
Downtown parking	816	881	889	878	875
Stormwater	1,378	1,744	2,159	2,425	2,216
Total business-type activities expenses	<u>23,069</u>	<u>25,031</u>	<u>28,422</u>	<u>29,131</u>	<u>28,415</u>
Total primary government expenses	<u>\$ 95,452</u>	<u>\$ 99,935</u>	<u>\$ 99,590</u>	<u>\$ 103,638</u>	<u>\$ 106,219</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government	\$ 7,599	\$ 7,065	\$ 7,598	\$ 9,661	\$ 5,404
Public safety	4,057	3,396	3,615	3,389	3,615
Public ways and facilities	2,761	1,368	1,253	1,052	1,736
Community and economic development	7,869	5,282	3,083	4,015	3,853
Permanent maintenance	-	-	-	11	4
Urban renewal	98	1,611	57	35	18
Transit	172	234	269	74	-
Operating grants and contributions	9,372	9,209	11,610	15,714	12,175
Capital grants and contributions	16,641	11,208	4,176	6,659	7,075
Total governmental activities program revenues	<u>48,569</u>	<u>39,373</u>	<u>31,661</u>	<u>40,610</u>	<u>33,880</u>
Business-Type Activities:					
Charges for Services:					
Water	\$ 11,012	\$ 12,020	\$ 12,689	\$ 14,068	\$ 14,809
Water reclamation	10,206	12,393	13,257	13,920	15,973
Airport	684	700	773	777	833
Cemetery	102	69	50	45	58
Downtown parking	610	606	551	643	569
Stormwater	2,458	2,405	2,465	2,515	2,519
Other business activities	-	-	-	139	10
Capital grants and contributions	16,373	9,282	3,914	2,670	7,815
Total business-type activities	<u>41,445</u>	<u>37,475</u>	<u>33,699</u>	<u>34,777</u>	<u>42,586</u>
Total primary government program revenues	<u>\$ 90,014</u>	<u>\$ 76,848</u>	<u>\$ 65,360</u>	<u>\$ 75,387</u>	<u>\$ 76,466</u>
Net Revenues (Expenses)					
Governmental Activities	\$ (23,814)	\$ (35,531)	\$ (39,507)	\$ (33,897)	\$ (43,924)
Business-Type Activities	18,376	12,444	5,277	5,646	14,171
Total primary government net revenues (expenses)	<u>\$ (5,438)</u>	<u>\$ (23,087)</u>	<u>\$ (34,230)</u>	<u>\$ (28,251)</u>	<u>\$ (29,753)</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)

	2013	2014	2015	2016	2017
Expenses					
Governmental Activities:					
General government	\$ 15,300	\$ 17,436	\$ 17,185	\$ 23,006	\$ 18,459
Public safety	30,695	30,873	26,332	44,350	41,593
Public ways and facilities	18,208	19,733	19,550	20,631	23,640
Community and economic development	7,771	8,720	7,249	14,248	15,083
Permanent maintenance	4	5	5	5	5
Urban renewal	30	64	41	40	53
Transit	-	-	-	-	-
Interest on long-term debt	2,335	2,321	2,171	2,164	2,055
Total governmental activities expenses	74,343	79,152	72,533	104,444	100,888
Business-Type Activities:					
Water	\$ 12,576	\$ 14,032	\$ 12,821	\$ 14,889	\$ 19,998
Water reclamation	13,968	14,427	13,196	17,197	14,196
Airport	1,053	1,243	1,279	1,359	1,394
Cemetery	83	134	125	149	139
Downtown parking	869	875	924	1,091	1,134
Stormwater	2,400	2,843	2,648	3,256	3,214
Total business-type activities expenses	30,949	33,554	30,993	37,941	40,075
Total primary government expenses	\$ 105,292	\$ 112,706	\$ 103,526	\$ 142,385	\$ 140,963
Program Revenues					
Governmental Activities:					
Charges for Services:					
General government	\$ 6,475	\$ 7,827	\$ 8,279	\$ 9,516	\$ 8,855
Public safety	3,285	3,255	5,052	4,865	5,181
Public ways and facilities	2,507	3,652	2,722	3,091	3,629
Community and economic development	5,957	8,843	9,525	11,192	11,134
Permanent maintenance	6	3	5	13	5
Urban renewal	-	-	-	-	-
Transit	-	-	-	-	-
Operating grants and contributions	13,359	12,963	11,952	13,350	14,684
Capital grants and contributions	11,720	12,725	15,661	27,301	19,299
Total governmental activities program revenues	43,309	49,268	53,196	69,328	62,787
Business-Type Activities:					
Charges for Services:					
Water	\$ 15,815	\$ 17,296	\$ 17,768	\$ 18,708	\$ 21,280
Water reclamation	17,092	18,487	20,327	21,543	24,062
Airport	794	879	911	953	858
Cemetery	66	44	79	107	70
Downtown parking	639	753	825	919	996
Stormwater	2,534	2,540	2,599	3,228	3,478
Other business activities	-	-	-	-	-
Capital grants and contributions	2,767	3,809	6,548	10,916	12,930
Total business-type activities	39,707	43,808	49,057	56,374	63,674
Total primary government program revenues	\$ 83,016	\$ 93,076	\$ 102,253	\$ 125,702	\$ 126,461
Net Revenues (Expenses)					
Governmental Activities	\$ (31,034)	\$ (29,884)	\$ (19,337)	\$ (35,116)	\$ (38,101)
Business-Type Activities	8,758	10,254	18,064	18,433	23,599
Total primary government net revenues (expenses)	\$ (22,276)	\$ (19,630)	\$ (1,273)	\$ (16,683)	\$ (14,502)

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)

	2008	2009	2010	2011	2012
<u>General Revenues and Other Changes in Net Position</u>					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 22,656	\$ 24,140	\$ 25,428	\$ 25,979	\$ 25,751
Transient room taxes	3,427	2,938	2,966	3,407	3,575
Franchise fees	6,158	6,386	7,447	7,241	7,204
Unrestricted investment income	2,204	968	412	425	338
Other revenues	3,976	-	2,293	15	1,456
Transfers	(29,253)	91	(1,220)	(2,035)	(2,216)
Total governmental activities	<u>9,168</u>	<u>34,523</u>	<u>37,326</u>	<u>35,032</u>	<u>36,108</u>
Business-type Activities:					
Franchise fees	\$ 604	\$ -	\$ -	\$ -	\$ -
Unrestricted investment income	853	626	304	322	225
Other revenues	27	5	-	-	-
Transfers	29,253	(91)	1,220	2,035	2,216
Total business-type activities	<u>30,737</u>	<u>540</u>	<u>1,524</u>	<u>2,357</u>	<u>2,441</u>
Total primary government	<u>\$ 39,905</u>	<u>\$ 35,063</u>	<u>\$ 38,850</u>	<u>\$ 37,389</u>	<u>\$ 38,549</u>
<u>Change in Net Position</u>					
Governmental Activities	\$ (14,646)	\$ (1,008)	\$ (2,181)	\$ 1,135	\$ (7,816)
Business-type Activities	49,113	12,984	6,801	8,003	16,612
Total primary government	<u>\$ 34,467</u>	<u>\$ 11,976</u>	<u>\$ 4,620</u>	<u>\$ 9,138</u>	<u>\$ 8,796</u>

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

	2013	2014	2015	2016	2017
<u>General Revenues and Other Changes in Net Position</u>					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 25,649	\$ 26,753	\$ 30,179	\$ 31,971	\$ 33,316
Transient room taxes	3,945	4,710	6,397	7,931	8,990
Franchise fees	7,170	7,645	7,834	8,280	8,794
Unrestricted investment income	546	703	636	1,118	556
Other revenues	43	-	-	-	-
Transfers	(4,169)	(5,246)	(6,135)	(8,821)	(10,273)
Total governmental activities	<u>33,184</u>	<u>34,565</u>	<u>38,911</u>	<u>40,479</u>	<u>41,383</u>
Business-type Activities:					
Franchise fees	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted investment income	243	290	221	453	222
Other revenues	-	-	-	-	-
Transfers	4,169	5,246	6,135	8,821	10,273
Total business-type activities	<u>4,412</u>	<u>5,536</u>	<u>6,356</u>	<u>9,274</u>	<u>10,495</u>
Total primary government	<u>\$ 37,596</u>	<u>\$ 40,101</u>	<u>\$ 45,267</u>	<u>\$ 49,753</u>	<u>\$ 51,878</u>
<u>Change in Net Position</u>					
Governmental Activities	\$ 2,150	\$ 4,681	\$ 19,574	\$ 5,363	\$ 3,282
Business-type Activities	13,170	15,790	24,420	27,707	34,094
Total primary government	<u>\$ 15,320</u>	<u>\$ 20,471</u>	<u>\$ 43,994</u>	<u>\$ 33,070</u>	<u>\$ 37,376</u>

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

	2008	2009	2010	2011	2012
<u>General Fund</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ 4,639	\$ 4,594
Committed	-	-	-	1,263	1,483
Assigned	-	-	-	-	-
Unassigned	-	-	-	9,251	10,669
Reserved	-	36	4,469	-	-
Unreserved	6,449	6,766	8,033	-	-
Total general fund	<u>\$ 6,449</u>	<u>\$ 6,802</u>	<u>\$ 12,502</u>	<u>\$ 15,153</u>	<u>\$ 16,746</u>
<u>All Other Governmental Funds</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ 621	\$ 591
Restricted	-	-	-	7,644	6,903
Committed	-	-	-	10,869	11,032
Assigned	-	-	-	2,553	5,642
Unassigned	-	-	-	(316)	(340)
Reserved for:					
Debt service	6,782	7,893	5,686	-	-
Long-term loans and advances	-	967	34	-	-
Construction	-	4,271	9,858	-	-
Building program	-	955	497	-	-
Designations reported in:					
Special revenue funds	7,659	5,123	7,209	-	-
Capital projects funds	5,139	-	(223)	-	-
Total all other governmental funds	<u>\$ 19,580</u>	<u>\$ 19,209</u>	<u>\$ 23,061</u>	<u>\$ 21,371</u>	<u>\$ 23,828</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)

	2013	2014	2015	2016	2017
<u>General Fund</u>					
Nonspendable	\$ 4,581	\$ 4,562	\$ 4,555	\$ 4,555	\$ 4,555
Committed	1,709	1,855	2,092	2,281	2,519
Assigned	-	-	4,232	5,411	6,651
Unassigned	10,325	11,030	10,775	9,378	9,463
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	<u>\$ 16,615</u>	<u>\$ 17,447</u>	<u>\$ 21,654</u>	<u>\$ 21,625</u>	<u>\$ 23,188</u>
<u>All Other Governmental Funds</u>					
Nonspendable	\$ 596	\$ 599	\$ 605	\$ 629	\$ 633
Restricted	26,669	29,413	23,189	22,551	41,099
Committed	12,997	11,792	12,342	18,947	7,630
Assigned	6,587	8,254	16,794	21,925	21,420
Unassigned	(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>\$ 46,489</u>	<u>\$ 49,698</u>	<u>\$ 52,570</u>	<u>\$ 63,692</u>	<u>\$ 70,782</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)

	2008	2009	2010	2011	2012
Revenues					
Taxes	\$ 25,619	\$ 26,500	\$ 28,340	\$ 29,446	\$ 29,684
Franchise fees	6,157	6,386	7,447	7,211	7,188
Intergovernmental	9,746	10,171	11,347	14,439	12,444
Assessments	263	204	201	154	145
Licenses and permits	4,589	2,397	2,181	2,850	2,991
Charges for services	7,420	6,259	5,772	6,159	6,136
System development charges	8,126	2,726	2,262	3,341	4,133
Contributions	-	325	92	55	261
Fines and forfeitures	1,235	1,041	1,059	1,231	1,108
Loan repayments	72	180	1,039	476	1,131
Permanent maintenance fees	-	-	-	11	4
Investment income	1,547	730	313	341	269
Miscellaneous	323	146	99	126	83
Total revenues	65,097	57,065	60,152	65,840	65,577
Expenditures					
General government	\$ 661	\$ 651	\$ 988	\$ 1,993	\$ 2,208
Public safety	29,160	28,790	29,375	29,925	31,307
Public ways and facilities	6,436	6,214	6,462	6,458	7,714
Community and economic development	11,639	9,044	7,063	8,948	8,039
Permanent maintenance	-	-	-	-	-
Urban renewal	886	1,590	581	405	871
Transit	2,600	2,483	2,442	1,744	-
Debt service:					
Principal	2,984	2,693	10,068	5,993	5,372
Interest	2,320	2,429	2,167	1,981	1,755
Capital outlay	17,869	7,094	4,589	4,231	6,078
Total expenditures	74,555	60,988	63,735	61,678	63,344
Other Financing Sources (Uses)					
Proceeds from sale of assets	4,145	20	2,293	15	816
Premium on issuance of long-term debt	-	1,550	-	-	-
Insurance proceeds	-	-	55	40	25
Issuance of short-term debt	-	-	-	-	3,000
Issuance of long-term debt	6,425	2,700	10,602	-	1,425
Premium on issuance of long-term debt	15	-	244	-	103
Discount on issuance of long-term debt	-	-	(1)	-	-
Payment to bond escrow agent	-	-	(4,215)	-	-
Interfund loan proceeds	-	-	-	1	1
Transfers in	29,951	19,558	23,754	15,527	15,040
Transfers out	(33,814)	(19,923)	(25,520)	(18,783)	(18,591)
Total other financing sources (uses)	6,722	3,905	7,212	(3,200)	1,819
Net changes in fund balances (deficits)	\$ (2,736)	\$ (18)	\$ 3,629	\$ 962	\$ 4,052
Debt services as a percentage of non-capital expenditures	9.4 %	9.5 %	20.7 %	14.0 %	12.0 %

Continued on next page

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)

	2013	2014	2015	2016	2017
Revenues					
Taxes	\$ 29,990	\$ 31,612	\$ 36,686	\$ 39,917	\$ 42,257
Franchise fees	7,154	7,641	7,973	8,280	8,794
Intergovernmental	12,745	12,471	11,715	12,515	12,185
Assessments	158	175	165	171	151
Licenses and permits	4,274	5,860	6,946	8,247	5,798
Charges for services	6,779	8,568	9,315	10,234	12,556
System development charges	7,113	9,091	10,239	18,414	16,828
Contributions	104	153	415	158	249
Fines and forfeitures	955	927	900	947	1,038
Loan repayments	1,189	1,223	1,502	738	1,717
Permanent maintenance fees	6	3	5	13	5
Investment income	473	615	545	968	419
Miscellaneous	47	89	99	94	187
Total revenues	70,987	78,428	86,506	100,696	102,185
Expenditures					
General government	\$ 2,266	\$ 2,253	\$ 2,319	\$ 2,240	\$ 2,589
Public safety	31,848	33,924	36,474	39,357	42,008
Public ways and facilities	7,771	8,118	10,960	8,835	10,159
Community and economic development	8,309	9,505	9,880	14,504	16,180
Permanent maintenance	4	5	5	5	5
Urban renewal	32	66	60	41	59
Transit	-	-	-	-	-
Debt service:					
Principal	5,606	13,466	3,917	4,252	4,555
Interest	2,275	2,340	2,174	2,168	2,079
Capital outlay	13,376	9,814	12,922	11,967	9,147
Total expenditures	71,487	79,491	78,711	83,369	86,781
Other Financing Sources (Uses)					
Proceeds from sale of assets	43	565	-	53	270
Premium on issuance of long-term debt	-	-	-	-	-
Insurance proceeds	17	16	31	14	52
Issuance of short-term debt	-	-	-	-	-
Issuance of long-term debt	26,805	9,983	3,055	2,945	4,297
Premium on issuance of long-term debt	1,550	-	-	-	-
Discount on issuance of long-term debt	-	-	(3)	-	-
Payment to bond escrow agent	-	-	-	-	-
Interfund loan proceeds	1	-	-	-	-
Transfers in	16,744	15,723	17,992	23,217	21,335
Transfers out	(22,131)	(21,772)	(24,351)	(32,464)	(30,031)
Total other financing sources (uses)	23,029	4,515	(3,276)	(6,235)	(4,077)
Net changes in fund balances (deficits)	\$ 22,529	\$ 3,452	\$ 4,519	\$ 11,092	\$ 11,327
Debt services as a percentage of non-capital expenditures	14.0 %	23.0 %	9.0 %	9.0 %	8.5 %

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		
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 %
2017	15,598,799	9,965,280	262,932	262,931	227,730	225,979	16,089,461	10,454,190	3.28	65.0 %

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		
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	
2017	3.16	0.12	3.28	1.63	2.78	0.54	0.10	0.74	6.17	15.24	

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, 2017 and June 30, 2008
(amounts expressed in thousands)

Taxpayer	Type of Business	2017			2008		
		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	Cable utility	1	\$ 67,747	0.6 %		\$ -	0.0 %
Touchmark at Mount Bachelor Village LLC	Retirement community	2	45,800	0.4 %	1	33,149	0.4 %
Pacificorp (PP&L)	Electric utility	3	43,164	0.4 %	10	21,088	0.3 %
CVSC LLC	Shopping center	4	40,163	0.4 %	2	32,739	0.4 %
Suterra LLC	Biorational product	5	45,299	0.4 %		-	0.0 %
Deschutes Brewery Inc	Microbrewery	6	37,998	0.4 %	5	27,910	0.4 %
Forum Holdings LLC	Shopping center	7	27,121	0.3 %	6	21,906	0.3 %
Cascade Natural Gas Corporation	Gas utility	8	27,477	0.3 %	8	27,543	0.4 %
Deschutes Properties LLC	Real estate developer	9	23,722	0.2 %		-	0.0 %
Bend Research Inc	Pharmaceutical	10	23,615	0.2 %		-	0.0 %
Qwest Corporation	Telephone utility		-	- %	3	31,141	0.4 %
Bend Millwork Systems, Inc	Construction products		-	- %	4	28,148	0.4 %
River Bend Limited Partnership	Real estate developer		-	- %	7	23,421	0.3 %
West Bend Property Co. LLC	Real estate developer		-	- %	9	21,213	0.3 %
Total			\$ 382,106	3.6 %		\$ 268,258	3.6 %

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 assessed value of \$10,454,189,779 for 2017 and \$7,754,322,000 for 2008.

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	
2008	\$ 23,200	\$ 21,443	92.4 %	\$ 1,222	\$ 22,665	97.7 %	
2009	24,715	22,491	91.0 %	1,716	24,207	97.9 %	
2010	26,040	23,896	91.8 %	1,619	25,515	98.0 %	
2011	26,642	24,690	92.7 %	1,103	25,793	96.8 %	
2012	26,393	24,843	94.1 %	987	25,830	97.9 %	
2013	26,356	24,849	94.3 %	702	25,551	96.9 %	
2014	27,457	26,065	94.9 %	636	26,701	97.2 %	
2015	30,965	29,504	95.3 %	502	30,006	96.9 %	
2016	33,014	31,341	94.9 %	374	31,715	96.1 %	
2017	34,323	32,669	95.2 %	-	32,669	95.2 %	

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										
	Full Faith & Credit					Urban Renewal Tax					Full Faith & Credit		Total Debt Percentage of Personal Income (1)		Total Debt per Capita (1)	Population					
	Bonds	Obligations	General Obligations	Limited Tax Improvement Bonds	Increment	Bonds	Increment	Tax	Notes Payable	Line of Credit	Obligation	Bonds	Revenue	Notes Payable	Line of Credit	Government	Primary	Total	Income (1)	Personal Income	
2008	\$ 51,317	\$ -	\$ -	\$ 261	\$ 12,595	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ 1,573	\$ 15,650	\$ 1,587	\$ -	\$ -	\$ 85,483	\$ 1,099	\$ 2,865,415	2.98 %	\$ 2,865,415	77,780
2009	49,781	-	-	164	11,240	-	-	-	-	5,200	1,434	24,690	1,515	-	-	94,024	1,161	3,176,300	2.96 %	3,176,300	80,995
2010	50,255	-	-	-	5,960	-	-	-	-	5,209	1,260	23,355	4,324	-	-	90,363	1,098	2,896,585	3.12 %	2,896,585	82,280
2011	48,097	-	-	-	1,710	-	-	-	-	5,209	16,303	19,490	6,778	-	-	97,587	1,273	2,749,347	3.55 %	2,749,347	76,639
2012	46,809	-	-	-	-	-	-	-	-	5,209	18,621	14,960	5,568	-	-	91,167	1,185	2,759,607	3.30 %	2,759,607	76,925
2013	43,203	-	-	-	-	-	-	-	-	3,709	17,622	13,686	9,630	-	-	113,800	1,469	2,977,990	3.82 %	2,977,990	77,455
2014	33,803	-	-	-	-	-	-	-	9,591	-	15,907	12,625	27,928	-	-	124,774	1,594	2,955,383	4.22 %	2,955,383	78,280
2015	31,783	-	-	-	-	-	-	-	11,434	403	14,902	11,530	41,830	30,000	30,000	165,742	2,072	3,155,888	5.25 %	3,155,888	79,985
2016	29,953	-	-	-	-	-	-	-	12,937	1,332	13,999	7,412	63,405	30,000	30,000	181,818	2,236	3,388,594	5.37 %	3,388,594	81,310
2017	30,668	-	-	-	-	-	-	-	11,327	3,926	12,832	56,835	89,434	-	-	226,702	2,289	3,992,052	5.68 %	3,992,052	83,500

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	Full Faith & Credit		General Obligations	Limited Tax Improvement Bonds	Total	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
	Obligation Bonds	Obligation Bonds									
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	60,825	-	25,950	-	86,775	1,471	85,304	8,338,066	1.04	77,455	1,150
2014	49,710	-	24,920	-	74,630	2,559	72,071	8,779,653	0.85	78,280	1,076
2015	46,685	-	23,860	-	70,545	2,831	67,714	9,345,229	0.75	79,985	1,025
2016	43,952	-	22,780	-	66,732	5,969	60,763	10,007,089	0.67	81,310	980
2017	43,500	-	21,680	-	65,180	6,406	58,774	10,454,190	0.62	83,500	866

Notes:

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

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

City of Bend, Oregon
Computation of Direct and Overlapping Debt
For the Years Ended June 30, 2017

<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	\$ 69,106,125	100.00 %	\$ 69,106,125
Overlapping Debt			
Bend Metro Park & Rec District	29,380,364	96.68 %	28,405,435
Central Oregon Community College	55,125,000	41.77 %	23,027,201
Central Oregon Regional Housing Authority	4,532,529	49.51 %	2,243,860
Deschutes County	16,200,000	49.51 %	8,019,923
Deschutes Cty SD 1 (Bend-Lapine)	236,777,720	68.13 %	161,306,479
HFA Deschutes County	111,750,000	49.51 %	55,322,620
High Desert ESD	3,662,068	45.38 %	1,662,019
Total overlapping debt	<u>457,427,681</u>	<u>61.21 %</u>	<u>279,987,537</u>
Total direct debt and overlapping debt	<u>\$ 526,533,806</u>	<u>66.30 %</u>	<u>\$ 349,093,662</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, unlimited-tax general obligation bonds, and a line of credit that is intended to be refinanced with full faith and credit obligations in 2018. \$12,775,000 of this total is backed by sources other than taxes. Total direct debt reported does not include Revenue Bonds and Notes Payable funded by airport, 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

	June 30, 2017
Real market value	\$ 16,089,461,000
	3 %
General obligation debt limit at 3% of real market value	482,683,830
General obligation debt subject to limit per ORS 287A.050(1) *	21,680,000
Less: Funds applicable to the payment of principal thereof per ORS 287A.050(2)	
General obligation debt service fund	(1,199,101)
Net debt subject to 3% limitation	20,480,899
Legal debt margin	\$ 462,202,931
Debt capacity percent	96 %

Fiscal Year	3% Debt Limit (1)	Net Debt Subject to 3% Limit (1)	Legal Debt Margin (1)	Debt Capacity Percent
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	25,950	268,631	91 %
2014	318,074	24,920	294,035	92 %
2015	373,925	23,860	351,062	94 %
2016	431,489	22,780	354,727	82 %
2017	482,684	20,481	462,203	96 %

Source:

Real Market Value obtained from Deschutes County Assessor's Office

Notes:

(1) Amounts expressed in thousands.

(2) This schedule includes corrections to prior year amounts.

* General obligation debt subject to limit per ORS 287A.050(1) includes all General Obligation bonds

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			Coverage Ratio	Monthly Metered Rate (4)	Monthly Flat Rate (5)
				Principal	Interest	Total			
				2008	\$ 11,776	\$ 7,790			
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	35	220	17.3	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
2017	23,372	10,758	12,614	-	2,240	2,240	5.6	22.46	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 (3)			Coverage Ratio	Monthly Metered Rate (4)	Monthly Flat Rate (5)
				Principal	Interest	Total			
				2013	\$ 6,525	\$ -			
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	73	187	37.4	22.02	N/A
2017	12,614	-	12,614	-	-	-	N/A	22.46	N/A

Notes:

Revenue bonds issued in July 2016 were issued under a new Master Bond Declaration. All revenue bonds defined under the previous Water Revenue Bond Master Resolution No. 2121 only apply to FY2015-16 and prior.

(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.

The new 2016 Water Revenue Bond series under the Master Bond Declaration includes all fees, charges, and other revenues (including System Development Charge Revenues) from operation of the water system. The Gross Revenues do not include interest income, or other earnings derived from the investment of the Bond Proceeds account, or 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 subordinated notes payable. The Safe Drinking Water Loan was paid off in July 2016. Principal and interest payments made in FY 2016-17 are excluded from the table above.

(4) 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 for FY 2016-17 of \$1.86 per 100 cubic feet of consumption within the City also applies. Other charges apply according to meter size.

(5) The monthly flat rate represents the per unit service charge for flat rate accounts. One unit service is considered to be 1 tap, 1 bath, 1 sink, 1 toilet or a combination thereof. As of 2014, this is no longer in the Fee Resolution.

(6) This schedule includes corrections to prior year amounts.

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			Coverage Ratio	Monthly Sewer Rate (3)
				Principal	Interest	Total		
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	521	1,796	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	425	305	730	15.0	32.24
2017	24,171	10,431	13,740	440	288	728	18.9	33.49

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 (4)			Coverage Ratio	Monthly Sewer Rate (3)
				Principal	Interest	Total		
2013	\$ 7,961	\$ 1,796	\$ 6,165	\$ -	\$ 86	\$ 86	71.7	\$ 41.86
2014	8,586	1,567	7,019	-	267	267	26.3	44.37
2015	11,557	1,564	9,993	204	677	881	11.3	48.36
2016	10,927	730	10,197	211	937	1,148	8.9	32.24
2017	13,740	728	13,012	218	1,313	1,531	8.5	33.49

Notes:

- (1) As defined under the Sewer Revenue Bonds Master Resolution No. 2122, gross revenues includes all fees, charges, interest earnings and other revenues (except for the improvement fee portion of system development charges) from the operation of the sewer system. Gross revenues do not include payments of assessments made with respect to a local improvement levied against benefited properties, any restricted gifts, donations or grants received from any State, Federal agency or other person, proceeds from borrowings for capital improvements, proceeds from any liability or insurance, proceeds derived from the sale of assets, and ad valorem taxes received which are pledged to other debt.
- (2) Operating expenses means all expenses incurred for operation, maintenance and repairs of the sewer system including overhead expenses. Operating expenses do not include rebates or penalties paid from gross revenues, litigation settlements, depreciation and amortization, debt service payments, capital transfers and capital outlays and expenses of owning and operating any separate utility system.
- (3) Utility rates were modified on July 1, 2015 to include a base charge plus a volume charge. The monthly sewer charge in the table represents the base charge for single residential. An additional volume charge of \$3.51 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.
- (4) 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.
- (5) This schedule includes corrections to prior year amounts.

City of Bend, Oregon
Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Area (Square Miles)	Average Density (person / square miles)	Personal Income (2) (expressed in thousands)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2008	77,780	32.5	2,393	\$ 2,685,519	\$ 34,527	16,025	6.9
2009	80,995	32.5	2,492	2,865,415	35,378	15,834	14.7
2010	82,280	32.5	2,532	3,176,300	38,604	15,719	13.4
2011	76,639	32.5	2,358	2,896,585	37,795	15,818	12.0
2012	76,925	32.5	2,367	2,749,347	35,741	15,519	10.5
2013	77,455	32.5	2,383	2,759,607	35,629	16,473	10.0
2014	78,280	32.5	2,409	2,977,990	38,043	16,863	8.1
2015	79,985	32.5	2,461	2,955,383	36,949	17,163	6.2
2016	81,310	32.5	2,502	3,155,888	38,813	17,517	5.2
2017	83,500	32.5	2,569	3,992,052	47,809	18,375	3.8

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
Principal Employers
For the fiscal years ended June 30, 2017 and June 30, 2008

Employer	Product or Service	2017			2008		
		Rank	Employees	Percentage of Total City Employment (1)	Rank	Employees	Percentage of Total City Employment (1)
St. Charles Medical Center	Health care	1	3,409	4.1 %	1	3,088	3.8 %
Bend La Pine School District	Education	2	1,880	2.3 %	2	1,780	2.2 %
Deschutes County	Government	3	1,062	1.3 %	-	-	- %
Central Oregon Community College	Education	4	936	1.1 %	-	-	- %
Mt. Bachelor	Resort	5	770	0.9 %	6	886	1.1 %
Safeway	Grocery chain	6	648	0.8 %	-	-	- %
Bend Memorial Clinic	Health care	7	617	0.7 %	10	510	0.6 %
City of Bend	Government	8	611	0.7 %	9	511	0.6 %
Deschutes National Forest	Government	9	550	0.7 %	-	-	- %
IBEX	Call center	10	540	0.6 %	-	-	- %
Brightwood	Manufacturer	-	-	- %	3	1,057	1.3 %
Deschutes County	Government	-	-	- %	4	1,003	1.2 %
Sunriver Resort	Resort	-	-	- %	5	950	1.2 %
iSky, Inc.	Call center	-	-	- %	7	564	0.7 %
Jeld-Wen (Pozzi)	Windows/Doors	-	-	- %	8	550	0.7 %
	Total		11,023	13.2 %		10,899	13.4 %

Sources:

Economic Development for Central Oregon, 2017 Bend Profile.

Note:

(1) Percent of total city employment represents percent of employer's employees to total employment for the Bend Metropolitan Statistical Area of 83,500 for June 2017 and 80,722 for June 2008 (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	
2008	381	\$ 185,715	495	\$ 127,012	\$ 1,657,194
2009	277	107,294	594	116,999	1,623,137
2010	213	64,690	397	52,481	2,716,450
2011	213	64,203	445	65,961	2,635,087
2012	212	46,875	538	87,138	2,354,513
2013	218	57,402	959	178,436	2,351,130
2014	225	117,995	1,126	251,939	2,450,537
2015	291	170,118	1,192	267,184	2,682,783
2016	311	162,559	1,400	332,161	3,000,666
2017	445	285,105	1,387	280,043	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>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>	<u>2017</u>
General Government										
Administration, finance & legal	33.8	36.3	36.3	37.3	38.0	38.0	37.5	48.5	51.0	53.3
Information technology	11.0	12.5	12.5	13.0	13.0	14.0	14.0	17.0	22.0	21.0
Public works										
administration/laboratory	16.0	16.0	18.0	18.0	14.0	12.0	13.0	13.0	7.0	7.0
Facility management	5.0	5.0	5.0	5.0	4.5	3.0	3.0	4.0	5.0	5.0
Garage	9.0	8.0	8.0	8.0	8.0	7.0	6.7	6.7	7.7	7.7
Accessibility program	4.0	1.0	1.0	1.0	1.5	1.0	1.0	1.0	1.0	1.0
Economic development										
administration	3.5	2.5	2.0	1.8	2.0	2.0	2.0	2.0	2.0	3.0
Public Safety										
Police	110.0	110.0	110.0	110.0	108.0	108.0	112.0	120.0	122.0	122.0
Fire/EMS	87.8	85.8	85.8	89.8	87.8	87.5	85.5	112.7	129.7	124.7
Municipal Court	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public Ways and Facilities										
Street operations	31.0	32.0	31.0	31.0	31.0	31.0	34.5	38.5	41.0	42.0
Engineering	36.0	15.0	8.0	8.0	16.0	18.0	20.0	21.0	22.0	22.0
Community and Economic Development										
Community development										
administration	6.0	4.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Planning	33.0	16.0	13.0	13.0	13.0	12.0	15.0	14.0	11.0	15.0
Building	42.0	24.0	17.0	17.0	18.0	21.0	28.0	34.0	41.0	45.0
Private development engineering	-	-	2.0	2.0	1.0	1.0	4.0	6.0	9.0	8.0
Code enforcement	-	-	1.0	1.0	1.0	1.0	2.0	4.0	4.0	4.0
Growth management	-	-	-	-	-	-	-	8.0	8.5	9.0
Business advocacy	-	-	-	-	-	-	1.0	1.0	1.0	1.0
Community development block grant program	1.0	1.0	1.0	2.0	2.0	2.0	3.0	2.0	2.0	3.0
Other										
Urban renewal	2.0	1.0	-	-	-	-	-	-	-	-
Transit	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Airport	1.0	1.0	1.5	1.6	1.5	1.8	1.8	1.8	2.3	2.5
Water	30.0	31.0	26.5	26.5	29.5	30.5	29.5	32.0	37.0	40.0
Water reclamation	37.5	32.0	21.5	21.5	34.0	33.0	34.0	36.0	34.0	32.0
Stormwater	5.0	4.0	3.0	6.0	6.0	6.0	6.0	6.0	8.0	8.0
Utility support division	-	12.5	30.5	32.5	14.5	14.5	7.5	9.5	14.0	14.0
Data support division	-	-	-	-	-	-	5.0	5.0	6.0	6.0
Other business-type	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	511.6	457.6	441.6	453.0	450.3	450.3	472.0	549.7	593.2	601.2

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

<u>Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Physical arrest (1)	4,302	3,841	3,616	3,744	3,843	3,652	3,916	3,504	3,453	3,556
Traffic violations (1)	12,324	9,355	9,563	13,143	10,119	12,878	11,432	11,802	10,717	9,008
Calls for service	58,010	56,168	51,336	55,229	53,973	49,286	48,676	46,943	48,763	51,374
Fire/EMS:										
Fire responses	1,880	1,787	1,380	2,110	1,535	1,492	1,671	1,633	1,781	1,897
Ambulance response	5,842	5,785	6,096	6,649	6,484	6,755	7,292	7,585	7,928	8,514
Inspections conducted	3,382	3,473	2,919	2,298	2,073	1,476	1,385	1,271	2,015	1,761
Public Ways and Facilities										
Streets resurfaced (lane miles)	15.1	11.9	12.9	13.6	39.0	28.0	47.2	41.0	62.5	93.8
Streets cleaned (lane miles) (2)	34,628	36,058	35,850	31,165	29,000	23,111	29,930	26,107	19,912	2,987
Street signs repaired/replaced (3)	2,531	2,426	1,850	559	665	1,216	632	777	835	268
Community and Economic Development										
Permits issued	8,968	5,651	4,443	4,901	5,919	8,894	9,799	10,963	12,959	12,938
Building inspections performed	41,137	22,869	16,262	17,552	20,221	30,775	33,947	43,189	44,270	53,668
Transit (in thousands) (4)										
Total miles	365	318	414	416	-	-	-	-	-	-
Total service hours	40	35	35	36	-	-	-	-	-	-
Total rides	326	354	377	434	-	-	-	-	-	-
Water										
New connections (5)	514	122	107	419	147	377	667	597	769	668
Maximum Day Demand (MDD) (million gallons)	28.5	29.2	27.0	25.6	21.9	22.0	24.8	25.9	27.1	26.4
Water Reclamation										
New connections	483	208	216	260	373	566	555	1,146	1,423	776
Daily average treatment (million gallons)	6.2	5.8	5.6	5.4	5.5	5.4	5.7	5.8	5.8	6.0
Sewerlines cleaned (miles)	75.0	108.5	122.0	105.4	126.7	78.1	94.7	97.7	46.3	61.8
Downtown Parking										
Tickets issued	13,611	13,713	14,506	14,813	11,194	10,378	11,574	13,671	15,271	14,586
Permits issued	5,142	4,823	4,596	5,669	5,004	4,779	5,337	6,923	8,009	9,483

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

(2) Street miles swept is being tracked more accurately by job. In previous years, it was based solely on odometer readings, which did not accurately convey the lane miles swept.

(3) Street signs repaired/replaced decreased due to having less resources available.

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

(5) In FY 2016-17, the City of Bend sold a portion of the water system to two other water providers. This sale affected the number of new connections.

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

<u>Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Main station	1	1	1	1	1	1	1	1	1	1
Patrol units	29	31	32	37	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)	748	783	825	825	831	1,157	1,157	1,161	1,143	850
Streetlights (2)	2,102	2,051	2,051	2,051	2,051	2,051	2,051	2,051	2,595	2,595
Traffic signals (3)	59	60	65	65	65	65	36	35	35	36
Transit										
Buses (4)	27	28	27	32	-	-	-	-	-	-
Airport										
Runway (feet)	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200
Hangars	14	14	15	15	15	15	15	15	15	15
Water										
Water mains (miles)	445	475	475	455	461	463	466	475	479	494
Reservoirs	15	15	18	16	16	16	16	16	16	16
Wells (5)	16	16	16	23	22	23	23	23	23	21
Fire hydrants	4,945	4,984	5,074	5,061	5,073	5,108	5,168	5,245	5,285	5,327
Total Reservoir Capacity (million gallons)	34.0	34.0	31.0	31.0	31.0	30.4	30.4	30.4	30.5	30.5
Service connections	22,827	22,949	23,056	23,475	23,622	23,999	23,457	24,228	24,997	24,548
Water Reclamation										
Treatment plant	1	1	1	1	1	1	1	1	1	1
Sewerlines (miles)	450	432	424	430	430	412	446	453	457	463
Large pump stations	93	93	88	88	88	88	88	88	88	88
Small pump stations	271	271	324	325	325	326	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	20.8	20.8
Service connections	26,856	27,064	27,280	27,540	27,913	28,479	27,420	28,672	30,095	30,783
Downtown Parking										
Parking garages	1	1	1	1	1	1	1	1	1	1

(1) As of 2016-17, Street Saver data is utilized. Previous years based on GIS estimates.

(2) Includes Cascade Electric Coop (146), Pacific Power & Light (2,103) and City of Bend (346)

(3) 2014-Removed state-owned signals from count.

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

(5) In FY 2016-17, the City of Bend sold a portion of the water system to two other water providers, this included two wells.

COMPLIANCE SECTION



Report of Independent Auditors on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon Minimum Audit Standards

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

We have audited the basic financial statements of the City of Bend, Oregon (City) as of and for the year ended June 30, 2017 and have issued our report thereon dated December 21, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0320, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	Introduction	None Noted
162-010-0030	General Requirements	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Assets, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	None Noted
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted

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 test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 does not provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Moss Adams LLP
Eugene, Oregon
December 21, 2017

SINGLE AUDIT COMPLIANCE

Report of Independent Auditors 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*

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

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon December 21, 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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
December 21, 2017

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance

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's (the City) 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, 2017. 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* 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, 2017.

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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
December 21, 2017

City of Bend, Oregon
Schedule of Expenditures of Federal Awards
 For the fiscal year ended June 30, 2017

<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 Provided to to</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct				
Community Development Block Grants - Entitlement Grants Cluster				
CDBG/Entitlement Grants	14.218	n/a	\$ 252,064	\$ 149,502
Total CDBG - Entitlement Grants Cluster			<u>252,064</u>	
Total Department of Housing and Urban Development			252,064	
<u>Department of Justice</u>				
Direct				
Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	n/a	7,103	-
Total Department of Justice			7,103	
<u>Department of Transportation</u>				
Direct				
Federal Aviation Administration				
Airport Improvement Program	20.106	n/a	3,249,889	-
Pass-through				
Highway Safety Cluster				
Oregon Department of Transportation				
Drug Recognition Expert	20.601	n/a	1,082	-
Total Highway Safety Cluster			<u>1,082</u>	
Total Department of Transportation			3,250,971	
<u>Department of General Services Administration</u>				
Pass-through				
Oregon Department of Administrative Services				
Donation of Federal Surplus Personal Property	39.003	n/a	2,731	-
Total Department of General Services Administration			2,731	
<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	177,532	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	R14515	3,993,888	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	R14516	17,135,919	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	R14518	1,426,169	-
Total Clean Water State Revolving Fund Cluster			<u>22,733,508</u>	
Total Environmental Protection Agency			22,733,508	
<u>Department of Energy</u>				
Direct				
ARRA - Energy Efficiency and Conservation Block Grant				
Program (EECBG) (Recovery Act Funded)	81.128	n/a	1,689	-
Total Department of Energy			1,689	

City of Bend, Oregon
Schedule of Expenditures of Federal Awards (Continued)
 For the fiscal year ended June 30, 2017

<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 Provided to to</u>
<u>Executive Office of the President</u>				
Pass-through Oregon Department of Justice/Deschutes County Office of National Drug Crime Prevention - High Intensity Drug Trafficking Area Program	95.001	None	25,212	-
Total Executive Office of the President			25,212	
<u>Department of Homeland Security</u>				
Direct				
USDA - Forest Service Fire Management Assistance Grant	97.046	n/a	41,852	-
Federal Emergency Management Agency Assistance to Firefighters Grant	97.044	EMW-2014-FO-06282	\$ 434,546	-
Assistance to Firefighters Grant	97.044	EMW-2015-FO-02830	\$ 54,363	-
Assistance to Firefighters Grant	97.044	EMW-2015-FP-00214	\$ 31,905	-
			\$ 520,814	
Total Department of Homeland Security			562,666	
Total Federal Expenditures			\$ 26,835,943	\$ 149,502

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, 2017. 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, 2017.

<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	\$ 164,826
Community Development Block Grants/Entitlement Grants	14.218	946,492
ARRA - Neighborhood Stabilization Program (Recovery Act Funded)	14.256	2,022,044
		<u>\$ 3,133,362</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 - Energy Efficiency and Conservation Block Grant Program (EECBG) (Recovery Act Funded)	81.128	1,689
Community Development Block Grants/Entitlement Grants	14.218	35,000
		<u>\$ 36,689</u>

In addition, in fiscal year 2016-2017, the City received \$316,664 from loan repayment of federally funded Neighborhood Stabilization loans that have not yet been lent back out as of June 30, 2017.

Note 5 - Outstanding Loans

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, loan R14510).

The City has an outstanding loan balance payable of \$13,631,831 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458, loan R14511). The federally funded portion of this loan is \$8,359,308.

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, loan R14512). The federally funded portion of this loan is \$2,415,248.

The City has an outstanding loan balance payable of \$2,923,716 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458, loan R14513). The federally funded portion of this loan is \$3,636,412.

The City has an outstanding loan balance payable of \$12,221,694 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458, loan R14515). The federally funded portion of this loan is \$8,122,693.

The City has an outstanding loan balance payable of \$34,864,979 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458, loan R14516). The federally funded portion of this loan is \$25,712,329.

The City has an outstanding loan balance payable of \$1,426,169 in State of Oregon Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds (Federal CFDA Number 66.458, loan R14518). The revenue has not been received yet, but for conservative purposes, the City is characterizing the accrual as federal funding.

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**CITY OF BEND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
66.458	Clean Water States Revolving Fund Cluster	<i>Unmodified</i>
97.044	Assistance to Firefighters Grant	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 805,078

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

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