



# City of Bend, Oregon

Photography: ©2008 Dustin Mitsch / Alpen Exposure



## **Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2008**



# **CITY OF BEND, OREGON**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

Prepared by the City of Bend Finance Department

Sonia Andrews, Finance Director





**CITY OF BEND, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Fiscal Year Ended June 30, 2008

**Table of Contents**

	Page(s)
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	i-v
GFOA Certificate of Achievement	vii
Organization Chart	ix
Principal City Officials	xi
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-16
<b>Basic Financial Statements</b>	
<u>Government-wide Financial Statements:</u>	
Statement of Net Assets	17
Statement of Activities	19
<u>Fund Financial Statements:</u>	
Balance Sheet – Governmental Funds	20
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	21
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Governmental Funds	22
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	23
Statement of Net Assets – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26-27
Statement of Fiduciary Assets and Liabilities	28
<u>Notes to Basic Financial Statements</u>	29-48
<b>Required Supplementary Information</b>	
<u>General Fund and Major Special Revenue Funds:</u>	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	49-50
Street Operations Fund	51
Fire / Emergency Medical Services Fund	52
System Development Charges Fund	53
Building Fund	54
<b>Other Supplementary Information</b>	
Schedule of Expenditures by Appropriation Levels – General Fund and Major Special Revenue Funds	55



**CITY OF BEND, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2008**

**Table of Contents**

	Page(s)
<b>Other Supplementary Information (Continued)</b>	
<u>Other Major Governmental Funds and Major Enterprise Funds:</u>	
Schedules of Revenues, Expenditures and Changes in Fund Balance (Deficit) – Budget and Actual:	
Airport Fund	57-58
Water Fund	59-60
Water Reclamation Fund	61-62
Stormwater Fund	63-64
Schedule of Expenditures by Appropriation Levels – Other Major Funds	65
<u>Nonmajor Governmental and Enterprise Funds:</u>	
Combining Balance Sheet – Nonmajor Governmental Funds	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Nonmajor Governmental Funds	68
<u>Nonmajor Special Revenue Funds:</u>	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)	70
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Planning Fund	71
Private Development Engineering Fund	72
Community Development Block Grant Fund	73
Affordable Housing Fund	74
Public Transit Operations Fund	75
Accessibility Fund	76
Tourist Promotion/Economic Development Fund	77
Economic Improvement District Fund	78
Schedule of Expenditures by Appropriation Levels – Nonmajor Special Revenue Funds	79
<u>Nonmajor Debt Service Funds:</u>	
Combining Balance Sheet	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	82
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Improvement District Debt Service Fund	83
Urban Renewal Debt Service Fund	84
Fire Station Debt Service Fund	85
PERS Debt Service Fund	86
Juniper Ridge Urban Renewal Debt Service Fund	87
Schedule of Expenditures by Appropriation Levels – Nonmajor Debt Service Funds	88

**CITY OF BEND, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2008**

**Table of Contents**

	Page(s)
<b>Other Supplementary Information (Continued)</b>	
<u>Major Capital Projects Funds:</u>	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Juniper Ridge Urban Renewal Construction Fund	89
Schedule of Expenditures by Appropriation Levels – Major Capital Projects Funds	90
<u>Nonmajor Capital Projects Funds:</u>	
Combining Balance Sheet	91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)	92
Schedules of Revenues, Expenditures and Changes in Fund Balance (Deficit) – Budget and Actual:	
Improvement District Construction Fund	93
Urban Renewal Construction Fund	94
Accessibility Construction Fund	95
Transportation Construction Fund	96
Schedule of Expenditures by Appropriation Levels – Nonmajor Capital Projects Funds	97
<u>Nonmajor Enterprise Funds:</u>	
Combining Statement of Net Assets	99
Combining Statement of Revenues, Expenses, and Changes in Net Assets	100
Combining Statement of Cash Flows	101
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Cemetery Fund	102
Downtown Parking Fund	103
Schedule of Expenditures by Appropriation Levels – Nonmajor Enterprise Funds	104
<u>Internal Service Fund:</u>	
Combining Statement of Net Assets	105
Combining Statement of Revenues, Expenses and Changes in Net Assets	107
Combining Statement of Cash Flows	108-109
Schedules of Revenues, Expenditures and Changes in Fund Balance– Budget and Actual:	
Garage Division	110
Information Technology Division	111
Facility Management Division	112-113
Engineering Division	114
Public Works Administration Division	115
Risk Management Division	116
Administration and Financial Services Division	117
Economic Development Administration Division	118
Community Development Administration Division	119
Schedule of Expenditures by Appropriation Levels – Internal Service Fund	120

## CITY OF BEND, OREGON

### COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year Ended June 30, 2008

#### Table of Contents

	Page(s)
<b>Other Supplementary Information (Continued)</b>	
<u>Agency Fund:</u>	
Statement of Changes in Assets and Liabilities	121
<b>Other Financial Schedules</b>	
Schedule of Property Tax Transactions	123
Schedule of Long-term Debt Transactions – Principal	124
Schedule of Long-term Debt Transactions – Interest	125
Schedules of Future Debt Service Requirements of Long-term Debt:	
Limited Tax Improvement Bonds	126
Revenue Bonds	127
Full Faith & Credit Obligations	128-130
Tax Increment Bonds	131
Lines of Credit	132
Notes Payable	133
<b>STATISTICAL SECTION</b>	
<u>Financial Trends:</u>	
Net Assets by Component	135
Changes in Net Assets	136-137
Fund Balance, Governmental Funds	138
Changes in Fund Balance, Governmental Funds	139
<u>Revenue Capacity:</u>	
Assessed and Estimated Actual Value of Taxable Property	140
Property Tax Rates – Direct and Overlapping Governments	141
Principal Taxpayers	142
Property Tax Levies and Collections	143
<u>Debt Capacity:</u>	
Ratios of Outstanding Debt by Type	144
Ratios of General Bonded Debt Outstanding	145
Computation of Direct and Overlapping Debt	146
Legal Debt Margin Information	147
Rate Covenant – Water Revenue Bonds	148
Rate Covenant – Sewer Revenue Bonds	149
<u>Demographic and Economic Information:</u>	
Demographic and Economic Statistics	150
Principal Employers	151
Construction Activity and Bank Deposits	152



**CITY OF BEND, OREGON**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Fiscal Year Ended June 30, 2008

**Table of Contents**

	Page(s)
<b>STATISTICAL SECTION (continued)</b>	
<u>Operating Information:</u>	
Full Time Equivalent City Employees by Program	153
Operating Indicators by Program	154
Capital Asset Statistics by Program	155
<b>AUDIT COMMENTS AND GOVERNMENT AUDITING STANDARDS SECTION</b>	
Audit Comments and Disclosures Required by State Regulations	157-160
<b>Single Audit Compliance</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	161-162
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	163-164
Schedule of Findings and Questioned Costs	165-167
Schedule of Expenditures of Federal Awards	169-170

(This page intentionally left blank)



710 WALL STREET  
P.O. BOX 1458  
BEND, OR 97709  
[541] 388-5515 TEL  
[541] 388-5519 FAX  
www.ci.bend.or.us

December 12, 2008

Honorable Mayor Bruce Abernethy  
Members of the City Council and  
Citizens of the City of Bend, Oregon

BRUCE ABERNETHY  
*Mayor*

The Comprehensive Annual Financial Report (CAFR) of the City of Bend, Oregon (City) for the fiscal year ended June 30, 2008, together with the unqualified opinion of our independent certified public accountants, Talbot, Korvola, & Warwick LLP, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

LINDA S. JOHNSON  
*Mayor Pro Tem*

JODIE BARRAM  
*City Councillor*

MARK CAPELL  
*City Councillor*

JIM CLINTON  
*City Councillor*

PETER GRAMLICH  
*City Councillor*

### The Report

The CAFR is presented in four sections: Introductory, Financial, Statistical and Audit Comments and Government Auditing Standards. The Introductory Section includes this transmittal letter, organization chart, a list of principal officials, and the Certificate of Achievement for Excellence in Financial Reporting for the year ended June 30, 2007. The Financial Section includes the basic financial statements and notes, supplementary schedules, and other financial schedules as well as the auditor's report on the financial statements and schedules.

CHRIS TELFER  
*City Councillor*

The City prepares its CAFR using the financial reporting requirements 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. GASB Statement No. 34 requires that management 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 MD&A can be found immediately following the Independent Auditor's Report.

ERIC KING  
*City Manager*

SONIA ANDREWS  
*Finance Director*

The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. Finally, the Audit Comments and Government Auditing Standards Section contains the disclosures required under Oregon Minimum Standards for Audits of Municipal Corporations, the Schedule of Expenditures of Federal Awards and the auditor's reports on compliance and internal controls.

SANDRA L. BAXTER  
*Interim Police Chief*

LARRY HUHN  
*Fire Chief*

### City Profile

The City is located in Central Oregon, just east of the Cascade mountain range and encompasses an area of 32.5 square miles. Originally a small mill town in the early 20<sup>th</sup> century, Bend is now the largest city in Central Oregon with a July 1, 2007 population estimate of 77,780. Bend serves as the hub of economic activity in a three-county region including Deschutes, Jefferson and Crook counties.

PATRICIA STELL  
*City Recorder*



The City was founded in 1904 and incorporated in 1905. It is organized under a council/manager form of government and is served by a seven member Council. Councilors are elected to four-year terms and select a mayor and mayor pro-tem from among themselves, each for a term of two years. A full-time City Manager administers the affairs of the City for the Council and supervises a staff of approximately 500 employees including 11 department heads.

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

In addition to the above general government activities, the City has an Urban Renewal Agency which is responsible for redevelopment of downtown known as the Central Bend Development Program Area consisting mainly of the City's downtown business district, development of an area approximately 700 acres in size in northeast Bend known as Juniper Ridge and the Murphy Crossing Refinement Area in the southeast part of the City.

### **Economic Conditions and Outlook**

The local economy has felt the impacts of the national housing market crisis and recent economic downturn. During 2008, the slow down in the residential construction market seen in 2007 extended to the commercial market. The significant decrease in development related fees resulted in City layoffs and layoffs in local development related businesses.

Employment in the region is dominated by several large employers such as St. Charles Medical Center, Mt. Bachelor Ski Resort and T-Mobile. Les Schwab Tire Center is nearing completion of a new headquarters in Bend. Primary industries in Deschutes County include tourism, health & social assistance, professional, scientific and technical services and wood product manufacturing. High technology and aerospace are growing industry clusters with companies producing niche-market products from semi-conductors to medical instruments and kit planes. Diversification and economic restructuring have been the ongoing focus of elected leaders and the business community for the past decade and a half. These efforts have proven successful in transforming the region's industry and employment from forest products, agriculture and tourism to manufacturing, high technology, services, and specialty manufacturing. The June 2008 unemployment rate for Bend was 6.5% compared to 5.5% in the State and 5.5% for the U.S.

### **Recent Major Accomplishments and Major Initiatives**

***Five Year Long Term Financial Plan*** - During FY2007-08, the City of Bend developed a five year Long Term Financial Plan (LTFP) to assess the long term financial implications of current and proposed policies, programs, and assumptions. The LTFP projects costs and revenues for the City's current operations for the next five years under a set of assumptions for three economic condition scenarios (current, declining and improving). The plan shows the magnitude of decisions that must be made in order to keep each of the City's funds in balance as the current financial structure is not sustainable into the future due to increasing and competing demands for limited resources.

***Urban Growth Boundary Expansion*** - The Long Range Planning Division has completed work on the Urban Growth Boundary (UGB) expansion. The proposal to bring over 5,000 acres of land into the UGB is currently awaiting City Council approval.

***Juniper Ridge Urban Renewal Area*** - On August 29, 2005 the City Council adopted the Juniper Ridge Urban Renewal Plan and formed the related urban renewal district to develop an area approximately 700 acres in size in northeast Bend. The vision for Juniper Ridge, which totals 1,500 acres, is mixed use development with light industrial, residential and commercial developments to accommodate economic growth in the region.

Development activity began during 2008, with construction of the Les Schwab corporate headquarters. Major public facility improvements such as construction of streets and extension of water and sewer services were initiated. Construction of a manufacturing facility on 7.99 acres is expected to begin upon completion of a

pending sale to Suterra, a biorational pest control company. During FY2007-08, the City constructed improvements to Cooley Road from east of US-97 to 18<sup>th</sup> Street.

**Murphy Crossing Urban Renewal Area** - On August 6, 2008 City Council adopted the Murphy Crossing Urban Renewal Plan, forming the Murphy Crossing Urban Renewal Area. The Murphy Crossing Urban Renewal Plan's primary objective is implementation of the Murphy Crossing Refinement Plan which includes major transportation improvements in the Refinement Area as well as to the south end of the Bend Parkway and along the Third Street corridor. Implementation of the Refinement Plan will require a partnership between the private property owners, the Bend Urban Renewal Agency, the City and the Oregon Department of Transportation.

**Water Reclamation System** - A Facilities Master Plan was recently completed which details the upgrade and expansion requirements of the Water Reclamation Facility (WRF). A \$7.5 million expansion of the Headworks was completed in December 2008 at the WRF which signifies the first of several expansion projects. Upgrades to the Digester are currently under construction with expected completion in summer 2009. A secondary system upgrade will enter the development and design stage in 2009 for planned construction in 2010. In addition, the collection system will see several upgrades and expansions with the Murphy Road Corridor sewer improvements and the impending design of a pumping station at 4<sup>th</sup> and Addison Streets. Capital improvements over the next five years are expected to total approximately \$100 million.

**Water** - The Water Division continued to receive awards including a 2008 AWWA Excellence in Communication Award for the Smart Irrigation Controller Brochure. In addition to a significant emphasis on preventative maintenance, a Water Master Plan was recently completed. Two new wells are currently under construction with major water source improvements including surface water treatment scheduled in the near future. Capital improvements over the next five years are expected to total approximately \$59.5 million.

**Airport Development** - The City received grant funding from the Federal Aviation Administration in the amount of \$6.1 million for Phases II and III of the runway relocation project, which will be completed in FY2008-09. The construction of the new 5,200 ft. runway is the most extensive construction project ever undertaken at the Bend airport. This project addresses the needs of existing users of the airport, replaces a runway originally built in the 1940's, and offers many safety and operational enhancements.

**Facilities** - During FY2007-08, the City began construction on the Transit Operations Center which will provide an operations and maintenance center for the Bend Area Transit system. This project is funded, in part, by a \$4.0 million dollar grant from the Oregon Department of Transportation and is expected to be completed in May 2009. In addition, work continued during FY2007-08 on expansion of the Police Facility. The expansion, which includes relocating the Bend Municipal Court, is expected to be completed in December 2008.

### **Other Financial Information**

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Compliance with the "Single Audit Act Amendments of 1996"** - As a recipient of Federal, State and County financial assistance, the City is responsible for implementing internal controls to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. To meet the requirements, management has established control procedures related to compliance and periodically evaluates the internal controls of the City.

Reports related specifically to single audit compliance are required for the fiscal year ended June 30, 2008. Expenditures of federal funds exceeded the dollar threshold for which such additional reporting is required. Therefore, in conjunction with the audit of the City's financial statements, the City's independent accountants have performed an audit in compliance with the "Single Audit Act Amendments of 1996". Expenditures of federal funds during the year totaled \$6.2 million. The City did not have any material weaknesses in its controls or compliance issues relating to the Single Audit Act.

**Budgetary Controls** - The objective of budgeting controls is to ensure compliance with legal provisions embodied in the City's appropriated budget. The FY2007-09 budget was the City's first biennial budget. The 2007-2009 biennial budget document was prepared for a 24 month period beginning July 1, 2007. The City's budget is prepared substantially on the modified accrual basis of accounting. Please refer to Note 1 of the basic financial statements for further discussion of the City's appropriations and budgetary controls.

The City maintains an automated on-line accounting system that includes encumbrance accounting and an automated purchasing system to assist management in maintaining budgetary control. All encumbrances lapse at year end. The City was in compliance with all budgetary requirements for the year ended June 30, 2008.

**Cash Management** - During the year, cash was invested in obligations of the U.S. Treasury and agencies, state obligations, investment grade corporate bonds, commercial paper and the State of Oregon Local Government Investment Pool (LGIP). The weighted yield to maturity on investments held as of June 30, 2008 was approximately 4.68%. Net investment income was \$3.1 million for the year ended June 30, 2008.

The City complied with requirements of its investment policy which directs that investments be made in a manner that protects principal, and minimizes credit and market risks while maintaining a competitive yield on its portfolio. Bank deposits were insured up to \$100,000 by federal depository insurance and collateral on deposits in excess of \$100,000 was maintained in accordance with Oregon Revised Statutes during the fiscal year ended June 30, 2008.

**Risk Management** - The City is responsible for the protection of its capital assets, property and employees. The City annually reviews its insurance needs to maintain adequate protection at the least possible cost.

The City maintains an internal risk management program that emphasizes risk control techniques, a safe workplace for both the public and employees, and risk prevention training to minimize accident related losses and potential liability claims. The City utilizes a risk management division to account for the cost sharing among the various City operations. During FY2007-08, the City had comprehensive liability and property coverage and auto liability coverage with City County Insurance Services and commercial insurance carriers. Additionally, the City maintained its workers compensation insurance with State Accident Insurance Fund (SAIF) Corporation and its health insurance program coverage with PacificSource.

**Independent Audit** - State statutes require an annual audit by an independent certified public accountant. The accounting firm of Talbot, Korvola & Warwick LLP, selected by the City Council, performed the City's annual audit for the fiscal year ended June 30, 2008. 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 Audit Comments and Government Auditing Standards Section.

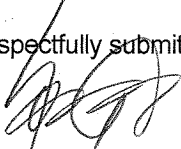
**Certificate of Achievement** - The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bend for its comprehensive annual financial report for the fiscal year ended June 30, 2007. The 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 and the City has received the certificate from GFOA for 15 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 comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.



A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

**Acknowledgments** - This report was prepared on a timely basis by the dedicated efforts of the City's Finance Department staff. Each member of the Finance Department has my sincere appreciation for the contributions made in the preparation of this report. Special thanks go to Gwen Chapman, Financial Manager – Accounting & Reporting, for the high level of professional expertise that was provided to the preparation of this report. I would also like to express my gratitude to the City Council, Budget Committee and the City Manager for their interest and support in managing the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Sonia Andrews', is written over the text 'Respectfully submitted,'.

Sonia Andrews  
Finance Director

(This page intentionally left blank)

# 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, 2007

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



*Charles S. Cox*

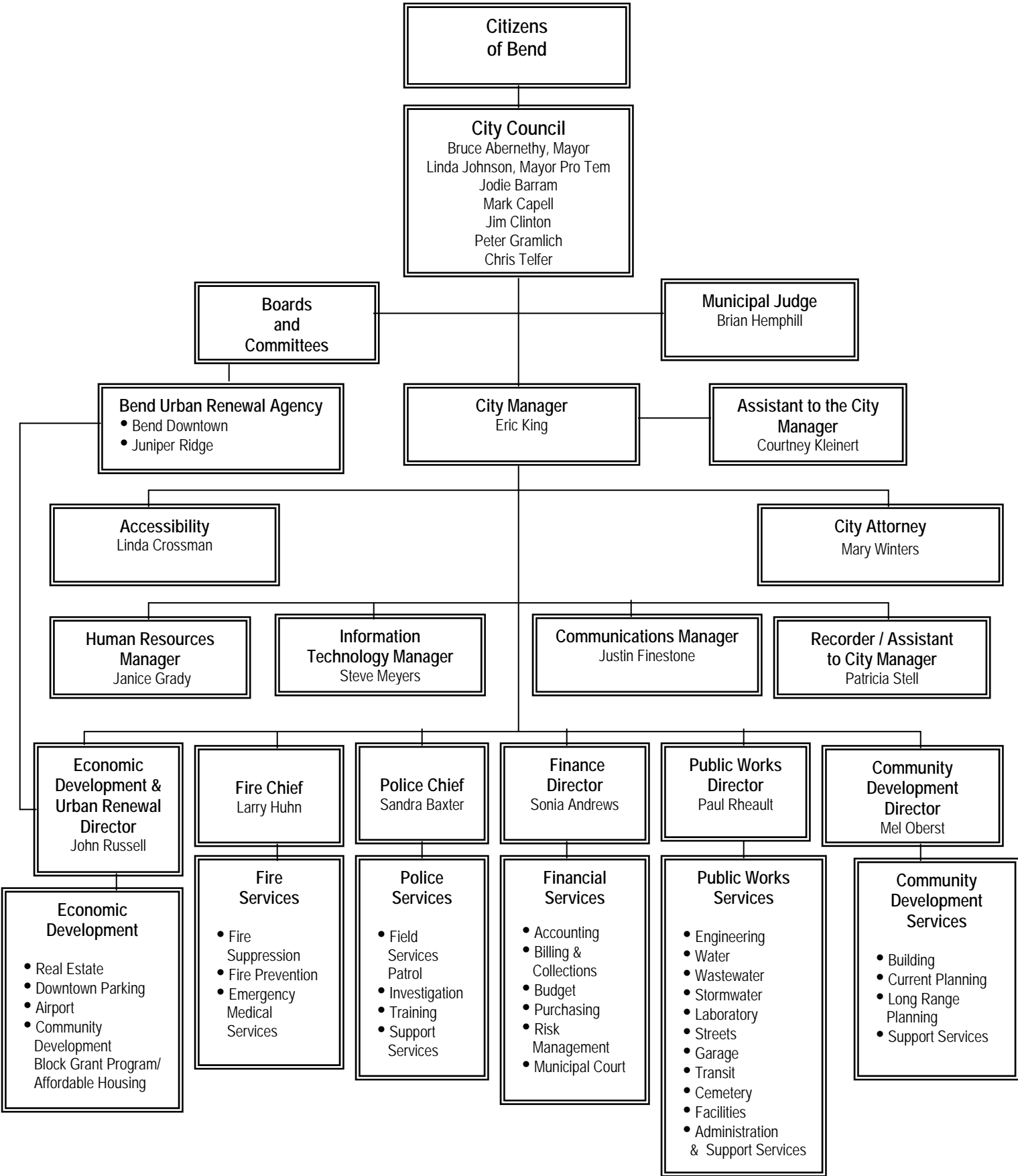
President

*Jeffrey R. Emery*

Executive Director

(This page intentionally left blank)

# CITY OF BEND ORGANIZATION CHART



(This page intentionally left blank)

**THE CITY OF BEND, OREGON**

**City Officials as of June 30, 2008**

***Mayor***

Bruce Abernethy

***Mayor Pro-Tem***

Linda S. Johnson

***Council Members***

Jodie Barram, *sworn in December 3, 2008*  
Jim Clinton  
Chris Telfer

Mark Capell  
Peter Gramlich

**City Manager**

Eric King

**Finance Director**

Sonia Andrews

**Bend City Hall**  
710 NW Wall Street  
Bend, OR 97701



(This page intentionally left blank)



4800 S.W. Macadam, Suite 400 • Portland, Oregon 97239-3973  
503/274-2849 • Fax 503/274-2853

## **INDEPENDENT AUDITOR'S REPORT**

December 23, 2008

Honorable Mayor and City Council  
City of Bend  
Bend, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bend, Oregon (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

Honorable Mayor and City Council  
City of Bend  
Bend, Oregon  
December 23, 2008

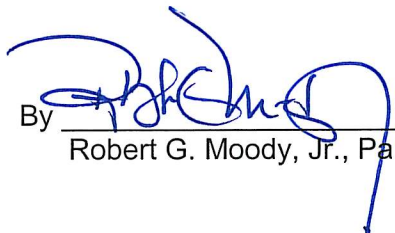
Management's Discussion and Analysis on pages 3 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Required Supplementary Information (budgetary comparison information for the General Fund and major special revenue funds) on pages 49 through 57, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This budgetary comparison information for the General Fund and major special revenue funds has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the Table of Contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying Introductory and Statistical sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**TALBOT, KORVOLA & WARWICK, LLP**  
Certified Public Accountants

By  \_\_\_\_\_  
Robert G. Moody, Jr., Partner

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2008

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 (the City) for the fiscal year ended June 30, 2008. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

### FINANCIAL HIGHLIGHTS

- The City's assets totaled \$881.8 million at June 30, 2008 consisting of \$798.4 million in capital assets, \$56.2 million in unrestricted cash and investments and \$27.2 million in deposits and other assets. Total assets increased by \$32.3 million due mainly to investments in capital assets.
- The City's liabilities totaled \$107.4 million at June 30, 2008 consisting of \$85.5 million in long-term debt and \$21.9 million in accounts payable and other liabilities. Total liabilities decreased by \$2.2 million from the prior year.
- The assets of the City exceeded its liabilities by \$774.4 million at the close of fiscal year 2007-08. Unrestricted net assets totaled \$38.3 million with the remainder of the City's net assets invested in capital assets net of related debt of \$728.5 million and restricted for debt service of \$7.6 million.
- For its governmental activities, the City generated \$22.6 million in charges for services and received \$26.0 million in grants and contributions. Direct expenses for governmental activities were \$72.4 million for the year, of which \$48.6 million was funded by charges for services and grants and contributions and the remaining \$23.8 million funded by general revenues.
- The City received general revenues of \$39.9 million for the year consisting of \$26.1 million in taxes, \$6.8 million in franchise fees and \$7.0 million in other revenues.
- Unreserved fund balance in the General Fund was \$6.4 million at June 30, 2008, a decrease of \$2.3 million from June 30, 2007.
- For its business-type activities, the City generated \$25.1 million in charges for services and received \$16.4 million in grants and contributions to fund direct expenses of \$23.1 million.

### 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 basic financial statements.
  - b. *Required Supplementary Information* – budget and actual schedules for the General Fund and major Special Revenue Funds.
  - c. *Other Supplementary Information* – budget and actual schedules for other major funds and nonmajor funds and includes internal service fund financials.
  - d. *Other Financial Schedules* – schedules of property tax and long-term debt transactions.

## Management's Discussion and Analysis, Continued

### III. Statistical Section

### IV. Audit Comments and Government Auditing Standards Section

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

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

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

#### 1. Government-wide Financial Statements

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

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

The Statement of Activities reports all revenues when earned and expenses when incurred regardless of the timing of related cash flows. The focus of the Statement of Activities is to present the major program costs, matching major resources with each. To the extent a program's costs are not recovered by grants and direct charges, it is 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, facility management, public works administration, information technology, administration and financial services, economic development administration, community development administration 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, community development block grant program, affordable housing and tourist promotion / economic development functions.
- Urban renewal – consists of the activities of the Bend Urban Renewal Agency.
- Transit – consists of the City's bus operation.

## Management's Discussion and Analysis, Continued

Business-type activities include the following:

- Airport
- Water
- Water Reclamation
- Stormwater
- Other – includes Cemetery and Downtown Parking

### 2. Fund Financial Statements

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

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

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

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

The City has 23 governmental funds. The governmental fund statements present six major funds separately: General Fund, Street Operations Fund (previously the Transportation Operations Fund), Fire/Emergency Medical Services Fund, System Development Charges Fund (previously Transportation System Development Charges Fund), Building Fund, and Juniper Ridge Urban Renewal Construction Fund. The other 17 nonmajor funds are combined and presented in a single column as nonmajor governmental funds.

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

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

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

### 3. Notes to the Basic Financial Statements

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

Analysis of Net Assets

The City's assets exceeded liabilities by \$774.4 million at June 30, 2008. A majority of the net assets (90%) is invested in capital assets (ie. land, buildings, infrastructure etc), less any related outstanding debt used to acquire those assets. The following is a condensed statement of net assets and an analysis of the change in the City's financial position from the previous year.

	<b>Governmental Activities</b>		
	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>Change</b>
Capital assets, net	\$ 543,372,097	\$ 552,796,450	\$ (9,424,353)
Current and other assets	62,229,184	64,819,233	(2,590,049)
Total assets	<u>605,601,281</u>	<u>617,615,683</u>	<u>(12,014,402)</u>
Long-term debt	66,672,600	62,919,400	3,753,200
Other liabilities	10,748,009	11,870,029	(1,122,020)
Total liabilities	<u>77,420,609</u>	<u>74,789,429</u>	<u>2,631,180</u>
Net assets			
Invested in capital, net of related debt	491,487,122	501,420,430	(9,933,308)
Restricted	6,781,918	5,522,111	1,259,807
Unrestricted	29,911,632	35,883,713	(5,972,081)
Total net assets	<u>\$ 528,180,672</u>	<u>\$ 542,826,254</u>	<u>\$ (14,645,582)</u>
	<b>Business-Type Activities</b>		
	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>Change</b>
Capital assets, net	\$ 254,994,917	\$ 204,906,920	\$ 50,087,997
Current and other assets	21,233,893	26,951,418	(5,717,525)
Total assets	<u>276,228,810</u>	<u>231,858,338</u>	<u>44,370,472</u>
Long-term debt	18,810,376	19,603,157	(792,781)
Other liabilities	11,214,793	15,165,810	(3,951,017)
Total liabilities	<u>30,025,169</u>	<u>34,768,967</u>	<u>(4,743,798)</u>
Net assets			
Invested in capital, net of related debt	237,030,300	186,217,787	50,812,513
Restricted	843,980	843,980	-
Unrestricted	8,329,361	10,027,604	(1,698,243)
Total net assets	<u>\$ 246,203,641</u>	<u>\$ 197,089,371</u>	<u>\$ 49,114,270</u>
	<b>Total City Net Assets</b>		
	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>Change</b>
Capital assets, net	\$ 798,367,014	\$ 757,703,370	\$ 40,663,644
Current and other assets	83,463,077	91,770,651	(8,307,574)
Total assets	<u>881,830,091</u>	<u>849,474,021</u>	<u>32,356,070</u>
Long-term debt	85,482,976	82,522,557	2,960,419
Other liabilities	21,962,802	27,035,839	(5,073,037)
Total liabilities	<u>107,445,778</u>	<u>109,558,396</u>	<u>(2,112,618)</u>
Net assets			
Invested in capital, net of related debt	728,517,422	687,638,217	40,879,205
Restricted	7,625,898	6,366,091	1,259,807
Unrestricted	38,240,993	45,911,317	(7,670,324)
Total net assets	<u>\$ 774,384,313</u>	<u>\$ 739,915,625</u>	<u>\$ 34,468,688</u>



Management's Discussion and Analysis, Continued

As mentioned earlier, net assets may be an indicator of the City's financial position. At the end of the current year, the City's net asset balance increased by \$34.5 million from the prior year due mainly to an increase in the City's capital assets.

Current and other assets decreased by \$8.3 million mainly due to cash and investments which decreased by \$8.3 million. There was also an increase in net receivables, as well as a decrease in receivables due from other governments.

Long-term debt increased by \$3.0 million. The City reduced its debt by \$4.2 million through scheduled debt service. New debt issuances totaled \$7.2 million (\$4.7 million in full faith & credit obligations to finance the purchase of fire and stormwater equipment, transportation infrastructure, and expansion of the City's Police Building, and \$2.5 million line of credit draw for Juniper Ridge).

Analysis of Changes in Net Assets

	<b>Governmental Activities</b>		
	<b>2008</b>	<b>2007</b>	<b>Change</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 22,555,839	\$ 21,791,517	\$ 764,322
Operating grants and contributions	9,371,611	10,218,939	(847,328)
Capital grants and contributions	16,641,451	17,014,387	(372,936)
General revenues:			
Taxes	26,083,796	24,054,491	2,029,305
Franchise fees	6,157,569	5,644,656	512,913
Investment earnings	2,203,727	2,245,203	(41,476)
Other revenues	3,976,021	1,028,967	2,947,054
Total revenues	<u>86,990,014</u>	<u>81,998,160</u>	<u>4,991,854</u>
<b>Expenses</b>			
General government	15,155,495	14,009,582	1,145,913
Public safety	26,175,558	24,177,889	1,997,669
Public ways and facilities	16,928,148	11,679,361	5,248,787
Community and economic development	8,727,641	8,672,655	54,986
Urban renewal	585,003	301,991	283,012
Transit	1,901,605	1,854,022	47,583
Interest on long-term debt	2,909,297	2,936,553	(27,256)
Total expenses	<u>72,382,747</u>	<u>63,632,053</u>	<u>8,750,694</u>
Revenues over expenses	14,607,267	18,366,107	(3,758,840)
Transfers	(29,252,849)	(9,980,340)	(19,272,509)
Increase in net assets	<u>(14,645,582)</u>	<u>8,385,767</u>	<u>(23,031,349)</u>
Net assets, beginning, as previously reported	542,826,254	261,134,123	281,692,131
Prior period adjustment	-	273,306,364	(273,306,364)
Net assets, beginning, as restated	<u>542,826,254</u>	<u>534,440,487</u>	<u>8,385,767</u>
Net assets, ending	<u>\$ 528,180,672</u>	<u>\$ 542,826,254</u>	<u>\$ (14,645,582)</u>

Total revenues from governmental activities increased by \$5.0 million over the prior year. Operating grants and contributions decreased by \$0.8 million from the prior year mainly due to reduced operating grant awards for transit and community development. Other revenues increased by \$2.9 million mostly related to gains from the sale of land in the Juniper Ridge area. Tax revenues increased by \$2.0 million due to new construction and increases in assessed values.

Expenses increased by \$8.8 million mainly due to increases in personnel costs and depreciation expense.

Management's Discussion and Analysis, Continued

	<b>Business-Type Activities</b>		
	<b>2008</b>	<b>2007</b>	<b>Change</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 25,073,517	\$ 20,975,307	\$ 4,098,210
Capital grants and contributions	16,373,052	20,147,424	(3,774,372)
General revenues:			
Franchise fees	604,142	555,748	48,394
Investment earnings	853,120	1,243,644	(390,524)
Other revenues	26,550	-	26,550
Total revenues	<u>42,930,381</u>	<u>42,922,123</u>	<u>8,258</u>
<b>Expenses</b>			
Airport	733,087	689,563	43,524
Water	9,775,856	11,518,930	(1,743,074)
Water reclamation	10,183,854	10,250,359	(66,505)
Stormwater	1,377,695	222,300	1,155,395
Other business activities	998,468	894,493	103,975
Total expenses	<u>23,068,960</u>	<u>23,575,645</u>	<u>(506,685)</u>
Revenues over expenses	19,861,421	19,346,478	514,943
Transfers	29,252,849	9,980,340	19,272,509
Increase in net assets	<u>49,114,270</u>	<u>29,326,818</u>	<u>19,787,452</u>
Net assets, beginning	197,089,371	167,762,553	29,326,818
Net assets, ending	<u>\$ 246,203,641</u>	<u>\$ 197,089,371</u>	<u>\$ 49,114,270</u>

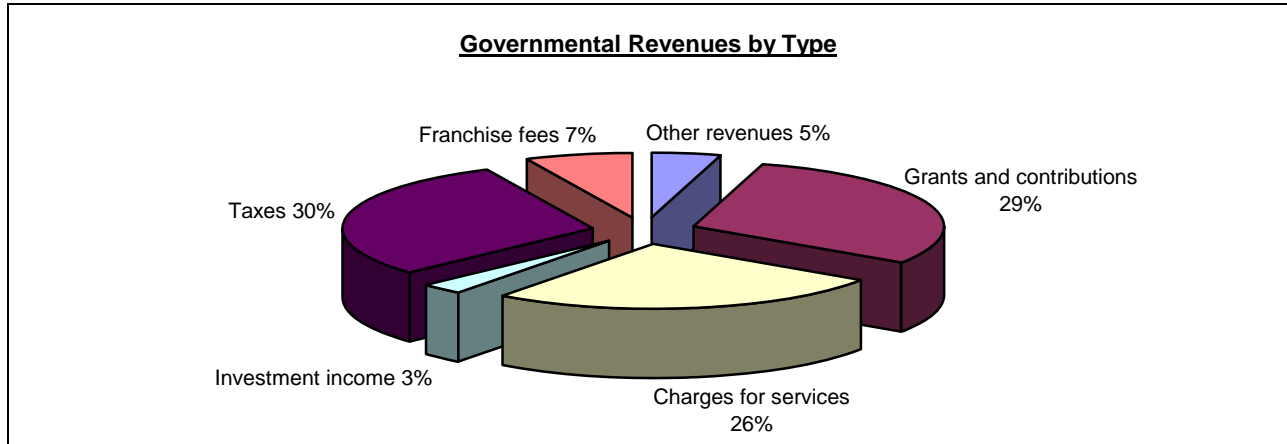
Total revenues from business-type activities increased by \$8,258 over the prior year. An increase in Charges from services of \$4.1 million was offset by decreases in Capital grants and contributions of \$3.8 million. Capital grants and contributions decreased as infrastructure contributed by developers was less in the current year.

	<b>Total City Net Assets</b>		
	<b>2008</b>	<b>2007</b>	<b>Change</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 47,629,356	\$ 42,766,824	\$ 4,862,532
Operating grants and contributions	9,371,651	10,218,939	(847,288)
Capital grants and contributions	33,014,463	37,161,811	(4,147,348)
General revenues:			
Taxes	26,083,796	24,054,491	2,029,305
Franchise fees	6,761,711	6,200,404	561,307
Investment earnings	3,056,847	3,488,847	(432,000)
Other revenues	4,002,571	1,028,967	2,973,604
Total revenues	<u>129,920,395</u>	<u>124,920,283</u>	<u>5,000,112</u>
<b>Expenses</b>			
General government	15,155,495	14,009,582	1,145,913
Public safety	26,175,558	24,177,889	1,997,669
Public ways and facilities	16,928,148	11,679,361	5,248,787
Community and economic development	8,727,641	8,672,655	54,986
Urban renewal	585,003	301,991	283,012
Transit	1,901,605	1,854,022	47,583
Interest on long-term debt	2,909,297	2,936,553	(27,256)
Airport	733,087	689,563	43,524
Water	9,775,856	11,518,930	(1,743,074)
Water reclamation	10,183,854	10,250,359	(66,505)
Stormwater	1,377,695	222,300	1,155,395
Other business activities	998,468	894,493	103,975
Total expenses	<u>95,451,707</u>	<u>87,207,698</u>	<u>8,244,009</u>
Change in net assets	<u>34,468,688</u>	<u>37,712,585</u>	<u>(3,243,897)</u>
Net assets, beginning, as previously reported	739,915,625	428,896,676	311,018,949
Prior period adjustment	-	273,306,364	(273,306,364)
Net assets, beginning, as restated	<u>739,915,625</u>	<u>702,203,040</u>	<u>37,712,585</u>
Net assets, ending	<u>\$ 774,384,313</u>	<u>\$ 739,915,625</u>	<u>\$ 34,468,688</u>

Overall net assets increased by \$34.5 million. Business-type activities increased by \$49.0 million and governmental activities reduced the overall increase 30%. The growth in net assets is explained below as well as significant changes in revenues and expenses from the previous year.

### Governmental Activities

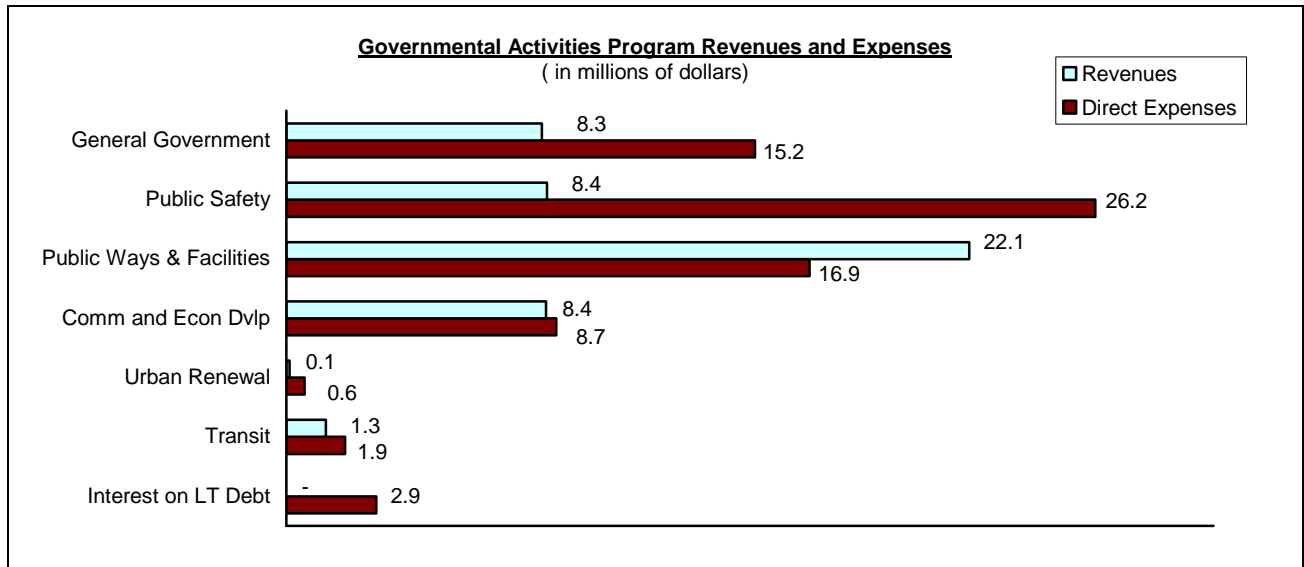
Governmental activities decreased the City's net assets by \$14.6 million with revenues totaling \$87.0 million, expenses totaling \$72.4 million, and transfers to business-type activities totaling \$29.3 million. Revenues consisted primarily of taxes of \$26.1 million, charges for services of \$22.6 million and operating and capital grants and contributions of \$26.0 million.



Taxes increased by \$2.0 million (8%) from the prior year with new construction and growth in property tax assessed values accounting for that increase. Other revenues increased by \$2.9 million (286%) due to gains from the sale of land. Operating grants and contributions decreased by \$0.8 million (8%) from the prior year mainly due to reduced grant awards in transit and community development .

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

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



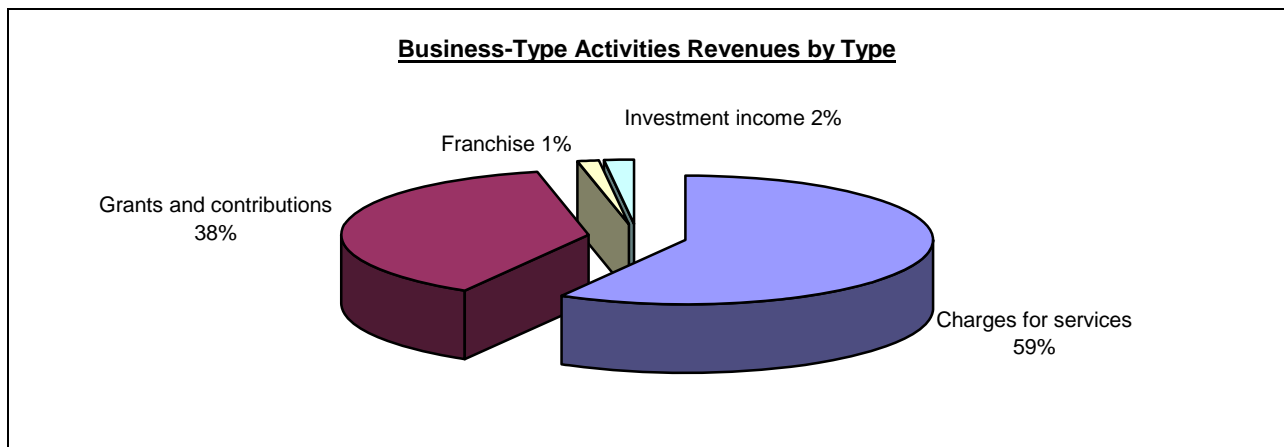
Program revenues generated by public ways and facilities include developer donated transportation infrastructure of \$6.8 million and system development charges of \$8.1 million. Expenses for public ways and facilities increased by \$5.2 million (44%) mainly due to increased depreciation of capital assets related to street infrastructure assets.

General government program revenues increased by \$2.2 million (37%) due to increased charges to enterprise funds for central services. Transit revenues decreased by \$0.5 million (29%) as a result of fewer grants awarded in the current year as compared to the prior year.

Stormwater related capital assets, net of depreciation, totaling \$25.9 million were transferred from the governmental activities to the business-type activities along with the responsibility for maintaining and replacing stormwater infrastructure.

### Business-Type Activities

Business-type activities increased the City's net assets by \$49.1 million with revenues totaling \$42.9 million, expenses totaling \$23.1 million and transfers from governmental activities totaling \$29.3. Revenues consisted primarily of charges for services of \$25.1 million and capital grants and contributions of \$16.4 million.

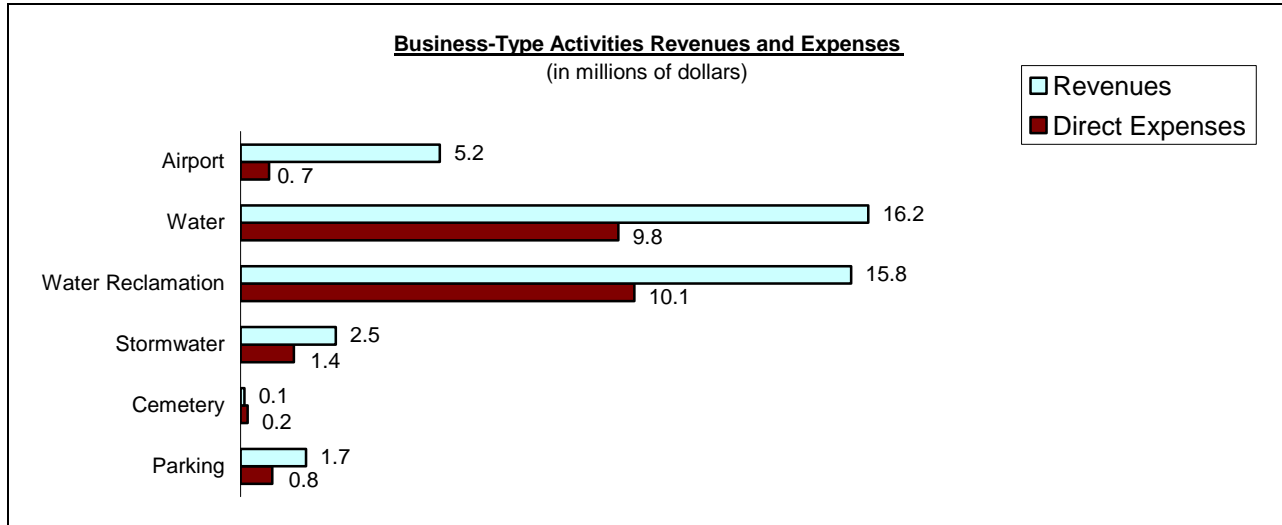


Charges for services comprised mainly of water, water reclamation, and stormwater service charges increased by \$4.1 million (19%) due to the implementation of a stormwater service charge, a 5.5% increase in water rates and a 6% increase in water reclamation rates. Capital grants and contributions which totaled \$16.4 million consisted primarily of water and water reclamation developer donated infrastructure of \$10.5 million and \$4.4 million in grant revenues for the airport runway reconstruction. Capital grants and contributions decreased by

Management's Discussion and Analysis, Continued

\$3.7 million (18%) with system development charges now being recorded in the System Development Charges Fund (a governmental fund) and transferred to the Water and Water Reclamation Funds as qualifying costs are incurred.

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



Revenues for water and water reclamation operations are significantly higher than the respective direct expenses because developer contributed assets are recognized as contribution revenues. Airport revenues were significantly higher in the current year due to grant revenue related to the reconstruction of the runway. Acquisitions of capital assets and principal payments on long-term debt are not reported as direct expenses but are reported as additions to assets and reductions to liabilities respectively on the Statement of Net Assets. Cemetery and parking revenues are equivalent to the related direct expenses as there are minimal capital improvements and no debt service for these two operations. A stormwater fee was enacted in fiscal year 2007-08 to support the City's stormwater operations.

Expenses for the Water and Water Reclamation funds decreased due to the prior year write-down of the Juniper Utility asset resulting in an increase in expenses in the prior year. Stormwater program expenses also increased due to fiscal year 2007-08 being the first full year of operation.

As mentioned earlier, stormwater related capital assets, net of depreciation, totaling \$25.9 million were transferred from the governmental activities to the business-type activities along with the responsibility for maintaining and replacing stormwater infrastructure.

**FUND ANALYSIS**

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

Governmental Funds

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

At the end of the current year, the City's governmental funds had combined ending fund balances of \$26.0 million, a decrease of \$2.8 million (10%) from the prior year's fund balances of \$28.8 million.

Of the combined ending fund balance of \$26.0 million, \$6.8 million was reserved to fund debt service and \$19.2 million was unreserved and available for spending by the City within the purposes specified for the City's funds.

## Management's Discussion and Analysis, Continued

The General Fund is the primary operating fund of the City. At the end of the fiscal year, the unreserved fund balance of the General Fund was \$6.4 million, down \$2.3 million (26%) from the previous year. Unreserved fund balance represents 37% of total General Fund expenditures.

Other major governmental funds include the Street Operations Fund, Fire/Emergency Medical Services (EMS) Fund, System Development Charges Fund, Building Fund, and the Juniper Ridge Urban Renewal Construction Fund.

Fund balance decreased by \$1.7 million in the Fire/EMS Fund mainly due to capital outlay expenditures exceeding current year revenues and other financing sources as planned. Fund balance decreased by \$5.2 million in the Systems Development Charges Fund (formerly the Transportation Systems Development Charges Fund) due to the transfer of transportation construction activity to a newly created nonmajor governmental fund. Fund balance also decreased in the Building Fund by \$1.2 million as the slowdown in building activity resulted in lower than anticipated revenues.

### 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 net income.

Unrestricted net assets of the Water Fund and Water Reclamation Fund at the end of the year amounted to \$6.0 million and \$(0.9) million, respectively. The growth in net assets of the Water Fund and the Water Reclamation Fund were \$8.4 million and \$7.8 million respectively, reflecting the investment of recent rate increases in infrastructure. In the Water Fund, system development charges generated \$1.5 million and developer contributed infrastructure recognized as contribution revenue totaled \$5.2 million in the Water Fund. In the Water Reclamation Fund, system development charges generated \$1.9 million and developer contributed infrastructure totaled \$5.3 million. Contributed infrastructure decreased in both funds from the prior year, most notably in the Water Reclamation Fund. System development charges are received in the System Development Charges Fund (a governmental fund) and transferred to the Water and Water Reclamation Funds as qualifying expenses are incurred. Revenues from system development charges decreased in both the Water and Water Reclamation Funds in fiscal year 2007-08.

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

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the first year of the biennium, there was a \$2.6 million increase in appropriations between the original adopted budget and the final amended budget. Police department appropriations decreased by \$2.3 million to support additional nondepartmental expenditures. Nondepartmental appropriations increased by \$4.9 million to provide funding to development related funds and to fund short-term loans to other funds.

Due to the significant changes in the national, state and local economy, a complete review of the General Fund budget was conducted and changes were made during the year to reflect the revised outlook for the second year of the biennium.

### **CAPITAL ASSETS**

As of June 30, 2008 the City had invested \$798.4 million in capital assets, net of depreciation as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$40.7 million. Governmental capital assets totaled \$543.4 million while business-type capital assets totaled \$255.0 million.

Management's Discussion and Analysis, Continued

<b>Governmental Activities</b>			
	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>Change</b>
Land including right-of-way	\$ 151,999,803	\$ 151,512,779	\$ 487,024
Artwork	719,215	695,615	23,600
Building and building improvements	26,030,797	22,040,020	3,990,777
Infrastructure	331,764,916	349,742,253	(17,977,337)
Vehicles and equipment	9,275,898	7,301,029	1,974,869
Construction in progress	23,581,468	21,504,754	2,076,714
	<u>\$ 543,372,097</u>	<u>\$ 552,796,450</u>	<u>\$ (9,424,353)</u>

<b>Business-Type Activities</b>			
	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>Change</b>
Land including right-of-way	\$ 5,190,609	\$ 5,190,609	\$ -
Building and building improvements	18,177,696	18,841,901	(664,205)
Infrastructure	205,319,027	163,063,175	42,255,852
Vehicles and equipment	3,249,069	1,765,911	1,483,158
Construction in progress	23,058,516	16,045,324	7,013,192
	<u>\$ 254,994,917</u>	<u>\$ 204,906,920</u>	<u>\$ 50,087,997</u>

<b>Total</b>			
	<b>June 30, 2008</b>	<b>June 30, 2007</b>	<b>Change</b>
Land including right-of-way	\$ 157,190,412	\$ 156,703,388	\$ 487,024
Artwork	719,215	695,615	23,600
Building and building improvements	44,208,493	40,881,921	3,326,572
Infrastructure	537,083,943	512,805,428	24,278,515
Vehicles and equipment	12,524,967	9,066,940	3,458,027
Construction in progress	46,639,984	37,550,078	9,089,906
	<u>\$ 798,367,014</u>	<u>\$ 757,703,370</u>	<u>\$ 40,663,644</u>

Major construction projects affecting capital assets for fiscal year 2007-08 are as follows:

- Street Construction - Construction of various street improvements added \$5.9 million to capital assets. Major projects in various stages included improvements to Awbrey Road, the Reed Market corridor, and improvements to the Boyd Acres and Empire intersection. Developer constructed infrastructure totaled \$6.8 million.
- Airport Improvements – The City spent approximately \$4 million on the runway relocation project at the airport during fiscal year 2007-08. This project was funded primarily by grants.
- Water Improvements - Improvements to the City's water system added \$2.5 million to capital assets. Major projects included the Wyndemere transmission mains and Airport well #3. Developer constructed infrastructure contributed to the City totaled \$5.2 million in the current year.
- Water Reclamation Improvements - Improvements to the water reclamation system added \$11 million to capital assets. Developer constructed infrastructure totaled \$5.3 million. Major projects undertaken by the City included the Wastewater Headworks facility, and improvements to the Wyndemere Sewer Pump Station.

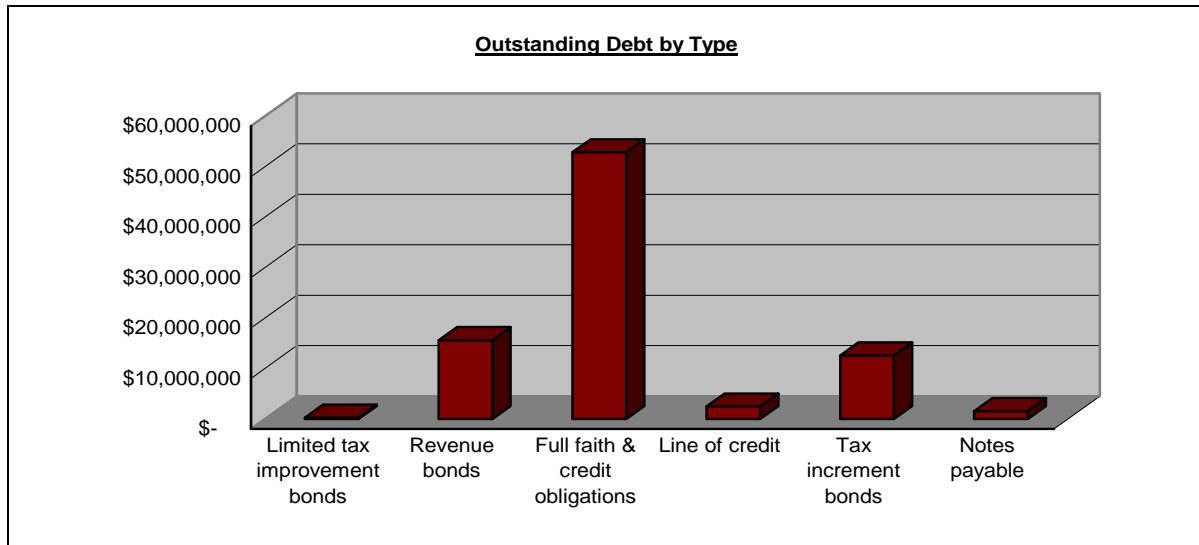
Please refer to Note 4 of the basic financial statements for further detailed information on capital assets.

#### DEBT ADMINISTRATION

As of year-end, the City had \$85.5 million in long-term debt outstanding compared to \$82.5 million in the previous year. During fiscal year 2007-08, the City issued \$4.7 million in full faith and credit obligations to finance the purchase of fire and stormwater equipment, as well as transportation infrastructure and the expansion of the City's Police Building. In addition, \$2.5 million was drawn on a \$6.0 million line of credit to provide funding for Juniper Ridge development. Debt outstanding by type at year-end is as follows:



Management's Discussion and Analysis, Continued



Change in debt outstanding is as follows:

	<b>Governmental Activities</b>		
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>
Limited tax improvement bonds	\$ 261,000	\$ 552,000	\$ (291,000)
Full faith & credit obligations	51,316,600	48,242,400	3,074,200
Certificates of participation	-	325,000	(325,000)
Tax increment bonds	12,595,000	13,800,000	(1,205,000)
Line of credit	2,500,000	-	2,500,000
	<u>\$ 66,672,600</u>	<u>\$ 62,919,400</u>	<u>\$ 3,753,200</u>
	<b>Business-Type Activities</b>		
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>
Revenue bonds	\$ 15,650,000	\$ 16,580,000	\$ (930,000)
Full faith & credit obligations	1,573,400	1,382,600	190,800
Notes payable	1,586,976	1,640,557	(53,581)
	<u>\$ 18,810,376</u>	<u>\$ 19,603,157</u>	<u>\$ (792,781)</u>
	<b>Total</b>		
	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>
Limited tax improvement bonds	\$ 261,000	\$ 552,000	\$ (291,000)
Revenue bonds	15,650,000	16,580,000	(930,000)
Full faith & credit obligations	52,890,000	49,625,000	3,265,000
Certificates of participation	-	325,000	(325,000)
Tax increment bonds	12,595,000	13,800,000	(1,205,000)
Line of credit	2,500,000	-	2,500,000
Notes payable	1,586,976	1,640,557	(53,581)
	<u>\$ 85,482,976</u>	<u>\$ 82,522,557</u>	<u>\$ 2,960,419</u>

The City has \$52.9 million of full faith & credit obligations outstanding for airport improvements (\$1.3 million), land acquired (\$4.8 million), street improvements (\$17.6 million), fire and police stations (\$12.8 million), equipment (\$2.7 million) and pension obligation (\$13.7 million). The airport improvement bonds are serviced by airport lease revenues, street improvement bonds are serviced by transportation system development charges while fire and police station bonds are serviced by property tax revenues and the equipment bonds are repaid from other tax revenues. The pension obligation bonds are serviced by property taxes and other revenues of the City.

## Management's Discussion and Analysis, Continued

Revenue bonds outstanding total \$15.7 million and are for water infrastructure (\$3.0 million) and sewer infrastructure (\$12.7 million). These bonds are repaid from water and water reclamation service charges and system development charges.

The City has \$0.3 million of limited tax improvement bonds outstanding at year-end. These bonds are secured by the full faith and credit of the City and were issued for public improvements that benefit private properties. While these bonds are backed by the City's full faith and credit, their repayment source is derived from assessments to the benefited property owners.

The City has \$12.6 million in urban renewal tax increment bonds outstanding that are repaid from tax increment revenues generated from the City's urban renewal district. The City also has \$2.5 million owing on a line of credit related to Juniper Ridge that will be repaid from land sales. The remainder of the City's debt, totaling \$1.6 million consists of notes payable issued for various facility improvement projects.

### Debt Limitation and Ratings

Oregon Revised Statutes provides a limit on non-self-supporting general obligation debt of 3% of the real market value of all taxable property within the City. Based on the fiscal year 2007-08 value, the City's debt limitation is \$452.2 million. The City is well within its debt limitation with an amount of outstanding debt subject to this limitation of \$51.3 million.

The City's most recent general obligation debt rating is Aa3, its full faith and credit obligation and water revenue bond ratings are A1. Sewer revenue bonds are rated A2 and urban renewal tax increment bonds have an underlying rating of A3.

Please refer to Note 9 of the basic financial statements for further detailed information on long-term debt.

## **ECONOMIC FACTORS, NEXT YEAR'S BUDGET**

The City of Bend has not escaped the impacts of the national economic downturn. Residential construction activity has slowed significantly during fiscal year 2007-08. The population of the City of Bend as of July 1, 2007, was 77,780, which is 48% of Deschutes County's population of 160,810. Between July 1, 2002 and July 1, 2007, the non-annexation population increase was 35%. With the growth in population, the City experienced significant building activity in both residential and commercial developments that has fallen off with the national housing market crisis.

The City is dependent on property taxes, charges for services and grants and contributions to support its operations. Property taxes make up approximately 17% of the City's total revenue sources. In May 1997, voters approved Measure 50 which rolled back property assessed values to 90 percent of 1995-96 levels, established permanent tax rates and limited assessed value growth for individual properties to 3% per year plus new construction. The current permanent tax rate for the City of Bend is \$2.8035 per \$1,000 of assessed value which is one of the lowest in Oregon. The strong economy in Bend and significant building activities have helped mitigate the effects of Measure 50 on property tax revenues in the past. The decrease in building activity will reduce the size of growth in property tax revenue which was 8.9% for fiscal year 2007-08. However, the significant gap between current assessed values and taxable assessed values under the growth limitations of Measure 50 should enable the taxable values to continue to grow by at least the allowed 3%.

In response to the downward economic trends nationwide during fiscal year 2007-08, the City of Bend laid off 42 employees, primarily in the development related services. In addition to layoffs, the City delayed hiring or eliminated many vacant positions. The City implemented cost constraints at all levels of the organization in order to decrease nonessential expenditures thereby increasing revenues available for core priority programs such as public safety, transportation, and providing water and water reclamation services to its citizens.

Highlights for the second year (FY2008-09) of the 2007-2009 Biennial Budget are as follows:

1. Resources total \$242.3 million (revenues of \$189.9 million and working capital carryover of \$52.4 million) and appropriations total \$242.3 million (includes \$61.5 of reserves and contingency).
2. Property and transient room taxes are anticipated to be \$27.2 million, franchise fees expected to be \$6.8 million and revenues from license and permits and charges for services are anticipated to total

## Management's Discussion and Analysis, Continued

\$33.9 million. Intergovernmental revenues are expected to generate \$17.4 million and system development charges are expected to total \$8.2 million.

3. Debt issuance included in the fiscal year 2008-09 budget totals \$31.6 million to finance infrastructure projects for transportation, accessibility, water, water reclamation, and Juniper Ridge.
4. The capital outlay budget is \$43.5 million which includes \$7.6 million budgeted for transportation projects, \$4.3 million for Juniper Ridge infrastructure, \$7.4 million for water system improvements, \$10.0 million for water reclamation system improvements, \$4.3 million for airport improvements, \$1.1 for accessibility improvements, \$6.2 million for various facility improvements, and the remainder for vehicles and equipment and stormwater improvements.

### **REQUEST FOR INFORMATION**

The City's financial statements are designed to present users with a general overview of the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Sonia Andrews, City of Bend Finance Director, at 710 NW Wall Street, Bend, Oregon 97701. The telephone number for the City's Finance Department is 541-388-5521.

City of Bend, Oregon  
**Statement of Net Assets**  
June 30, 2008

	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
<b><u>Assets</u></b>			
Pooled cash and investments	\$ 41,164,512	\$ 15,062,009	\$ 56,226,521
Receivables, net	5,050,568	2,682,043	7,732,611
Internal balances	(148,000)	148,000	-
Due from other governments	1,397,388	851,834	2,249,222
Restricted cash and investments	1,435,700	1,170,865	2,606,565
Other assets	66,243	285,824	352,067
Prepaid pension obligation	10,893,456	-	10,893,456
Assessments receivable	496,816	-	496,816
Loans and notes receivable	1,135,317	187,559	1,322,876
Bond issue costs, net	737,184	845,759	1,582,943
Non-depreciable capital assets	176,300,486	28,249,125	204,549,611
Depreciable capital assets, net	367,071,611	226,745,792	593,817,403
<b>Total Assets</b>	<b>605,601,281</b>	<b>276,228,810</b>	<b>881,830,091</b>
<b><u>Liabilities</u></b>			
Accounts payable	3,140,450	2,646,640	5,787,090
Accrued liabilities	4,579,882	8,171,890	12,751,772
Due to developers	1,282,643	-	1,282,643
Deposits	1,745,034	396,263	2,141,297
Long-term debt			
Portion due or payable within one year	2,987,100	1,160,292	4,147,392
Portion due or payable after one year	63,685,500	17,650,084	81,335,584
<b>Total Liabilities</b>	<b>77,420,609</b>	<b>30,025,169</b>	<b>107,445,778</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	491,487,122	237,030,300	728,517,422
Restricted for:			
Debt service	6,781,918	843,980	7,625,898
Unrestricted	29,911,632	8,329,361	38,240,993
<b>Total Net Assets</b>	<b>\$ 528,180,672</b>	<b>\$ 246,203,641</b>	<b>\$ 774,384,313</b>

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

(This page intentionally left blank)

City of Bend, Oregon  
**Statement of Activities**

For the fiscal year ended June 30, 2008

Functions/ Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Direct	Charges	Operating	Capital	Governmental	Business-	Total
	Expenses	for	Grants and	Grants and			
	Services	Contributions	Contributions		Activities		
<b>Governmental Activities:</b>							
General government	\$ 15,155,495	\$ 7,599,386	\$ 136,821	\$ 532,675	\$ (6,886,613)	\$ -	\$ (6,886,613)
Public safety	26,175,558	4,057,034	4,372,066	-	(17,746,458)	-	(17,746,458)
Public ways and facilities	16,928,148	2,760,858	3,327,844	16,002,114	5,162,668	-	5,162,668
Community and economic development	8,727,641	7,868,975	531,912	-	(326,754)	-	(326,754)
Urban renewal	585,003	98,085	-	-	(486,918)	-	(486,918)
Transit	1,901,605	171,501	1,003,008	106,622	(620,474)	-	(620,474)
Interest on long-term debt	2,909,297	-	-	-	(2,909,297)	-	(2,909,297)
<b>Total Governmental Activities</b>	<b>72,382,747</b>	<b>22,555,839</b>	<b>9,371,651</b>	<b>16,641,411</b>	<b>(23,813,846)</b>	<b>-</b>	<b>(23,813,846)</b>
<b>Business-Type Activities:</b>							
Airport	733,087	683,724	-	4,473,023	-	4,423,660	4,423,660
Water	9,775,856	11,012,185	-	5,225,204	-	6,461,533	6,461,533
Water reclamation	10,183,854	10,206,209	-	5,590,505	-	5,612,860	5,612,860
Stormwater	1,377,695	2,458,564	-	-	-	1,080,869	1,080,869
Other business activities	998,468	712,835	-	1,084,320	-	798,687	798,687
<b>Total Business-Type Activities</b>	<b>23,068,960</b>	<b>25,073,517</b>	<b>-</b>	<b>16,373,052</b>	<b>-</b>	<b>18,377,609</b>	<b>18,377,609</b>
<b>Total Activities</b>	<b>\$ 95,451,707</b>	<b>\$ 47,629,356</b>	<b>\$ 9,371,651</b>	<b>\$ 33,014,463</b>	<b>(23,813,846)</b>	<b>18,377,609</b>	<b>(5,436,237)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes					19,931,126	-	19,931,126
Property taxes, levied for debt service					2,725,298	-	2,725,298
Transient room taxes					3,427,372	-	3,427,372
Franchise fees					6,157,569	604,142	6,761,711
Unrestricted investment income					2,203,727	853,120	3,056,847
Gain on sale of capital assets					3,976,021	26,550	4,002,571
Transfers					(29,252,849)	29,252,849	-
<b>Total General Revenues and Transfers</b>					<b>9,168,264</b>	<b>30,736,661</b>	<b>39,904,925</b>
Change in Net Assets					(14,645,582)	49,114,270	34,468,688
Net Assets, July 1, 2007					542,826,254	197,089,371	739,915,625
<b>Net Assets, June 30, 2008</b>					<b>\$ 528,180,672</b>	<b>\$ 246,203,641</b>	<b>\$ 774,384,313</b>

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

City of Bend, Oregon  
**Balance Sheet**  
Governmental Funds  
June 30, 2008

	General	Street Operations	Fire / Emergency Medical Services	System Development Charges	Building	Juniper Ridge Urban Renewal Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Pooled cash and investments	\$ 5,281,804	\$ 73,137	\$ 1,297,119	\$ 3,373,825	\$ 2,383,938	\$ 6,231	\$ 14,878,098	\$ 27,294,152
Restricted cash and investments	-	-	-	-	-	-	1,431,918	1,431,918
Receivables:								
Property taxes	1,326,595	-	-	-	-	-	189,859	1,516,454
Accounts, net	2,089,596	80,627	772,684	-	208	-	276,118	3,219,233
Assessments	-	-	-	-	-	-	561,816	561,816
Loans and notes, net	-	-	-	429,804	-	-	705,513	1,135,317
Interest	233,532	-	-	-	-	-	-	233,532
Due from other governments	355,901	764,028	-	-	-	-	51,395	1,171,324
Due from other funds	292,000	-	-	-	-	-	-	292,000
<b>Total Assets</b>	<b>\$ 9,579,428</b>	<b>\$ 917,792</b>	<b>\$ 2,069,803</b>	<b>\$ 3,803,629</b>	<b>\$ 2,384,146</b>	<b>\$ 6,231</b>	<b>\$ 18,094,717</b>	<b>\$ 36,855,746</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 150,291	\$ 186,976	\$ 104,386	\$ 539,475	\$ 16,199	\$ 745,430	\$ 545,844	\$ 2,288,601
Salaries and benefits payable	157,805	27,959	139,393	-	47,378	2,324	31,119	405,978
Retainage payable	-	-	-	-	-	258,977	39,428	298,405
Due to developers	-	44,004	-	1,238,639	-	-	-	1,282,643
Other accrued liabilities	759,785	-	-	-	-	-	-	759,785
Deposits	83,044	-	5,237	181,425	73,848	-	202,282	545,836
Deferred revenues	1,979,908	37,993	742,209	434,954	208	-	1,536,987	4,732,259
Due to other funds	-	-	-	-	-	72,946	440,000	512,946
<b>Total Liabilities</b>	<b>3,130,833</b>	<b>296,932</b>	<b>991,225</b>	<b>2,394,493</b>	<b>137,633</b>	<b>1,079,677</b>	<b>2,795,660</b>	<b>10,826,453</b>
Fund Balances (Deficit):								
Reserved for:								
Debt service	-	-	-	-	-	-	6,781,918	6,781,918
Unreserved	6,448,595	-	-	-	-	-	-	6,448,595
Unreserved reported in:								
Special revenue funds	-	620,860	1,078,578	1,409,136	2,246,513	-	2,304,058	7,659,145
Capital projects funds	-	-	-	-	-	(1,073,446)	6,213,081	5,139,635
<b>Total Fund Balances (Deficit)</b>	<b>6,448,595</b>	<b>620,860</b>	<b>1,078,578</b>	<b>1,409,136</b>	<b>2,246,513</b>	<b>(1,073,446)</b>	<b>15,299,057</b>	<b>26,029,293</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,579,428</b>	<b>\$ 917,792</b>	<b>\$ 2,069,803</b>	<b>\$ 3,803,629</b>	<b>\$ 2,384,146</b>	<b>\$ 6,231</b>	<b>\$ 18,094,717</b>	<b>\$ 36,855,746</b>

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



**Reconciliation of the Governmental Funds Balance Sheet to  
the Statement of Net Assets**

June 30, 2008

<b>Total Fund Balances</b>		\$ 26,029,293
Interest income is reported in governmental funds when received, but is accrued in the Statement of Net Assets when earned.		68,480
Capital assets are not financial resources and thus not reported in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.		
Cost	652,537,962	
Accumulated depreciation	<u>(132,653,519)</u>	519,884,443
Bond issuance costs are not financial resources in governmental funds, but are reported in the the Statement of Net Assets at their net unamortized value.		645,952
Prepaid pension obligations and the related cash held in trust for debt service of the pension obligations are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net unamortized value.		10,893,872
All liabilities are reported in the Statement of Net Assets, whereas in governmental funds, liabilities not due and payable in the current period are not reported.		
Interest payable		(302,600)
Accrued compensated absences		(1,976,716)
Long-term debt		(52,463,600)
Property taxes collected after year end, but not available soon enough to pay for current obligations, are deferred in governmental funds, but are recognized as revenue in the Statement of Activities.		1,185,956
Other revenues collected after year end, but not available soon enough to pay for current obligations, are deferred in governmental funds, but are recognized as revenue in the Statement of Activities.		1,589,230
Assessment and other loans not available to pay for current obligations are deferred in governmental funds, but are recognized as revenue in the Statement of Activities when the loan receivable is recorded.		1,957,073
Allowance for uncollectible assessments not recorded in governmental funds are recorded as a reduction in the loan receivable in the Statement of Net Assets.		(65,000)
Internal service funds are used by management to charge costs of certain activities such as garage services, information technology support, engineering services and administration and financial services to individual funds. The net assets of the internal service fund are reported with governmental activities.		<u>20,734,289</u>
<b>Total Net Assets</b>		<u><u>\$ 528,180,672</u></u>

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

City of Bend, Oregon

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

Governmental Funds

For the fiscal year ended June 30, 2008

	<u>General</u>	<u>Street Operations</u>	<u>Fire / Emergency Medical Services</u>	<u>System Development Charges</u>	<u>Building</u>	<u>Juniper Ridge Urban Renewal Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>								
Taxes	\$ 21,780,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,838,206	\$ 25,618,945
Franchise fees	5,543,496	502,819	-	-	-	-	111,254	6,157,569
Intergovernmental	1,896,641	3,826,439	2,216,454	-	-	-	1,806,591	9,746,125
Assessments	18,624	-	-	-	-	-	244,475	263,099
Licenses and permits	319,123	68,767	-	-	4,200,910	-	-	4,588,800
Charges for services	222,150	171,231	2,229,927	-	254,125	-	4,542,361	7,419,794
System development charges	-	-	-	8,126,497	-	-	-	8,126,497
Fines and forfeitures	1,235,467	-	-	-	-	-	-	1,235,467
Loan repayments	-	-	-	24,845	-	-	46,985	71,830
Investment income	401,777	32,665	91,599	247,768	146,900	(43,531)	669,337	1,546,515
Miscellaneous	6,847	40,208	25,711	-	2,858	-	247,062	322,686
<b>Total Revenues</b>	<b>31,424,864</b>	<b>4,642,129</b>	<b>4,563,691</b>	<b>8,399,110</b>	<b>4,604,793</b>	<b>(43,531)</b>	<b>11,506,271</b>	<b>65,097,327</b>
<b>Expenditures</b>								
Current operating:								
General government	645,447	-	-	-	-	-	15,900	661,347
Public safety	16,508,247	-	12,645,679	-	-	-	5,600	29,159,526
Public ways and facilities	-	5,788,840	-	71,497	-	-	575,673	6,436,010
Community and economic development	-	-	-	-	5,796,341	-	5,843,076	11,639,417
Urban renewal	-	-	-	-	-	758,409	127,438	885,847
Transit	-	-	-	-	-	-	2,600,476	2,600,476
Debt service:								
Principal	-	255,500	407,600	-	-	-	2,320,700	2,983,800
Interest	-	7,065	155,385	-	-	561	2,157,089	2,320,100
Capital outlay	188,193	1,838,126	2,150,747	-	40,154	8,905,666	4,746,475	17,869,361
<b>Total Expenditures</b>	<b>17,341,887</b>	<b>7,889,531</b>	<b>15,359,411</b>	<b>71,497</b>	<b>5,836,495</b>	<b>9,664,636</b>	<b>18,392,427</b>	<b>74,555,884</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>14,082,977</b>	<b>(3,247,402)</b>	<b>(10,795,720)</b>	<b>8,327,613</b>	<b>(1,231,702)</b>	<b>(9,708,167)</b>	<b>(6,886,156)</b>	<b>(9,458,557)</b>
<b>Other Financing Sources (Uses)</b>								
Proceeds from sale of assets	3,897,931	2,450	-	-	1,600	-	243,371	4,145,352
Issuance of long-term debt	-	-	200,000	-	-	6,225,000	-	6,425,000
Premium on debt issuance	-	-	751	-	-	13,988	-	14,739
Transfers in	-	2,270,000	8,891,100	-	-	3,660,501	15,129,771	29,951,372
Transfers out	(20,254,501)	-	(5,700)	(13,553,758)	-	-	-	(33,813,959)
<b>Total Other Financing Sources (Uses)</b>	<b>(16,356,570)</b>	<b>2,272,450</b>	<b>9,086,151</b>	<b>(13,553,758)</b>	<b>1,600</b>	<b>9,899,489</b>	<b>15,373,142</b>	<b>6,722,504</b>
Net change in fund balances	(2,273,593)	(974,952)	(1,709,569)	(5,226,145)	(1,230,102)	191,322	8,486,986	(2,736,053)
Fund Balances (Deficit), July 1, 2007	8,722,188	1,595,812	2,788,147	6,635,281	3,476,615	(1,264,768)	6,812,071	28,765,346
<b>Fund Balances (Deficit), June 30, 2008</b>	<b>\$ 6,448,595</b>	<b>\$ 620,860</b>	<b>\$ 1,078,578</b>	<b>\$ 1,409,136</b>	<b>\$ 2,246,513</b>	<b>\$ (1,073,446)</b>	<b>\$ 15,299,057</b>	<b>\$ 26,029,293</b>

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

**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, 2008

**Net Change in Fund Balances** \$ (2,736,053)

The change in net assets reported in the Statement of Activities is different because:

Capital asset additions are reported as capital outlay expenditures in governmental funds. However, the Statement of Activities allocates the cost of those assets over their estimated useful lives as depreciation expense.

Capital assets additions	17,869,361	
Depreciation	<u>(11,363,684)</u>	6,505,677

Donated capital assets are not a current financial resource and are not reported as revenue in the governmental funds. In the Statement of Activities, such assets are reported as contribution revenue. 6,913,125

Proceeds from the sale of capital assets are reported in governmental funds when collected. In the Statement of Activities, the sale or disposal of capital assets is reported as a reduction in capital assets and any resulting gains and losses are reported when earned or incurred. (169,331)

Transfers of capital assets are not recorded in the governmental funds as they do not require the use of current financial resources. However, the Statement of Activities reports such expenses as transfers when made to business type activities. (26,575,462)

Property taxes and other revenues that do not meet the measurable and available criteria do not provide current financial resources and are recorded as deferred revenue in governmental funds. In the Statement of Activities, these revenues are recognized as revenue when they are earned (or levied in the case of property taxes). 836,959

Assessment and other loan repayments collected are reported as revenue in the governmental funds when they are collected. In the Statement of Activities, revenues are recognized when the loan receivables are recorded and principle repayments collected reduce the loan receivable balance. 398,018

Interest income is recorded when available in governmental funds. In the Statement of Activities, interest is accrued. 7,162

Interest expenditures are recorded when due in governmental funds, whereas in the Statement of Activities, interest is accrued. (21,002)

Issuance of long-term debt is reported as revenue in governmental funds, but is reported as an increase in liabilities in the Statement of Net Assets. (6,425,000)

Repayments of bond principal are reported as expenditures in governmental funds, whereas they are reported as changes in bonds payable in the Statement of Net Assets. 2,983,800

Bond issuance costs, premiums and discounts incurred are reported by governmental funds as expenditures and/or netted with bond proceeds when the debt is first issued. These amounts are deferred and amortized in the Statement of Activities. 63,290

Prepaid pension obligations are not reported in governmental funds, but are deferred and amortized in the Statement of Activities. (545,103)

Unpaid compensated absences are not reported in governmental funds as they do not require the use of current financial resources. However, the Statement of Activities reports such expenses when incurred regardless of when settlement ultimately occurs. (235,000)

Internal service funds are used by management to charge costs of certain activities such as garage services, information technology, engineering, administration and financial services to individual funds. The net revenues and expenses of the internal service fund are reported with governmental activities. 4,353,338

**Change in Net Assets** \$ (14,645,582)

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

City of Bend, Oregon  
**Statement of Net Assets**  
Proprietary Funds  
June 30, 2008

	Business-Type Activities Enterprise Funds					Governmental Activities	
	Airport	Water	Water Reclamation	Stormwater	Nonmajor Enterprise Funds	Total	Internal Service Fund
<b>Assets</b>							
Current assets:							
Pooled cash and investments	\$ 40,344	\$ 9,729,364	\$ 2,319,066	\$ 1,638,348	\$ 1,334,887	\$ 15,062,009	\$ 13,870,360
Receivables:							
Accounts, net	9,268	1,364,759	1,032,023	246,326	21,850	2,674,226	12,869
Interest	-	329	7,488	-	-	7,817	-
Due from other governments	851,834	-	-	-	-	851,834	226,064
Due from other funds	-	-	300,000	-	-	300,000	72,946
Inventories	-	256,397	-	-	-	256,397	33,985
Prepays and deposits	-	19,790	7,157	2,480	-	29,427	32,258
Bond issue costs, net	3,031	6,057	66,924	387	-	76,399	15,107
<b>Total Current Assets</b>	<b>904,477</b>	<b>11,376,696</b>	<b>3,732,658</b>	<b>1,887,541</b>	<b>1,356,737</b>	<b>19,258,109</b>	<b>14,263,589</b>
Noncurrent assets:							
Restricted cash and investments	-	322,725	794,807	53,333	-	1,170,865	3,366
Loans and notes receivable	-	12,192	175,367	-	-	187,559	-
Capital assets, net	14,908,955	80,364,135	118,255,579	26,548,701	14,917,547	254,994,917	23,487,654
Bond issue costs, net	30,853	68,221	662,926	7,360	-	769,360	76,125
<b>Total Noncurrent Assets</b>	<b>14,939,808</b>	<b>80,767,273</b>	<b>119,888,679</b>	<b>26,609,394</b>	<b>14,917,547</b>	<b>257,122,701</b>	<b>23,567,145</b>
<b>Total Assets</b>	<b>15,844,285</b>	<b>92,143,969</b>	<b>123,621,337</b>	<b>28,496,935</b>	<b>16,274,284</b>	<b>276,380,810</b>	<b>37,830,734</b>
<b>Liabilities</b>							
Current liabilities:							
Accounts payable	274,203	720,736	1,585,701	52,353	13,647	2,646,640	851,849
Salaries and benefits payable	1,397	48,301	36,678	7,107	2,299	95,782	126,331
Retainage payable	263,820	54,122	383,651	-	1,215	702,808	147,253
Other accrued liabilities:							
Compensated absences	3,380	154,205	111,622	9,049	17,179	295,435	466,300
Interest	36,182	39,077	90,252	1,096	-	166,607	49,246
Insurance claims	-	-	-	-	-	-	47,268
Other	-	4,088,599	2,822,659	-	-	6,911,258	-
Deposits	108,725	287,538	-	-	-	396,263	1,199,198
Due to other funds	152,000	-	-	-	-	152,000	-
Current portion of long-term debt	150,292	170,000	790,000	50,000	-	1,160,292	294,000
<b>Total Current Liabilities</b>	<b>989,999</b>	<b>5,562,578</b>	<b>5,820,563</b>	<b>119,605</b>	<b>34,340</b>	<b>12,527,085</b>	<b>3,181,445</b>
Noncurrent liabilities:							
Long-term debt, net	2,506,123	2,840,000	12,078,961	225,000	-	17,650,084	13,915,000
<b>Total Noncurrent Liabilities</b>	<b>2,506,123</b>	<b>2,840,000</b>	<b>12,078,961</b>	<b>225,000</b>	<b>-</b>	<b>17,650,084</b>	<b>13,915,000</b>
<b>Total Liabilities</b>	<b>3,496,122</b>	<b>8,402,578</b>	<b>17,899,524</b>	<b>344,605</b>	<b>34,340</b>	<b>30,177,169</b>	<b>17,096,445</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	12,286,424	77,428,413	106,116,468	26,281,448	14,917,547	237,030,300	9,695,327
Restricted for:							
Debt service	-	322,725	521,255	-	-	843,980	-
Unrestricted	61,739	5,990,253	(915,910)	1,870,882	1,322,397	8,329,361	11,038,962
<b>Total Net Assets</b>	<b>\$12,348,163</b>	<b>\$83,741,391</b>	<b>\$105,721,813</b>	<b>\$28,152,330</b>	<b>\$16,239,944</b>	<b>\$246,203,641</b>	<b>\$20,734,289</b>

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

City of Bend, Oregon

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

Proprietary Funds

For the fiscal year ended June 30, 2008

	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	Airport	Water	Water Reclamation	Stormwater	Nonmajor Enterprise Funds	Total	Internal Service Fund
<b>Operating Revenues</b>							
Franchise fees	\$ -	\$ 314,590	\$ 289,552	\$ -	\$ -	\$ 604,142	\$ -
Licenses and permits	-	-	-	-	-	-	31,540
Charges for services	602,993	10,945,156	10,188,671	2,458,364	686,107	24,881,291	29,388,029
Miscellaneous	80,731	67,029	17,538	200	313	165,811	90,383
<b>Total Operating Revenues</b>	<b>683,724</b>	<b>11,326,775</b>	<b>10,495,761</b>	<b>2,458,564</b>	<b>686,420</b>	<b>25,651,244</b>	<b>29,509,952</b>
<b>Operating Expenses</b>							
Salaries and benefits	82,555	2,676,675	2,696,631	333,648	192,623	5,982,132	10,059,434
Materials and supplies	62,348	2,847,122	1,898,158	122,227	381,526	5,311,381	4,793,540
Internal services	231,574	2,265,883	2,389,232	232,648	105,612	5,224,949	2,713,782
Insurance premiums and claims	-	-	-	-	-	-	8,779,478
Depreciation	226,492	1,821,973	2,626,443	687,928	318,707	5,681,543	661,888
<b>Total Operating Expenses</b>	<b>602,969</b>	<b>9,611,653</b>	<b>9,610,464</b>	<b>1,376,451</b>	<b>998,468</b>	<b>22,200,005</b>	<b>27,008,122</b>
<b>Operating income (loss)</b>	<b>80,755</b>	<b>1,715,122</b>	<b>885,297</b>	<b>1,082,113</b>	<b>(312,048)</b>	<b>3,451,239</b>	<b>2,501,830</b>
<b>Nonoperating Revenues (Expenses)</b>							
Intergovernmental	-	-	250,000	-	-	250,000	536,686
Investment income	(25,959)	449,608	339,048	43,442	46,981	853,120	650,050
Interest expense	(127,087)	(158,146)	(506,466)	(1,096)	-	(792,795)	(568,195)
Capital grants and contributions	4,473,023	-	-	-	-	4,473,023	-
Parking improvement fees	-	-	-	-	682,926	682,926	-
Permanent maintenance fees	-	-	-	-	26,415	26,415	-
Amortization of bond issue costs	(3,031)	(6,057)	(66,924)	(148)	-	(76,160)	(15,672)
Gain on disposal of assets	-	2,400	24,150	-	-	26,550	3,900
<b>Total Nonoperating Revenues (Expenses)</b>	<b>4,316,946</b>	<b>287,805</b>	<b>39,808</b>	<b>42,198</b>	<b>756,322</b>	<b>5,443,079</b>	<b>606,769</b>
<b>Income before contributions and transfers</b>	<b>4,397,701</b>	<b>2,002,927</b>	<b>925,105</b>	<b>1,124,311</b>	<b>444,274</b>	<b>8,894,318</b>	<b>3,108,599</b>
<b>Contributions and Transfers</b>							
Capital contributions	-	5,225,204	5,340,505	26,575,462	401,394	37,542,565	59,539
Transfers in	90,000	1,534,164	1,864,396	-	-	3,488,560	1,185,200
Transfers out	(9,100)	(313,654)	(288,419)	-	(200,000)	(811,173)	-
<b>Total Contributions and Transfers</b>	<b>80,900</b>	<b>6,445,714</b>	<b>6,916,482</b>	<b>26,575,462</b>	<b>201,394</b>	<b>40,219,952</b>	<b>1,244,739</b>
Change in net assets	4,478,601	8,448,641	7,841,587	27,699,773	645,668	49,114,270	4,353,338
Net Assets, July 1, 2007	7,869,562	75,292,750	97,880,226	452,557	15,594,276	197,089,371	16,380,951
<b>Net Assets, June 30, 2008</b>	<b>\$ 12,348,163</b>	<b>\$ 83,741,391</b>	<b>\$ 105,721,813</b>	<b>\$ 28,152,330</b>	<b>\$ 16,239,944</b>	<b>\$ 246,203,641</b>	<b>\$ 20,734,289</b>

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, 2008

	Business-Type Activities						Governmental
	Enterprise Funds						Activities
	Airport	Water	Water Reclamation	Stormwater	Nonmajor Enterprise Funds	Total	Internal Service Fund
<b><u>Cash Flows from Operating Activities</u></b>							
Cash received from customers	\$ 662,491	\$ 11,448,787	\$ 10,501,397	\$ 2,212,238	\$ 675,128	\$ 25,500,041	\$ 2,863,052
Cash received from interfund services provided	-	-	-	-	-	-	26,374,354
Cash paid to employees for services	(81,112)	(2,633,611)	(2,660,456)	(323,522)	(181,710)	(5,880,411)	(10,017,390)
Cash paid to suppliers for goods and services	(66,814)	(5,063,671)	(3,050,845)	(121,924)	(381,870)	(8,685,124)	(13,785,280)
<u>Cash paid for interfund services used</u>	<u>(231,574)</u>	<u>(2,265,883)</u>	<u>(2,389,232)</u>	<u>(232,648)</u>	<u>(105,612)</u>	<u>(5,224,949)</u>	<u>(2,713,782)</u>
<b>Net Cash Provided By Operating Activities</b>	<b>282,991</b>	<b>1,485,622</b>	<b>2,400,864</b>	<b>1,534,144</b>	<b>5,936</b>	<b>5,709,557</b>	<b>2,720,954</b>
<b><u>Cash Flows from Noncapital</u></b>							
<b><u>Financing Activities</u></b>							
Advances from other funds	152,000	-	-	-	-	152,000	-
Advances to other funds	-	-	(300,000)	-	-	(300,000)	-
Interfund loan repayments	-	-	200,000	-	-	200,000	-
Transfers from other funds	90,000	1,534,164	1,864,396	-	-	3,488,560	1,185,200
<u>Transfers to other funds</u>	<u>(9,100)</u>	<u>(313,654)</u>	<u>(288,419)</u>	<u>-</u>	<u>(200,000)</u>	<u>(811,173)</u>	<u>-</u>
<b>Net Cash Provided (Used) By Noncapital Financing Activities</b>	<b>232,900</b>	<b>1,220,510</b>	<b>1,475,977</b>	<b>-</b>	<b>(200,000)</b>	<b>2,729,387</b>	<b>1,185,200</b>
<b><u>Cash Flows from Capital and Related</u></b>							
<b><u>Financing Activities</u></b>							
Issuance of debt	-	-	-	276,033	-	276,033	501,878
Payment of bond issue costs	-	-	-	(8,927)	-	(8,927)	(16,226)
Principal payments on capital debt	(1,125,789)	(160,000)	(781,992)	-	-	(2,067,781)	(188,000)
Interest payments on capital debt	(122,529)	(159,985)	(512,364)	-	-	(794,878)	(624,028)
Capital grants and contributions	5,447,431	-	250,265	-	400,000	6,097,696	321,567
Proceeds from sale of assets	-	2,400	24,150	-	-	26,550	3,900
Permanent maintenance fees	-	-	-	-	26,415	26,415	-
Parking improvement fees	-	-	-	-	682,926	682,926	-
<u>Acquisition and construction of capital assets</u>	<u>(4,840,557)</u>	<u>(2,962,651)</u>	<u>(9,975,926)</u>	<u>(496,021)</u>	<u>(327,602)</u>	<u>(18,602,757)</u>	<u>(4,114,634)</u>
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>(641,444)</b>	<b>(3,280,236)</b>	<b>(10,995,867)</b>	<b>(228,915)</b>	<b>781,739</b>	<b>(14,364,723)</b>	<b>(4,115,543)</b>
<b><u>Cash Flows from Investing Activities</u></b>							
Investment income	(25,959)	449,608	339,048	43,442	46,981	853,120	650,050
<b>Net change in pooled cash and investments</b>	<b>(151,512)</b>	<b>(124,496)</b>	<b>(6,779,978)</b>	<b>1,348,671</b>	<b>634,656</b>	<b>(5,072,659)</b>	<b>440,661</b>
Pooled Cash and Investments, July 1, 2007	191,856	10,176,585	9,893,851	343,010	700,231	21,305,533	13,433,065
<b>Pooled Cash and Investments, June 30, 2008</b>	<b>\$ 40,344</b>	<b>\$ 10,052,089</b>	<b>\$ 3,113,873</b>	<b>\$ 1,691,681</b>	<b>\$ 1,334,887</b>	<b>\$ 16,232,874</b>	<b>\$ 13,873,726</b>
<b><u>Reconciliation to Statement of Net Assets</u></b>							
Pooled cash and investments	\$ 40,344	\$ 9,729,364	\$ 2,319,066	\$ 1,638,348	\$ 1,334,887	\$ 15,062,009	\$ 13,870,360
Restricted cash and investments	-	322,725	794,807	53,333	-	1,170,865	3,366
<b>Pooled Cash and Investments, June 30, 2008</b>	<b>\$ 40,344</b>	<b>\$ 10,052,089</b>	<b>\$ 3,113,873</b>	<b>\$ 1,691,681</b>	<b>\$ 1,334,887</b>	<b>\$ 16,232,874</b>	<b>\$ 13,873,726</b>

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

City of Bend, Oregon  
**Statement of Cash Flows (Continued)**  
Proprietary Funds  
For the fiscal year ended June 30, 2008

	Business-Type Activities Enterprise Funds					Total	Governmental
	Airport	Water	Water Reclamation	Stormwater	Nonmajor Enterprise Funds		Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>							
Operating income (loss)	\$ 80,755	\$ 1,715,122	\$ 885,297	\$ 1,082,113	\$ (312,048)	\$ 3,451,239	\$ 2,501,830
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	226,492	1,821,973	2,626,443	687,928	318,707	5,681,543	661,888
Change in:							
Accounts receivable	2,684	41,466	(39,663)	(246,326)	(11,292)	(253,131)	2,737
Loans and notes receivable	-	10,155	45,299	-	-	55,454	-
Due from other funds	-	-	-	-	-	-	(72,946)
Inventories	-	(248,159)	-	-	-	(248,159)	2,298
Prepays and deposits	-	(3,024)	1,533	(2,480)	-	(3,971)	18,870
Accounts payable	(4,466)	(251,301)	31,064	2,783	(344)	(222,264)	(195,412)
Salaries and benefits payable	(1,478)	17,641	5,340	4,896	99	26,498	5,018
Compensated absences payable	2,921	25,423	30,835	5,230	10,814	75,223	37,026
Insurance claims payable	-	-	-	-	-	-	(38,018)
Other accrued liabilities	-	(1,714,065)	(1,185,284)	-	-	(2,899,349)	-
Prepays and deposits payable	(23,917)	70,391	-	-	-	46,474	(202,337)
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 282,991</b>	<b>\$ 1,485,622</b>	<b>\$ 2,400,864</b>	<b>\$ 1,534,144</b>	<b>\$ 5,936</b>	<b>\$ 5,709,557</b>	<b>\$ 2,720,954</b>

Noncash Capital and Related Financing Activities

The City received donated water and wastewater infrastructure totaling \$5,225,204 and \$5,336,149, respectively, in the current year.

The Stormwater Fund was established and infrastructure with a net book value of \$25,899,749 was transferred.

Acquisition of capital assets financed through accounts payable for the current year totaled \$269,301 in the Airport Fund, \$265,870 in the Water Fund, \$1,325,698 in the Water Reclamation Fund, \$32,210 in the Stormwater Fund, and \$ 459,995 in the Internal Service Fund.

The net book value of capital assets contributed from other funds in the current year totaled \$22,018 in the Administration and Finance Division, and \$37,521 in the Public Works Administration Division.

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

City of Bend, Oregon

## Statement of Fiduciary Assets and Liabilities

Fiduciary Fund

June 30, 2008

	<u>Agency Fund</u>
<b><u>Assets</u></b>	
Cash and investments	\$ 112,310
Accounts receivable, net	5
<b>Total Assets</b>	<b>112,315</b>
<b><u>Liabilities</u></b>	
Amounts held for others	112,315
<b>Total Liabilities</b>	<b>112,315</b>
<b>Net Assets</b>	<b>\$ -</b>

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



# CITY OF BEND, OREGON

## Notes to Basic Financial Statements

Fiscal Year Ended June 30, 2008

### **Note 1 - Summary of Significant Accounting Policies**

The accounting and reporting policies of the City of Bend (the City) and its component unit included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The significant accounting policies of the City are described below.

#### The Financial Reporting Entity

As required by GAAP, the financial reporting entity consists of the primary government, as well as its component unit, which is a legally separate organization for which the elected officials of the primary government are financially accountable or a legally separate organization that raises and holds economic resources for the direct benefit of the primary government. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the City of Bend, Oregon (the primary government) and its component unit, the Bend Urban Renewal Agency. The component unit discussed in the next paragraph is blended and reported as if it is part of the City.

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

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

#### Organization

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

#### Financial Statement Presentation, Measurement Focus and Basis of Accounting

##### Government-wide Financial Statements

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

## CITY OF BEND, OREGON

### Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

#### **Note 1 - Summary of Significant Accounting Policies (Continued)**

The Statement of Activities presents the direct expenses of a given function/program or business-type activity and the related program revenues categorized into charges for services, operating grants and contributions and capital grants and contributions. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses are those costs, usually administrative in nature, that support all City functions and enable direct services to be provided. Program revenues include 1) fees, fines and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, investment income and other items not included among program revenues are reported as general revenues.

The government-wide financial statements are accounted for using an economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Nonexchange transactions, in which the City receives value without giving equal value in exchange, include 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. The effect of interfund activity such as transfers, advances and loans is eliminated.

The City has elected not to apply private-sector standards of accounting and financial reporting issued after November 30, 1989, unless specifically adopted by Governmental Accounting Standards Board pronouncements.

#### 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 acquisition or construction of capital assets (capital projects funds), and the servicing of general long-term debt (debt service 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 net assets. 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 property taxes available and susceptible to accrual if they are collected within sixty days after year-end.

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

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Special assessments and loan repayments collected within 60 days after year end are considered measurable and available and are recognized as revenues.

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

The following are the City's major governmental funds:

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

**Street Operations Fund** - This fund accounts for the City's street operations, including street repair, maintenance and lighting. Resources consist primarily of state highway fund apportionment and support from the general fund.

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

**System Development Charges (SDC) Fund** - This fund accounts for the collection of transportation, water and water reclamation SDCs.

**Building Fund** - The Building Fund is used to account for the City's building inspection, building compliance, and permitting activities. The principal sources of revenue are permit fees, plan check fees and other charges for services provided.

**Juniper Ridge Urban Renewal Construction Fund** - This fund accounts for construction projects related to the Juniper Ridge urban renewal area. Revenues include tax increment bonds and transfers from the General Fund generated from sales of land.

Proprietary Funds

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

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

The following are the City's major enterprise funds:

**Airport Fund** – The Airport fund accounts for the operation of the City's municipal airport. The principal sources of revenue are hangar, ground and operator leases and Federal and State grants. Expenses are for maintenance and improvement of airport facilities.

## CITY OF BEND, OREGON

### Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

#### Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

**Stormwater Fund** - This fund accounts for the maintenance, operation and construction of the City's stormwater system. The principal source of revenue is user fees.

Additionally, the City reports the following fund types:

**Internal Service Fund** - The Internal Service Fund accounts for those activities and services furnished internally to other departments within the City on a cost reimbursement basis. Charges are made to the various departments to support these activities. The City has one internal service fund comprised of the following divisions: Garage, Information Technology, Facility Management, Engineering, Public Works Administration, Risk Management, Administration and Financial Services, Economic Development Administration, and Community Development Administration. The Engineering division performs construction plan reviews for other City departments and external customers, thus revenues of the Engineering division include fees charged to other departments and external customers. The Community Development Administration division is partially funded by an administrative fee, building and planning permits. The aggregate of all these divisions is reflected as the Internal Service Fund in the fund financial statements.

#### Fiduciary Fund

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

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

#### Use of Estimates

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

#### Pooled Cash and Investments

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

All other 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

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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, 2008, the City had \$2,549,866 of cash and investments restricted for debt service, and \$56,699 of cash restricted by contracts and agreements.

Receivables

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

Prepaid Pension Obligation

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

Inventory

Inventories of materials and supplies are valued at cost or average cost on the first-in, first-out method. Inventory is capitalized and charged to operations when consumed.

Capital Assets

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

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

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

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

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Capitalized Interest

Capital assets of the proprietary funds constructed with tax-exempt borrowing include capitalized interest as part of the costs of the assets. All interest costs of the borrowing less any interest earned on investments acquired with the proceeds of the borrowing are capitalized from the date of the borrowing until the assets are ready for their intended use. There was no capitalized interest for the fiscal year ended June 30, 2008.

Compensated Absences

Liabilities for vacation pay are recorded in the Statement of Net Assets and proprietary fund financial statements when vested or earned by employees. Compensated absences liability accrued at the end of each year is used within one year and is reported with other accrued liabilities.

In governmental funds, compensated absences are reported only if they have matured, ie. a governmental fund liability and expenditure is recognized only as payments come due each period when relevant events such as employee resignations and retirements occur. Sick leave pay does not vest and is recorded as leave is taken.

Long-term Debt and Bond Issuance Costs

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

Fund Balances

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted to outside parties for use for specific purposes. When both restricted and unrestricted resources are available for appropriation, the City's policy is to use restricted resources first.

Unreserved fund balance may be designated by management for specific purposes. At June 30, 2008, unreserved fund balances were designated as follows:

- \$ 620,860 – designated for street and right-of-way maintenance
- 1,078,578 – designated for fire protection and emergency medical service operations
- 1,409,136 – designated for construction of infrastructure
- 2,246,513 – designated for building inspection activities
- 2,271,421 – designated for community and economic development activities

At June 30, 2008 the following funds had deficit fund balances:

- the Tourism/Promotion Economic Development Fund had a deficit fund balance of \$25,159,
- the Improvement District Construction Fund had a deficit fund balance of \$377,954, and
- the Juniper Ridge Urban Renewal Construction Fund had a deficit fund balance of \$1,073,446.

The Tourism/Promotion Economic Development Fund deficit will be eliminated by containing expenses to available resources. The Improvement District Construction Fund deficit balance is a result of construction projects in progress for which special assessments will be levied upon completion. Tax increment revenues and planned property sales in the Juniper Ridge Urban Renewal District will eliminate the Juniper Ridge Construction Fund deficit fund balance in future years.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Appropriation and Budgetary Controls

The City is subject to provisions of the Oregon Revised Statutes which set forth local budget procedures. A resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations for the biennium. Appropriations are established by program or activity.

The City Council may, however, approve additional appropriations for necessary expenditures which could not be reasonably estimated at the time the budget was adopted. Additionally, budgets may be modified during the biennium by the use of appropriation transfers between legal categories or appropriation transfers from one fund to another.

Such transfers must be authorized by official resolution or ordinance of the City Council. The resolution or ordinance must state the need for the transfer, the purpose of the authorized expenditures and the amount of the appropriation transferred.

Transfers of operating contingency appropriations which in aggregate during a fiscal year exceed 15% of the total appropriations of the fund may only be made after adoption of a supplemental budget prepared for that purpose. A supplemental budget less than 10% of the fund's original budget may be adopted at a regular meeting of the governing body. A supplemental budget greater than 10% of the fund's original budget requires public hearings, publication in newspapers and approval by the Council. Budget amounts shown in the financial statements include the original budget and final budget as modified by supplemental budgets and budget transfers. Supplemental appropriations were approved by the City Council for the 2007-09 biennium. All appropriations terminate on June 30, 2009.

**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 of better, A-1 rated commercial paper and banker's acceptances, Aa rated corporate bonds, time deposits, repurchase agreements and the State of Oregon Local Government Investment Pool. At June 30, 2008, the City's cash and investments are comprised of the following:

Cash on hand	\$	6,110
Deposits with financial institutions		755,645
Investments:		
Money market account		3,581,198
State of Oregon Local Government Investment Pool		25,321,602
Commercial paper		5,972,215
U.S. and U.S. agency obligations		<u>23,308,626</u>
Total pooled cash and investments	<u>\$</u>	<u>58,945,396</u>

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

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Agency <u>Fund</u>	<u>Total</u>
Pooled cash and investments	\$ 41,164,512	\$ 15,062,009	\$ 112,310	\$ 56,338,831
Restricted cash and investments	<u>1,435,700</u>	<u>1,170,865</u>	<u>-</u>	<u>2,606,565</u>
	<u>\$ 42,600,628</u>	<u>\$ 16,232,874</u>	<u>\$ 112,310</u>	<u>\$ 58,945,396</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 2 – Cash and Investments (Continued)**

Deposits with Financial Institutions

The City's deposits with financial institutions are insured up to \$100,000 by the Federal Depository Insurance Corporation (FDIC). To provide the additional security required by Oregon Revised Statutes, Chapter 295, the City obtains \$13,000,000 of collateral certificates through Bank of the Cascades using Federal Home Loan Bank of Seattle as pool manager. Securities in the City's name having a value of not less than 25% of the amount of the certificates are held by the custodian of the pooled collateral, who is considered to be the City's agent. The bank balance as of June 30, 2008 maintained by the City was \$5,111,320. Of this amount, \$100,000 was covered by FDIC, \$3,250,000 was collateralized by securities held by financial institutions acting as agents of the City and the remaining \$1,761,320 was uninsured and uncollateralized.

Interest Rate Risk

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

<u>Maturity</u>	<u>Minimum Investment</u>	<u>Actual at June 30, 2008</u>
Less than 30 days	10%	52%
Less than 12 months	50%	75%
Less than 18 months	65%	80%
Less than 7 years	100%	100%

Credit Risk

The City's investment policy limits investments in commercial paper and corporate bonds to those rated at least A-1 and AA respectively by a nationally recognized rating agency. 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, 2008, the City was in compliance with the above policy requirements with commercial paper and corporate bonds totaling less than 11% of the portfolio. Investments in obligations of the States of Oregon, California, Idaho and Washington must be rated AA or better and ownership of such obligations is limited to 25% of the portfolio with no more than 10% held in any one issuer. The City had no investments in such obligations at June 30, 2008.

The State of Oregon Local Government Pool and money market account are unrated. Commercial paper investments are rated A-1 and other investments held at June 30, 2008 are categorized by rating as follows:

<u>Investor Service Rating</u>	<u>U.S. and U.S. Agency Obligations</u>	<u>Corporate Bonds</u>
Aaa	\$ 23,308,626	\$ 5,473,935
Aa3	-	498,280
	<u>\$ 23,308,626</u>	<u>\$ 5,972,215</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's policy is to have securities held in a segregated account for the City's benefit by a third party financial institution serving as safekeeping and custody agent. At June 30, 2008, the City does not have investments exposed to custodial credit risk.



CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 3 – Assessments and Loans and Notes Receivable**

Assessments receivable consist of amounts levied against benefited property owners for the cost of public improvements and attach as an enforceable lien on the property until paid. All the City's assessment loans are made over a period of 10 years and bear interest ranging from 5.00% to 7.50%.

Loans and notes receivable consisted of the following at June 30, 2008:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Promissory notes receivable for system development charges and improvement fees, 1 to 10 year terms with 6% to 7.5% interest	\$ 429,804	\$ 77,862
Sewer connection charges, 10 year terms with 5% to 7.25% interest	-	109,697
Assessments receivable for local improvements, 10 year terms with 5% to 7.25% interest	548,577	-
Assessments receivable for downtown economic improvements	13,239	-
Community development block grant loans to qualified individuals or organizations, various terms with zero to 2% interest	671,052	-
Low interest deferred loans to downtown businesses for urban renewal	34,461	-
Allowance for uncollectible assessments	<u>(65,000)</u>	<u>-</u>
	<u>\$ 1,632,133</u>	<u>\$ 187,559</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 4 – Capital Assets**

Capital asset activity for the year ended June 30, 2008 was as follows:

<u>Governmental activities</u>	Balance July 1, 2007	Increases	Decreases	Transfers/ Adjustments	Balance June 30, 2008
Capital assets not being depreciated:					
Land including right-of-way	\$ 151,512,779	\$ 487,024	\$ -	\$ -	\$ 151,999,803
Artwork	695,615	23,600	-	-	719,215
Construction in progress	21,504,754	18,751,592	(16,674,878)	-	23,581,468
Total capital assets not being depreciated	<u>173,713,148</u>	<u>19,262,216</u>	<u>(16,674,878)</u>	<u>-</u>	<u>176,300,486</u>
Capital assets being depreciated:					
Buildings and building improvements	25,431,831	4,410,177	-	(1,397)	29,840,611
Infrastructure	472,681,558	18,640,949	-	(35,229,153)	456,093,354
Vehicles and equipment	16,878,929	3,769,779	(1,218,916)	(125,303)	19,304,489
Total capital assets being depreciated	<u>514,992,318</u>	<u>26,820,905</u>	<u>(1,218,916)</u>	<u>(35,355,853)</u>	<u>505,238,454</u>
Less accumulated depreciation for:					
Buildings and building improvements	3,391,721	418,093	-	-	3,809,814
Infrastructure	122,939,395	10,042,734	-	(8,653,691)	124,328,438
Vehicles and equipment	9,577,900	1,558,991	(955,355)	(152,945)	10,028,591
Total accumulated depreciation	<u>135,909,016</u>	<u>12,019,818</u>	<u>(955,355)</u>	<u>(8,806,636)</u>	<u>138,166,843</u>
Total capital assets being depreciated, net	<u>379,083,302</u>	<u>14,801,087</u>	<u>(263,561)</u>	<u>(26,549,217)</u>	<u>367,071,611</u>
Governmental activities capital assets, net	<u>\$ 552,796,450</u>	<u>\$ 34,063,303</u>	<u>\$ (16,938,439)</u>	<u>\$ (26,549,217)</u>	<u>\$ 543,372,097</u>

During FY2007-08, infrastructure with a net book value of \$25,899,749 was transferred to Stormwater.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 4 – Capital Assets (Continued)**

<u>Business-type activities</u>	Balance July 1, 2007	Increases	Decreases	Transfers/ Adjustments	Balance June 30, 2008
Capital assets not being depreciated:					
Land including right-of-way	\$ 5,190,609	\$ -	\$ -	\$ -	\$ 5,190,609
Construction in progress	16,045,324	17,518,668	(10,505,476)	-	23,058,516
Total capital assets not being depreciated	21,235,933	17,518,668	(10,505,476)	-	28,249,125
Capital assets being depreciated:					
Buildings and building improvements	23,552,772	212,133	(35,090)	1,397	23,731,212
Vehicles and equipment	7,096,868	2,874,208	(72,500)	125,303	10,023,879
Water system infrastructure	78,926,020	12,273,884	-	-	91,199,904
Water reclamation system infrastructure	122,724,846	6,689,554	-	-	129,414,400
Stormwater system infrastructure	9,500	36,722	-	35,229,153	35,275,375
Other infrastructure	2,661,219	120,628	-	-	2,781,847
Total capital assets being depreciated	234,971,225	22,207,129	(107,590)	35,355,853	292,426,617
Less accumulated depreciation for:					
Buildings and building improvements	4,710,871	867,364	(24,719)	-	5,553,516
Vehicles and equipment	5,330,957	1,363,408	(72,500)	152,945	6,774,810
Water system infrastructure	14,223,834	1,622,187	-	-	15,846,021
Water reclamation system infrastructure	26,682,629	1,094,299	-	-	27,776,928
Stormwater system infrastructure	253	675,964	-	8,653,691	9,329,908
Other infrastructure	351,694	47,948	-	-	399,642
Total accumulated depreciation	51,300,238	5,671,170	(97,219)	8,806,636	65,680,825
Total capital assets being depreciated, net	183,670,987	16,535,959	(10,371)	26,549,217	226,745,792
Business-type activities capital assets, net	<u>\$ 204,906,920</u>	<u>\$ 34,054,627</u>	<u>\$ (10,515,847)</u>	<u>\$ 26,549,217</u>	<u>\$ 254,994,917</u>

Depreciation expense was charged to activities as follows:

Governmental activities

General government	\$ 656,133
Public safety	690,841
Public ways and facilities	10,335,735
Community and economic development	106,963
Urban renewal	89,536
Transit	140,610
Governmental activities depreciation expense	<u>\$ 12,019,818</u>

Business-type activities

Airport	\$ 226,492
Water	1,821,973
Water reclamation	2,626,443
Parking	289,255
Stormwater	687,928
Other business activities	19,079
Business-type activities depreciation expense	<u>\$ 5,671,170</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 5 – Operating Leases**

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, 2008 totaled \$258,971. Minimum future lease payments not including annual consumer price index adjustments are \$243,991 each fiscal year from 2009 through 2050.

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 2028. 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, 2008 is \$561,041. Cost of leased assets totaled \$1,912,663 at June 30, 2008 and current year depreciation on those leased assets was \$30,680.

**Note 6 – Interfund Transfers**

Transfers between funds provide support for various City programs in accordance with budgetary authorizations. During fiscal year 2007-08, the City made the following interfund transfers between its governmental activities and business-type activities:

<u>Amount</u>	<u>Description</u>
\$ 1,530,664	From the System Development Charge Fund to the Water Fund for SDC projects
1,858,796	From the System Development Charge Fund to the Water Reclamation Fund for SDC projects
90,000	From the General Fund to the Airport Fund for general operations.
602,073	From the Water and Water Reclamation Funds to the Transportation Construction Fund for construction.
200,000	From Downtown Parking to Urban Renewal Construction Fund for construction.

**Note 7 – Advances To / From Other Funds**

The City's Water Reclamation Fund advanced \$300,000 to the Improvement District Construction Fund (a nonmajor Capital Projects Fund) to provide interim financing on sewer local improvement projects. The General Fund also advanced \$140,000 to the Tourism/Economic Development Fund (a nonmajor Special Revenue Fund) and \$152,000 to the Airport Fund to provide for cash shortfalls. These advances are non-interest bearing and are repaid in the ensuing year.

**Note 8 – Compensated Absences**

Change in compensated absences during the fiscal year ended June 30, 2008 was as follows:

	<u>Liability at July 1, 2007</u>	<u>Earned</u>	<u>Used</u>	<u>Liability at June 30, 2008</u>
Governmental activities	\$ 2,170,991	\$ 2,252,854	\$ (1,980,829)	\$ 2,443,016
Business-type activities	220,209	343,179	(267,953)	295,435
	<u>\$ 2,391,200</u>	<u>\$ 2,596,033</u>	<u>\$ (2,248,782)</u>	<u>\$ 2,738,451</u>

The City's compensated absences liability is typically used within one year, thus the liability of \$2,738,450 at June 30, 2008 is reported with other accrued liabilities that will mature within one year. The governmental funds used to liquidate the liability include the General Fund, Special Revenue Funds and Capital Projects Funds.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 9 - Long-Term Debt**

During the fiscal year ended June 30, 2008, the following long-term debt transactions occurred:

	Balance at July 1, 2007	Additions	Reductions	Balance at June 30, 2008
<u>Governmental activities:</u>				
Limited tax improvement bonds	\$ 552,000	\$ -	\$ (291,000)	\$ 261,000
Full faith & credit obligations	48,242,400	4,425,000	(1,350,800)	51,316,600
Certificates of participation	325,000	-	(325,000)	-
Tax increment bonds	13,800,000	-	(1,205,000)	12,595,000
Line of credit	-	2,500,000	-	2,500,000
	<u>62,919,400</u>	<u>6,925,000</u>	<u>(3,171,800)</u>	<u>66,672,600</u>
<u>Business-type activities:</u>				
Full faith & credit obligations	1,382,600	275,000	(84,200)	1,573,400
Revenue bonds	16,580,000	-	(930,000)	15,650,000
Notes payable	1,640,557	-	(53,581)	1,586,976
	<u>19,603,157</u>	<u>275,000</u>	<u>(1,067,781)</u>	<u>18,810,376</u>
Total long-term debt	<u>\$ 82,522,557</u>	<u>\$ 7,200,000</u>	<u>\$ (4,239,581)</u>	<u>\$ 85,482,976</u>

Limited Tax Improvement Bonds

The City issued limited tax improvement bonds under the Oregon Bancroft Bonding Act to finance public improvements that benefited private parties. Limited tax improvement bonds are secured by the benefited properties and are repaid in installments from property owners. Additionally the outstanding improvement bonds are general obligations of the City and the full faith and credit of the City has been pledged for the payment of principal and interest on the bonds. The outstanding bonds have an interest rate of 5.00% and mature in fiscal year 2012.

<u>Governmental activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2008</u>
Series 2003	5.00%	<u>\$ 452,000</u>	12/01/12	<u>\$ 261,000</u>

Annual debt service requirements to maturity for limited tax improvement bonds are as follows:

<u>Year ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 97,000	\$ 11,875
2010	103,000	6,950
2011	61,000	1,725
	<u>\$ 261,000</u>	<u>\$ 20,550</u>

Full Faith & Credit Obligations

The City issued full faith & credit obligations to provide financing for the construction of police and fire facilities, airport and street infrastructure and equipment, and to partially fund unfunded pension costs attributable to the unfunded actuarial liability in the Public Employees' Retirement System plan in which the City participates. These bonds are backed by the full faith and credit of the City with interest rates ranging from 2.00% to 7.4% and maturities through fiscal year 2032.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 9 – Long-Term Debt (Continued)**

On February 14, 2008 the City issued \$4,700,000 in Full Faith and Credit Obligations with interest rates ranging from 3.00% to 4.10% and maturities through 2027. The proceeds of the bonds will be used to finance Cooley Road improvements, expansion of the Police Facility, purchase of Fire/Emergency Medical Services equipment, and Stormwater equipment. Repayment of these bonds will be from property taxes, Stormwater utility fees, and tax increment revenues.

<u>Governmental activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2008</u>
Fire stations, series 1999	3.80% to 4.85%	\$ 3,495,000	06/01/24	\$ 3,365,000
Transportation system, series 2000	4.35% to 5.30%	4,765,000	09/01/20	4,525,000
Police facility and street equipment, series 2002	4.00% to 5.00%	6,120,000	12/01/26	5,845,000
Transportation, street and fire, series 2003	2.00% to 4.50%	10,407,000	12/01/22	9,701,600
Pension obligation bonds, series 2004	6.16%	13,725,000	06/01/28	13,725,000
City hall land, series 2005	3.40%	4,780,000	06/01/10	4,780,000
Police expansion and ambulance 2006	3.85% to 4.15%	4,950,000	12/01/31	4,950,000
Cooley rd, police expansion, fire, series 2008	3% to 4.10%	4,425,000	12/01/27	4,425,000
		<u>\$ 52,667,000</u>		<u>\$ 51,316,600</u>
<u>Business-type activities</u>				
Airport, series 1999A	5.25% to 5.30%	\$ 840,000	06/01/19	\$ 840,000
Airport, series 1999B	5.38%	260,000	06/01/13	260,000
Airport, series 1999C	6.45% to 7.40%	95,000	06/01/09	35,000
Airport, series 2003	2.00% to 3.70%	187,600	12/01/13	163,400
Stormwater, series 2008	3% to 4.1%	275,000	12/01/14	275,000
		<u>\$ 1,657,600</u>		<u>\$ 1,573,400</u>

Annual debt service requirements to maturity for the full faith & credit obligations are as follows:

<u>Year ending June 30</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,535,100	\$ 2,415,437	\$ 139,900	\$ 76,111
2010	6,314,300	2,309,418	150,700	67,061
2011	1,803,400	2,080,070	151,600	60,730
2012	1,912,400	2,005,649	157,600	54,338
2013	2,041,400	1,928,162	173,600	47,632
2014-2018	11,610,000	8,224,158	650,000	145,413
2019-2023	14,430,000	5,142,995	150,000	7,950
2024-2028	10,905,000	1,787,274	-	-
2029-2032	765,000	64,866	-	-
	<u>\$ 51,316,600</u>	<u>\$ 25,958,029</u>	<u>\$ 1,573,400</u>	<u>\$ 459,235</u>

Revenue Bonds

The City issued revenue bonds to provide funds for major expansions of the City's water and water reclamation systems. The revenue bonds are not backed by the full faith and credit of the City but are secured and serviced by the pledged net revenues of the respective operations. The revenue bonds include a rate covenant requiring the City to maintain net revenues from its water and water reclamation operations at a minimum of 1.25 times the debt service of each operation. The City was in compliance with the rate covenant for the year ended June 30, 2008. The outstanding bonds have interest rates ranging from 3.93% to 5.38% and maturities through fiscal year 2023.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 9 – Long-Term Debt (Continued)**

<u>Business-type activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2008</u>
Water, series 2000	4.40% to 5.38%	\$ 4,000,000	10/01/20	\$ 3,010,000
Sewer, series 2000	4.40% to 5.38%	7,000,000	10/01/10	930,000
Sewer, series 2002	3.00% to 4.75%	5,500,000	11/01/22	4,485,000
Sewer, series 2005	3.00% to 4.00%	7,585,000	11/01/20	7,225,000
Total revenue bonds		<u>\$ 24,085,000</u>		<u>\$ 15,650,000</u>

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

<u>Year ending June 30</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 960,000	\$ 625,503
2010	1,000,000	587,881
2011	1,040,000	547,861
2012	1,065,000	508,779
2013	1,105,000	470,501
2014-2018	6,240,000	1,648,751
2019-2023	4,240,000	390,297
	<u>\$ 15,650,000</u>	<u>\$ 4,779,573</u>

Material event disclosures were made during the fiscal year with respect to the rating downgrade of issuers of bond insurance on several of the City's bond issues. All bond reserve requirements were met at the time of issuance and the City is in compliance with any ongoing reserve requirements.

Refunded Debt

In prior years the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the City's financial statements. At June 30, 2008, \$4,345,000 of revenue bonds outstanding are considered defeased.

Tax Increment Bonds

The Bend Urban Renewal Agency issued tax increment bonds to finance a parking structure and street improvements in the Downtown Urban Renewal District.

<u>Governmental activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2008</u>
Tax Increment Bonds:				
Series 1998	3.75% to 4.85%	\$ 4,875,000	06/01/18	\$ 4,520,000
Series 2004A	5.00%	2,025,000	11/30/13	1,175,000
Series 2004B	4.25%	6,900,000	12/01/13	6,900,000
Total tax increment bonds		<u>\$ 13,800,000</u>		<u>\$ 12,595,000</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 9 – Long-Term Debt (Continued)**

Annual debt service requirements to maturity for tax increment bonds are as follows:

Year ending June 30	Governmental activities	
	Principal	Interest
2009	\$ 1,355,000	\$ 534,085
2010	1,510,000	469,588
2011	1,650,000	402,063
2012	1,820,000	328,350
2013	2,010,000	246,651
2014-2018	4,250,000	411,354
	<u>\$ 12,595,000</u>	<u>\$ 2,392,091</u>

Line of Credit

On June 19, 2008 the City drew \$2,500,000 on a line of credit with Bank of America to provide funding for Juniper Ridge development. The line of credit is available up to \$6,000,000. The line of credit matures June 19, 2010 with interest paid periodically on the outstanding balance at an interest rate equal to 63.5% of LIBOR, plus a spread of 1.2%. Tax increment revenues will be utilized to repay the line of credit.

<u>Governmental activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2008</u>
Line of Credit Bank of America	variable	<u>\$ 2,500,000</u>	06/19/10	<u>\$ 2,500,000</u>

Annual debt service requirements to maturity for lines of credit are anticipated as follows:

Year ending June 30	Governmental activities	
	Principal	Interest
2009	\$ -	\$ 73,233
2010	2,500,000	73,233
	<u>\$ 2,500,000</u>	<u>\$ 146,466</u>

Notes Payable

The City has long-term notes payable to the State of Oregon Economic and Community Development Department to provide funding for airport and sewer infrastructure improvements. The notes have maturities through fiscal year 2032 and interest rates of 3.00% to 5.01%. Revenues from the airport and sewer operations are utilized to repay the respective notes.

Airport Eastside Improvement notes payable of \$867,335 includes \$120,335 additional funding for airport infrastructure and conversion of \$747,000 of State of Oregon Economic and Community Development Department short-term notes payable.



CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 9 – Long-Term Debt (Continued)**

<u>Business-type activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2008</u>
Notes Payable to OECD:				
Pacific Aviation	5.01%	\$ 532,269	12/01/17	\$ 508,319
Woodriver Village	3.00% to 5.00%	240,953	01/01/22	228,961
Airport Eastside Improvement	4.37%	<u>867,335</u>	12/01/31	<u>849,696</u>
Total notes payable		<u>\$ 1,640,557</u>		<u>\$ 1,586,976</u>

Annual debt service requirements to maturity for the notes payable are as follows:

<u>Year ending June 30</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 72,460	\$ 71,947
2010	77,972	68,773
2011	78,526	65,222
2012	79,108	61,628
2013	84,717	57,995
2014-2018	529,655	222,886
2019-2023	248,187	123,281
2024-2028	211,233	73,577
2029-2032	<u>205,118</u>	<u>22,955</u>
	<u>\$ 1,586,976</u>	<u>\$ 768,264</u>

**Note 10 - Risk Management**

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

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

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

<u>Fiscal Year</u>	<u>Liability at July 1</u>	<u>Claims Incurred and Changes in Estimate</u>	<u>Claims Paid</u>	<u>Liability at June 30</u>
2005-2006	\$ 45,156	\$ 158,345	\$ (134,507)	\$ 68,994
2006-2007	68,994	167,552	(151,260)	85,286
2007-2008	85,286	97,671	(135,689)	47,268

## CITY OF BEND, OREGON

### Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

#### **Note 11 - Participation in Public Employees' Retirement System**

##### Plan Description

Substantially all City employees are participants in the Oregon Public Employees' Retirement Fund (OPERF); an agent multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, postemployment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statutes Chapter 238. ORS Chapter 238.620 establishes the Public Employees' Retirement Board as the governing body of PERS. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. PERS issues a publicly available financial report that includes financial and required supplemental information. That report may be obtained by writing to PERS, PO Box 23700, Tigard, Oregon 97281-3700 or by calling 1-503-598-7377.

##### Funding Policy

In 2003, PERS created a new Oregon Public Service Retirement Plan (OPSRP) for employees hired on or after August 29, 2003. Employees hired prior to August 29, 2003 continue to participate in the OPERF plan. For the 2007-08 fiscal year, the City was required by the rules applicable to PERS to contribute 9.40% of covered employees' salaries to the existing PERS plan and contribute 10.89% of covered police and fire salaries and 7.62% of covered general service salaries to the new OPSRP. The contribution rate is determined based on actuarial valuations, which are performed by PERS periodically. Pursuant to collective bargaining agreements, the required employee contribution of 6% of covered compensation is paid by the City for all PERS eligible employees. The Retirement Board has statutory authority to revise employer contributions as necessary to ensure the promised benefits will be funded on a sound basis.

##### Annual Pension Cost

For fiscal year 2007-08, the City's annual pension cost for PERS was equal to the City's required and actual contributions and consisted of \$2,831,921 for the City's required share. The City also paid the employees' contribution of \$1,857,493. Employer contributions are calculated in conformance with the provisions of GASB Statement 27 as a percentage of covered payroll. Therefore, the contributions transmitted to PERS are equal to the Annual Required Contribution (ARC) and there is no Net Pension Obligation (NPO) necessary to amortize any unmade contributions. The fiscal year 2007-08 required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include:

- An underlying long-term assumed rate of inflation of 2.75% compounded annually and an assumed rate of healthcare cost inflation graded from 9.00% in 2007 to 5.00% in 2013, declining by 0.50% per year.
- An investment rate of return of 8.00% net of administration expenses and 8.5% for the variable program.
- Projected general wage inflation of 3.75% per year
- Future interest credits on member contributions of 8.00% compounded annually.

The actuarial valuation method used is the 4-year Smoothed Market Value with 10% Corridor method. The Employer's unfunded actuarial liability is being amortized as an increasing dollar amount over 24 years. The following tables present the three-year trend information and the schedule of funding progress for the City:

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 11 - Participation in Public Employees' Retirement System (Continued)**

Three Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005-2006	\$ 3,027,550	\$ 3,027,550	100%	\$ -
2006-2007	3,262,127	3,262,127	100%	-
2007-2008	2,831,921	2,831,921	100%	-

Schedule of Funding Progress for PERS

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/04	\$ 94,077,862	\$ 92,583,034	\$ (1,494,828)	102%	\$ 22,273,185	-7%
12/31/05	105,122,654	100,434,284	(4,688,370)	105%	24,947,421	-19%
12/31/06	101,092,411	105,993,155	4,900,744	95%	28,228,013	17%

The City issued \$13,725,000 of pension obligation bonds during fiscal year 2003-04 and made a \$13,122,795 lump sum contribution towards its unfunded actuarial liability which was determined to be at a fair value of \$17,497,060 on June 1, 2004. The lump sum contribution is being amortized through June 1, 2028 to provide employer contribution rate relief and current year amortization expense totaled \$545,103. With the lump sum contribution, the City's employer rate was reduced by 4.17% effective June 1, 2004.

**Note 12 - Commitment and Contingencies**

At June 30, 2008 the City was committed on outstanding construction, engineering, consulting, service and equipment purchase contracts totaling \$3,627,873 in the governmental activities, and \$11,970,686 in the business-type activities.

The City has agreements to reimburse various developers for the construction of certain street, water and sewer infrastructure through system development charges or recovery fees collected from properties established as reimbursement or recovery areas. As of June 30, 2008, amounts collected and due to developers totaled \$1,238,639 and are recorded as a liability in the System Development Charges Fund.

The City is a defendant in a lawsuit alleging breach of contract and tortuous interference relating to the City's condemnation of the Juniper Utility Company. A \$6.9 million estimated liability related to this action was previously recorded in the Water and Water Reclamation funds. The City has filed an appeal on the judgment and the outcome of the appeal is unknown at this time.

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

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2008

**Note 13 - Subsequent Events**

On August 6, 2008 City Council adopted the Murphy Crossing Urban Renewal Plan. The Murphy Crossing Urban Renewal Plan's primary objective is implementation of the Murphy Crossing Refinement Plan which includes major transportation improvements in the Refinement Area as well as to the south end of the Bend Parkway and along the Third Street corridor. The estimated maximum indebtedness of the Murphy Crossing Urban Renewal Area is \$52.6 million.

On August 14, 2008, the City issued \$10 million in sewer revenue bonds to finance infrastructure improvements. These bonds were issued with a rating of A1 from Moody's, have interest rates from 3.5% to 4.5% and mature in 2024.

## **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.

### Street Operations Fund

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

### Fire / Emergency Medical Services (EMS) Fund

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

### System Development Charges (SDC) Fund

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

### Building Fund

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



City of Bend, Oregon

**General Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Property taxes:						
Current year's property tax levy	\$ 39,108,100	\$ 38,787,000	\$ 19,087,943	\$ -	\$ 19,087,943	\$ (19,699,057)
Delinquent property taxes	1,382,100	1,318,700	293,635	-	293,635	(1,025,065)
Transient room taxes	5,535,800	5,158,700	2,399,161	-	2,399,161	(2,759,539)
Franchise fees	12,248,700	11,413,100	5,543,496	-	5,543,496	(5,869,604)
Intergovernmental	3,755,000	3,811,600	1,896,641	-	1,896,641	(1,914,959)
Assessments	-	-	18,624	-	18,624	18,624
Licenses and permits	512,500	542,900	319,123	-	319,123	(223,777)
Charges for services:						
Charges to others	331,600	361,200	205,310	-	205,310	(155,890)
Charges to other City funds	21,000	21,000	16,840	-	16,840	(4,160)
Fines and forfeitures	2,816,700	2,509,500	1,235,467	-	1,235,467	(1,274,033)
Investment income	629,900	532,800	401,777	-	401,777	(131,023)
Miscellaneous	31,300	21,200	6,847	-	6,847	(14,353)
<b>Total Revenues</b>	<b>66,372,700</b>	<b>64,477,700</b>	<b>31,424,864</b>	<b>-</b>	<b>31,424,864</b>	<b>(33,052,836)</b>
<b>Expenditures</b>						
Municipal court	1,158,887	1,126,087	485,685	-	485,685	640,402
Police	37,236,224	34,907,624	16,696,440	-	16,696,440	18,211,184
Nondepartmental	436,000	420,000	159,762	-	159,762	260,238
Contingency	5,151,289	5,113,389	-	-	-	5,113,389
<b>Total Expenditures</b>	<b>43,982,400</b>	<b>41,567,100</b>	<b>17,341,887</b>	<b>-</b>	<b>17,341,887</b>	<b>24,225,213</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>22,390,300</b>	<b>22,910,600</b>	<b>14,082,977</b>	<b>-</b>	<b>14,082,977</b>	<b>(8,827,623)</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of assets	485,000	4,145,500	3,897,931	-	3,897,931	(247,569)
Advances to other governments	(80,000)	(80,000)	(25,000)	-	(25,000)	55,000
Repayments from other governments	95,000	95,000	50,000	-	50,000	(45,000)
Advances to other funds	-	(1,077,000)	(292,000)	-	(292,000)	785,000
Interfund loan repayments	80,000	557,000	510,000	-	510,000	(47,000)
Transfers in	-	338,000	-	-	-	(338,000)
Transfers out	(31,438,700)	(35,357,500)	(20,254,501)	-	(20,254,501)	15,102,999
<b>Total Other Financing Sources (Uses)</b>	<b>(30,858,700)</b>	<b>(31,379,000)</b>	<b>(16,113,570)</b>	<b>-</b>	<b>(16,113,570)</b>	<b>15,265,430</b>
Net change in fund balance	(8,468,400)	(8,468,400)	(2,030,593)	-	(2,030,593)	6,437,807
Fund Balance, July 1, 2007	8,468,400	8,468,400	8,180,109	-	8,180,109	(288,291)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,149,516</b>	<b>\$ -</b>	<b>\$ 6,149,516</b>	<b>\$ 6,149,516</b>

City of Bend, Oregon

**General Fund**

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

For the fiscal year ended June 30, 2008

**Reconciliation of Budgetary basis to GAAP basis**

Other Financing Sources (Uses) - Budgetary Basis	\$ (16,113,570)
Repayments from other governments reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis	(50,000)
Repayments from other funds reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis	(510,000)
Advances to other funds reported as other financing uses on the budgetary basis are reported as assets on the GAAP basis	292,000
Advances to other governments reported as other financing uses on the budgetary basis are reported as receivables on the GAAP basis	<u>25,000</u>
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<u><u>\$ (16,356,570)</u></u>



**Street Operations Fund (previously Transportation Operations Fund)**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				<u>Positive (Negative)</u>
<b>Revenues</b>						
Franchise fees	\$ 1,059,300	\$ 1,032,900	\$ 502,819	\$ -	\$ 502,819	\$ (530,081)
Intergovernmental:						
State highway fund apportionment	7,285,900	7,025,400	3,327,844	-	3,327,844	(3,697,556)
Grants and agreements	1,022,100	1,083,200	498,595	-	498,595	(584,605)
Licenses and permits	428,500	273,800	68,767	-	68,767	(205,033)
Charges to other City funds	283,000	283,000	171,231	-	171,231	(111,769)
Investment income	107,200	80,200	32,665	-	32,665	(47,535)
Miscellaneous	21,700	21,700	40,208	-	40,208	18,508
<b>Total Revenues</b>	<b>10,207,700</b>	<b>9,800,200</b>	<b>4,642,129</b>	<b>-</b>	<b>4,642,129</b>	<b>(5,158,071)</b>
<b>Expenditures</b>						
Current:						
Personal services	5,085,376	5,092,033	2,471,867	-	2,471,867	2,620,166
Materials and services	3,643,100	3,640,043	1,903,763	-	1,903,763	1,736,280
Interfund charges	3,027,900	2,847,100	1,413,210	-	1,413,210	1,433,890
Debt service	496,900	369,600	262,565	-	262,565	107,035
Capital outlay	4,225,000	3,295,000	1,838,126	-	1,838,126	1,456,874
Contingency	1,213,424	1,210,424	-	-	-	1,210,424
<b>Total Expenditures</b>	<b>17,691,700</b>	<b>16,454,200</b>	<b>7,889,531</b>	<b>-</b>	<b>7,889,531</b>	<b>8,564,669</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(7,484,000)</b>	<b>(6,654,000)</b>	<b>(3,247,402)</b>	<b>-</b>	<b>(3,247,402)</b>	<b>3,406,598</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of assets	-	-	2,450	-	2,450	2,450
Issuance of long-term debt	560,000	560,000	-	-	-	(560,000)
Interfund loan repayments	-	(500,000)	-	-	-	500,000
Transfers in	5,400,000	5,070,000	2,270,000	-	2,270,000	(2,800,000)
<b>Total Other Financing Sources (Uses)</b>	<b>5,960,000</b>	<b>5,130,000</b>	<b>2,272,450</b>	<b>-</b>	<b>2,272,450</b>	<b>(2,857,550)</b>
Net change in fund balance	(1,524,000)	(1,524,000)	(974,952)	-	(974,952)	549,048
Fund Balance, July 1, 2007	1,524,000	1,524,000	1,595,812	-	1,595,812	71,812
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 620,860</b>	<b>\$ -</b>	<b>\$ 620,860</b>	<b>\$ 620,860</b>

**Fire / Emergency Medical Services Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Intergovernmental	\$ 4,547,100	\$ 4,449,800	\$ 2,216,454	\$ -	\$ 2,216,454	\$ (2,233,346)
Charges for services:						
Charges to others	4,104,800	3,867,300	1,872,427	-	1,872,427	(1,994,873)
Charges to other City funds	715,000	605,000	357,500	-	357,500	(247,500)
Investment income	81,180	82,380	91,599	-	91,599	9,219
Miscellaneous	39,100	39,100	25,711	-	25,711	(13,389)
<b>Total Revenues</b>	<b>9,487,180</b>	<b>9,043,580</b>	<b>4,563,691</b>	<b>-</b>	<b>4,563,691</b>	<b>(4,479,889)</b>
<b>Expenditures</b>						
Current:						
Personal services	22,472,865	21,815,369	10,183,446	-	10,183,446	11,631,923
Materials and services	2,631,950	2,481,246	1,150,806	-	1,150,806	1,330,440
Interfund charges	2,881,100	2,697,600	1,311,427	-	1,311,427	1,386,173
Debt service	1,034,800	938,400	562,985	-	562,985	375,415
Capital outlay	2,192,300	2,205,800	2,150,747	-	2,150,747	55,053
Contingency	142,465	65,665	-	-	-	65,665
Maintenance reserves	50,000	75,000	-	-	-	75,000
<b>Total Expenditures</b>	<b>31,405,480</b>	<b>30,279,080</b>	<b>15,359,411</b>	<b>-</b>	<b>15,359,411</b>	<b>14,919,669</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(21,918,300)</b>	<b>(21,235,500)</b>	<b>(10,795,720)</b>	<b>-</b>	<b>(10,795,720)</b>	<b>10,439,780</b>
<b>Other Financing Sources (Uses)</b>						
Issuance of long-term debt	200,000	200,000	200,000	-	200,000	-
Premium on debt issuance	-	-	751	-	751	-
Transfers in	19,255,400	18,259,100	8,891,100	-	8,891,100	(9,368,000)
Transfers out	(11,700)	(11,700)	(5,700)	-	(5,700)	6,000
<b>Total Other Financing Sources (Uses)</b>	<b>19,443,700</b>	<b>18,447,400</b>	<b>9,086,151</b>	<b>-</b>	<b>9,086,151</b>	<b>(9,362,000)</b>
Net change in fund balance	(2,474,600)	(2,788,100)	(1,709,569)	-	(1,709,569)	1,078,531
Fund Balance, July 1, 2007	2,474,600	2,788,100	2,788,147	-	2,788,147	47
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,078,578</b>	<b>\$ -</b>	<b>\$ 1,078,578</b>	<b>\$ 1,078,578</b>

City of Bend, Oregon

**System Development Charges Fund  
(previously Transportation System Development Charges Fund)**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b><u>Revenues</u></b>						
System development charges	\$ 30,437,300	\$ 22,293,800	\$ 8,126,497	\$ -	\$ 8,126,497	\$ (14,167,303)
Loan repayments	-	29,500	24,845	-	24,845	(4,655)
Investment income	56,000	173,100	247,768	-	247,768	74,668
<b>Total Revenues</b>	<b>30,493,300</b>	<b>22,496,400</b>	<b>8,399,110</b>	<b>-</b>	<b>8,399,110</b>	<b>(14,097,290)</b>
<b><u>Expenditures</u></b>						
Current:						
Materials and services	79,000	27,000	897	-	897	26,103
Interfund charges	-	70,600	70,600	-	70,600	-
Contingency	1,409,700	10,253,300	-	-	-	10,253,300
<b>Total Expenditures</b>	<b>1,488,700</b>	<b>10,350,900</b>	<b>71,497</b>	<b>-</b>	<b>71,497</b>	<b>10,279,403</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>29,004,600</b>	<b>12,145,500</b>	<b>8,327,613</b>	<b>-</b>	<b>8,327,613</b>	<b>(3,817,887)</b>
<b><u>Other Financing Sources (Uses)</u></b>						
Transfers in	-	1,005,800	-	-	-	(1,005,800)
Transfers out	(30,425,100)	(19,871,800)	(13,553,758)	-	(13,553,758)	6,318,042
<b>Total Other Financing Sources (Uses)</b>	<b>(30,425,100)</b>	<b>(18,866,000)</b>	<b>(13,553,758)</b>	<b>-</b>	<b>(13,553,758)</b>	<b>5,312,242</b>
Net change in fund balance	(1,420,500)	(6,720,500)	(5,226,145)	-	(5,226,145)	1,494,355
Fund Balance, July 1, 2007	1,420,500	6,720,500	6,635,281	-	6,635,281	(85,219)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,409,136</b>	<b>\$ -</b>	<b>\$ 1,409,136</b>	<b>\$ 1,409,136</b>

City of Bend, Oregon

**Building Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b><u>Revenues</u></b>						
Licenses and permits	\$ 10,689,800	\$ 7,788,000	\$ 4,200,910	\$ -	\$ 4,200,910	\$ (3,587,090)
Charges for services:						
Charges to others	463,100	385,300	210,088	-	210,088	(175,212)
Charges to other City funds	-	-	44,037	-	44,037	44,037
Investment income	172,200	125,400	146,900	-	146,900	21,500
Miscellaneous	2,500	2,500	2,858	-	2,858	358
<b>Total Revenues</b>	<b>11,327,600</b>	<b>8,301,200</b>	<b>4,604,793</b>	<b>-</b>	<b>4,604,793</b>	<b>(3,696,407)</b>
<b><u>Expenditures</u></b>						
Current:						
Personal services	8,713,463	7,222,763	3,775,790	-	3,775,790	3,446,973
Materials and services	659,218	447,618	143,428	-	143,428	304,190
Interfund charges	4,003,100	3,087,000	1,877,123	-	1,877,123	1,209,877
Capital outlay	178,000	51,900	40,154	-	40,154	11,746
Contingency	1,066,819	968,519	-	-	-	968,519
<b>Total Expenditures</b>	<b>14,620,600</b>	<b>11,777,800</b>	<b>5,836,495</b>	<b>-</b>	<b>5,836,495</b>	<b>5,941,305</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,293,000)</b>	<b>(3,476,600)</b>	<b>(1,231,702)</b>	<b>-</b>	<b>(1,231,702)</b>	<b>2,244,898</b>
<b><u>Other Financing Sources</u></b>						
Proceeds from sale of assets	-	-	1,600	-	1,600	1,600
Transfers in	583,800	-	-	-	-	-
<b>Total Other Financing Sources</b>	<b>583,800</b>	<b>-</b>	<b>1,600</b>	<b>-</b>	<b>1,600</b>	<b>1,600</b>
Net change in fund balance	(2,709,200)	(3,476,600)	(1,230,102)	-	(1,230,102)	2,246,498
Fund Balance, July 1, 2007	2,709,200	3,476,600	3,476,615	-	3,476,615	15
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,246,513</b>	<b>\$ -</b>	<b>\$ 2,246,513</b>	<b>\$ 2,246,513</b>

City of Bend, Oregon  
**General Fund and Major Special Revenue Funds**  
 Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2008

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>General Fund</u></b>			
Municipal court	\$ 1,126,087	\$ 485,685	\$ 640,402
Police	34,907,624	16,696,440	18,211,184
Nondepartmental	36,934,500	20,731,263	16,203,237
Contingency	5,113,389	-	5,113,389
	<b>\$ 78,081,600</b>	<b>\$ 37,913,388</b>	<b>\$ 40,168,212</b>
<b><u>Street Operations Fund</u></b>			
Expenditures	\$ 15,743,776	\$ 7,889,531	\$ 7,854,245
Contingency	1,210,424	-	1,210,424
	<b>\$ 16,954,200</b>	<b>\$ 7,889,531</b>	<b>\$ 9,064,669</b>
<b><u>Fire/ Emergency Medical Services Fund</u></b>			
Expenditures	\$ 30,150,115	\$ 15,365,111	\$ 14,785,004
Contingency	65,665	-	65,665
Other requirements	75,000	-	75,000
	<b>\$ 30,290,780</b>	<b>\$ 15,365,111</b>	<b>\$ 14,925,669</b>
<b><u>System Development Charges Fund</u></b>			
Expenditures	\$ 19,969,400	\$ 13,625,255	\$ 6,344,145
Contingency	10,253,300	-	10,253,300
	<b>\$ 30,222,700</b>	<b>\$ 13,625,255</b>	<b>\$ 16,597,445</b>
<b><u>Building Fund</u></b>			
Expenditures	\$ 10,809,281	\$ 5,836,495	\$ 4,972,786
Contingency	968,519	-	968,519
	<b>\$ 11,777,800</b>	<b>\$ 5,836,495</b>	<b>\$ 5,941,305</b>

(This page intentionally left blank)

## MAJOR ENTERPRISE FUNDS

### **Major Enterprise Funds:**

#### Airport Fund

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

#### Water Fund

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

#### Water Reclamation Fund

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

#### Stormwater Fund

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





**Airport Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Intergovernmental	\$ 6,087,400	\$ 6,466,000	\$ 4,473,023	\$ -	\$ 4,473,023	\$ (1,992,977)
Charges for services	1,140,400	1,204,100	602,993	-	602,993	(601,107)
Investment income	12,600	6,400	(25,959)	-	(25,959)	(32,359)
Miscellaneous	162,100	161,300	80,731	-	80,731	(80,569)
<b>Total Revenues</b>	<b>7,402,500</b>	<b>7,837,800</b>	<b>5,130,788</b>	<b>-</b>	<b>5,130,788</b>	<b>(2,707,012)</b>
<b>Expenditures</b>						
Current:						
Personal services	305,519	253,750	82,555	-	82,555	171,195
Materials and services	140,088	138,757	62,348	-	62,348	76,409
Interfund charges	435,900	465,300	231,574	-	231,574	233,726
Capital outlay	7,061,000	8,836,500	4,285,684	-	4,285,684	4,550,816
Debt service	2,522,200	1,545,700	1,252,876	-	1,252,876	292,824
Contingency	175,793	1,298,493	-	-	-	1,298,493
<b>Total Expenditures</b>	<b>10,640,500</b>	<b>12,538,500</b>	<b>5,915,037</b>	<b>-</b>	<b>5,915,037</b>	<b>6,623,463</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,238,000)</b>	<b>(4,700,700)</b>	<b>(784,249)</b>	<b>-</b>	<b>(784,249)</b>	<b>3,916,451</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from short-term notes payable	1,000,000	2,402,700	-	-	-	(2,402,700)
Advance from other funds	-	152,000	152,000	-	152,000	-
Interfund loan repayment	-	(252,000)	-	-	-	252,000
Transfers in	180,000	340,000	90,000	-	90,000	(250,000)
Transfers out	(18,200)	(18,200)	(9,100)	-	(9,100)	9,100
<b>Total Other Financing Sources (Uses)</b>	<b>1,161,800</b>	<b>2,624,500</b>	<b>232,900</b>	<b>-</b>	<b>232,900</b>	<b>(2,391,600)</b>
Net change in fund balance	(2,076,200)	(2,076,200)	(551,349)	-	(551,349)	1,524,851
Total Fund Balance, July 1, 2007	2,076,200	2,076,200	790,634	-	790,634	(1,285,566)
<b>Total Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 239,285</b>	<b>\$ -</b>	<b>\$ 239,285</b>	<b>\$ 239,285</b>

**Airport Fund**

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

For the fiscal year ended June 30, 2008

**Reconciliation of Budgetary basis to GAAP basis**

Total Expenditures - Budgetary Basis	\$ 5,915,037
Capital expenditures reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(4,285,684)
Amortization of bond issue costs is not reported on the budgetary basis but is reported as an expense on the GAAP basis	3,031
Principal payments on bonds reported as expenditures on the budgetary basis are reported as reduction of bonds payable on the GAAP basis	(1,125,789)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>226,492</u>
<b>Total Expenses - GAAP Basis</b>	<b><u><u>\$ 733,087</u></u></b>
Total Other Financing Sources - Budgetary Basis	\$ 232,900
Advances from other funds reported as other financing sources on the budgetary basis are reported as a liability on the GAAP basis	<u>(152,000)</u>
<b>Total Other Financing Sources - GAAP Basis</b>	<b><u><u>\$ 80,900</u></u></b>

**Water Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				<u>Positive (Negative)</u>
<b>Revenues</b>						
Franchise fees	\$ 681,800	\$ 666,300	\$ 314,590	\$ -	\$ 314,590	\$ (351,710)
Charges for services:						
Charges to others	24,554,800	24,041,000	10,944,357	-	10,944,357	(13,096,643)
Charges to other City funds	-	-	799	-	799	799
Investment income	316,500	217,000	449,608	-	449,608	232,608
Miscellaneous	116,800	115,700	67,029	-	67,029	(48,671)
<b>Total Revenues</b>	<b>25,669,900</b>	<b>25,040,000</b>	<b>11,776,383</b>	<b>-</b>	<b>11,776,383</b>	<b>(13,263,617)</b>
<b>Expenditures</b>						
Current:						
Personal services	6,170,590	6,129,939	2,676,675	-	2,676,675	3,453,264
Materials and services	9,778,895	8,952,546	2,847,122	-	2,847,122	6,105,424
Interfund charges	4,992,800	4,567,700	2,265,883	-	2,265,883	2,301,817
Debt service	2,406,400	1,081,500	318,146	-	318,146	763,354
Capital outlay	26,549,000	19,312,000	2,525,411	-	2,525,411	16,786,589
Contingency	4,910,815	5,740,715	-	-	-	5,740,715
Debt service reserved	323,000	323,000	-	-	-	323,000
<b>Total Expenditures</b>	<b>55,131,500</b>	<b>46,107,400</b>	<b>10,633,237</b>	<b>-</b>	<b>10,633,237</b>	<b>35,474,163</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(29,461,600)</b>	<b>(21,067,400)</b>	<b>1,143,146</b>	<b>-</b>	<b>1,143,146</b>	<b>22,210,546</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of assets	-	-	2,400	-	2,400	2,400
Issuance of long-term debt	22,000,000	15,000,000	-	-	-	(15,000,000)
Transfers in	6,815,000	5,420,800	1,534,164	-	1,534,164	(3,886,636)
Transfers out	(681,800)	(681,800)	(313,654)	-	(313,654)	368,146
<b>Total Other Financing Sources (Uses)</b>	<b>28,133,200</b>	<b>19,739,000</b>	<b>1,222,910</b>	<b>-</b>	<b>1,222,910</b>	<b>(18,516,090)</b>
Net change in fund balance	(1,328,400)	(1,328,400)	2,366,056	-	2,366,056	3,694,456
Total Fund Balance, July 1, 2007	1,328,400	1,328,400	4,021,961	-	4,021,961	2,693,561
<b>Total Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,388,017</b>	<b>\$ -</b>	<b>\$ 6,388,017</b>	<b>\$ 6,388,017</b>

**Water Fund**

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

For the fiscal year ended June 30, 2008

**Reconciliation of Budgetary basis to GAAP basis**

Total Revenues - Budgetary Basis	\$ 11,776,383
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>5,225,204</u>
<b>Total Revenues - GAAP Basis</b>	<b><u>\$ 17,001,587</u></b>
Total Expenditures - Budgetary Basis	\$ 10,633,237
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(2,525,411)
Amortization of bond issue costs is not reported on the budgetary basis but is reported as an expense on the GAAP basis	6,057
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(160,000)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>1,821,973</u>
<b>Total Expenses - GAAP Basis</b>	<b><u>\$ 9,775,856</u></b>

**Water Reclamation Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual  
 For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>				<u>Positive (Negative)</u>
<b>Revenues</b>						
Intergovernmental	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Franchise fees	604,200	601,500	289,552	-	289,552	(311,948)
Charges for services	20,306,300	20,668,600	10,188,671	-	10,188,671	(10,479,929)
Contributions	-	-	265	-	265	265
Investment income	340,900	185,500	339,048	-	339,048	153,548
Miscellaneous	158,200	123,200	17,538	-	17,538	(105,662)
<b>Total Revenues</b>	<b>21,409,600</b>	<b>21,828,800</b>	<b>11,085,074</b>	<b>-</b>	<b>11,085,074</b>	<b>(10,743,726)</b>
<b>Expenditures</b>						
Current:						
Personal services	6,132,746	6,138,769	2,696,631	-	2,696,631	3,442,138
Materials and services	4,482,966	4,921,843	1,898,158	-	1,898,158	3,023,685
Interfund charges	5,745,300	4,519,800	2,389,232	-	2,389,232	2,130,568
Debt service	3,862,700	3,765,800	1,288,458	-	1,288,458	2,477,342
Capital outlay	22,834,900	23,060,900	10,995,769	-	10,995,769	12,065,131
Contingency	4,589,288	9,593,888	-	-	-	9,593,888
Debt service reserves	521,500	521,500	-	-	-	521,500
<b>Total Expenditures</b>	<b>48,169,400</b>	<b>52,522,500</b>	<b>19,268,248</b>	<b>-</b>	<b>19,268,248</b>	<b>33,254,252</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(26,759,800)</b>	<b>(30,693,700)</b>	<b>(8,183,174)</b>	<b>-</b>	<b>(8,183,174)</b>	<b>22,510,526</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of assets	-	-	24,150	-	24,150	24,150
Issuance of long-term debt	15,000,000	22,000,000	-	-	-	(22,000,000)
Advances to other funds	(822,700)	(435,500)	(300,000)	-	(300,000)	135,500
Interfund loan repayments	735,500	700,000	200,000	-	200,000	(500,000)
Transfers in	10,218,700	7,000,900	1,864,396	-	1,864,396	(5,136,504)
Transfers out	(604,200)	(804,200)	(288,419)	-	(288,419)	515,781
<b>Total Other Financing Sources (Uses)</b>	<b>24,527,300</b>	<b>28,461,200</b>	<b>1,500,127</b>	<b>-</b>	<b>1,500,127</b>	<b>(26,961,073)</b>
Net change in fund balance	(2,232,500)	(2,232,500)	(6,683,047)	-	(6,683,047)	(4,450,547)
Total Fund Balance, July 1, 2007	2,232,500	2,232,500	6,141,907	-	6,141,907	3,909,407
<b>Fund Balance (Deficit), June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (541,140)</b>	<b>\$ -</b>	<b>\$ (541,140)</b>	<b>\$ (541,140)</b>

**Water Reclamation Fund**

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

For the fiscal year ended June 30, 2008

**Reconciliation of Budgetary basis to GAAP basis**

Total Revenues - Budgetary Basis	\$ 11,085,074
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>5,340,240</u>
<b>Total Revenues - GAAP Basis</b>	<b><u>\$ 16,425,314</u></b>
Total Expenditures - Budgetary Basis	\$ 19,268,248
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(10,995,769)
Amortization of bond issue costs is not reported on the budgetary basis but is reported as an expense on the GAAP basis	66,924
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(781,992)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>2,626,443</u>
<b>Total Expenses - GAAP Basis</b>	<b><u>\$ 10,183,854</u></b>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 1,500,127
Interfund loan repayments reported as other financing sources on the budgetary basis are reported as reduction of the related receivable on the GAAP basis	(200,000)
Advances to other funds reported as other financing uses on the budgetary basis are reported as receivables on the GAAP basis	<u>300,000</u>
<b>Total Other Financing Sources (Uses) - GAAP Basis</b>	<b><u>\$ 1,600,127</u></b>

City of Bend, Oregon  
**Stormwater Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges for services	\$ 2,700,000	\$ 4,029,700	\$ 2,458,364	\$ -	\$ 2,458,364	\$ 1,571,336
Investment income	20,700	46,500	43,442	-	43,442	3,058
Miscellaneous	200	200	200	-	200	-
<b>Total Revenues</b>	<b>2,720,900</b>	<b>4,076,400</b>	<b>2,502,006</b>	<b>-</b>	<b>2,502,006</b>	<b>1,574,394</b>
<b>Expenditures</b>						
Current:						
Personal services	662,324	808,796	333,648	-	333,648	475,148
Materials and services	413,838	660,266	122,227	-	122,227	538,039
Interfund charges	415,000	615,800	232,648	-	232,648	383,152
Debt service	81,800	70,000	1,096	-	1,096	68,904
Capital outlay	1,252,000	1,486,000	521,362	-	521,362	964,638
Contingency	468,838	670,438	-	-	-	670,438
<b>Total Expenditures</b>	<b>3,293,800</b>	<b>4,311,300</b>	<b>1,210,981</b>	<b>-</b>	<b>1,210,981</b>	<b>3,100,319</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(572,900)</b>	<b>(234,900)</b>	<b>1,291,025</b>	<b>-</b>	<b>1,291,025</b>	<b>1,525,925</b>
<b>Other Financing Sources (Uses)</b>						
Issuance of long-term debt	305,500	305,500	276,033	-	276,033	29,467
Transfers out	-	(338,000)	-	-	-	338,000
<b>Total Other Financing Sources (Uses)</b>	<b>305,500</b>	<b>(32,500)</b>	<b>276,033</b>	<b>-</b>	<b>276,033</b>	<b>367,467</b>
Net change in fund balance	(267,400)	(267,400)	1,567,058	-	1,567,058	1,893,392
Total Fund Balance, July 1, 2007	267,400	267,400	312,751	-	312,751	45,351
<b>Total Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,879,809</b>	<b>\$ -</b>	<b>\$ 1,879,809</b>	<b>\$ 1,938,743</b>

City of Bend, Oregon  
**Stormwater Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)  
 For the fiscal year ended June 30, 2008

**Reconciliation of Budgetary basis to GAAP basis**

Total Revenues - Budgetary Basis	\$ 2,502,006
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>26,575,462</u>
<b>Total Revenues - GAAP Basis</b>	<b><u>\$ 29,077,468</u></b>
Total Expenditures - Budgetary Basis	\$ 1,210,981
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(521,362)
Amortization of bond issue costs not reported on the budgetary basis are reported as an expense on the GAAP basis	148
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>687,928</u>
<b>Total Expenses - GAAP Basis</b>	<b><u>\$ 1,377,695</u></b>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ 276,033
Proceeds from bond issuance reported as other financing sources on the budgetary basis are reported as bond payable liability on the GAAP basis	(275,000)
Premium from bond issuance reported as other financing source on the budgetary basis is reported net of issuance costs	<u>(1,033)</u>
<b>Total Other Financing Sources (Uses) - GAAP Basis</b>	<b><u>\$ -</u></b>



City of Bend, Oregon  
**Other Major Funds**

Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2008

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Airport Fund</u></b>			
Expenditures	\$ 11,510,207	\$ 5,924,137	\$ 5,586,070
Contingency	1,298,493	-	1,298,493
	<b>\$ 12,808,700</b>	<b>\$ 5,924,137</b>	<b>\$ 6,884,563</b>
<b><u>Water Fund</u></b>			
Expenditures	\$ 40,725,485	\$ 10,946,891	\$ 29,778,594
Contingency	5,740,715	-	5,740,715
Other requirements	323,000	-	323,000
	<b>\$ 46,789,200</b>	<b>\$ 10,946,891</b>	<b>\$ 35,842,309</b>
<b><u>Water Reclamation Fund</u></b>			
Expenditures	\$ 43,646,812	\$ 19,856,667	\$ 23,790,145
Contingency	9,593,888	-	9,593,888
Other requirements	521,500	-	521,500
	<b>\$ 53,762,200</b>	<b>\$ 19,856,667</b>	<b>\$ 33,905,533</b>
<b><u>Stormwater Fund</u></b>			
Expenditures	\$ 3,978,862	\$ 1,210,981	\$ 2,767,881
Contingency	670,438	-	670,438
	<b>\$ 4,649,300</b>	<b>\$ 1,210,981</b>	<b>\$ 3,438,319</b>

(This page intentionally left blank)

**NONMAJOR GOVERNMENTAL AND  
ENTERPRISE FUNDS**



City of Bend, Oregon  
**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2008

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital</b>	
	<b>Funds</b>	<b>Funds</b>	<b>Projects</b>	<b>Total</b>
			<b>Funds</b>	
<b><u>Assets</u></b>				
Pooled cash and investments	\$ 2,692,923	\$ 5,308,446	\$ 6,876,729	\$ 14,878,098
Restricted cash and investments	-	1,431,918	-	1,431,918
Receivables:				
Property taxes	-	189,859	-	189,859
Accounts, net	111,154	800	164,164	276,118
Assessments	13,239	548,577	-	561,816
Loans and notes	671,052	-	34,461	705,513
Due from other governments	51,395	-	-	51,395
<b>Total Assets</b>	<b>\$ 3,539,763</b>	<b>\$ 7,479,600</b>	<b>\$ 7,075,354</b>	<b>\$ 18,094,717</b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts payable	165,941	-	379,903	545,844
Salaries and benefits payable	30,887	-	232	31,119
Retainage payable	-	-	39,428	39,428
Deposits	198,907	-	3,375	202,282
Deferred revenues	699,970	697,682	139,335	1,536,987
Due to other funds	140,000	-	300,000	440,000
<b>Total Liabilities</b>	<b>1,235,705</b>	<b>697,682</b>	<b>862,273</b>	<b>2,795,660</b>
Fund balances:				
Reserved for debt service	-	6,781,918	-	6,781,918
Unreserved:				
Designated	2,271,421	-	-	2,271,421
Undesignated	32,637	-	6,213,081	6,245,718
<b>Total Fund Balances</b>	<b>2,304,058</b>	<b>6,781,918</b>	<b>6,213,081</b>	<b>15,299,057</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,539,763</b>	<b>\$ 7,479,600</b>	<b>\$ 7,075,354</b>	<b>\$ 18,094,717</b>

City of Bend, Oregon

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

Nonmajor Governmental Funds

For the fiscal year ended June 30, 2008

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total</b>
<b><u>Revenues</u></b>				
Property taxes	\$ -	\$ 2,809,995	\$ -	\$ 2,809,995
Transient room taxes	1,028,211	-	-	1,028,211
Franchise fees	-	-	111,254	111,254
Intergovernmental	1,547,620	258,971	-	1,806,591
Assessments	84,149	160,326	-	244,475
Charges for services	3,608,529	933,832	-	4,542,361
Loan repayments	27,955	-	19,030	46,985
Investment income	69,428	313,614	286,295	669,337
Miscellaneous	10,426	1,160	235,476	247,062
<b>Total Revenues</b>	<b>6,376,318</b>	<b>4,477,898</b>	<b>652,055</b>	<b>11,506,271</b>
<b><u>Expenditures</u></b>				
Current:				
General government	-	15,900	-	15,900
Public safety	-	5,600	-	5,600
Public ways and facilities	-	43,400	532,273	575,673
Community and economic development	5,843,076	-	-	5,843,076
Urban renewal	-	-	127,438	127,438
Transit	2,600,476	-	-	2,600,476
Debt service:				
Principal	-	1,616,000	704,700	2,320,700
Interest	-	1,542,891	614,198	2,157,089
Capital outlay	129,526	-	4,616,949	4,746,475
<b>Total Expenditures</b>	<b>8,573,078</b>	<b>3,223,791</b>	<b>6,595,558</b>	<b>18,392,427</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,196,760)</b>	<b>1,254,107</b>	<b>(5,943,503)</b>	<b>(6,886,156)</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from sale of assets	3,350	-	240,021	243,371
Transfers in	3,160,000	5,700	11,964,071	15,129,771
<b>Total Other Financing Sources (Uses)</b>	<b>3,163,350</b>	<b>5,700</b>	<b>12,204,092</b>	<b>15,373,142</b>
Net change in fund balances	966,590	1,259,807	6,260,589	8,486,986
Fund Balances (Deficit), July 1, 2007	1,337,468	5,522,111	(47,508)	6,812,071
<b>Fund Balances, June 30, 2008</b>	<b>\$ 2,304,058</b>	<b>\$ 6,781,918</b>	<b>\$ 6,213,081</b>	<b>\$ 15,299,057</b>

## **NONMAJOR SPECIAL REVENUE FUNDS**

### Planning Fund

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

### Private Development Engineering

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

### Community Development Block Grant Fund

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

### Affordable Housing Fund

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

### Public Transit Operations Fund

This fund accounts for the City's public transit operations. Funding is provided primarily by general discretionary revenues, intergovernmental grants and agreements and ridership charges.

### Accessibility Fund

This fund accounts for the operations of the City's accessibility program. Funding is provided from a portion of the community development administrative surcharge.

### Tourist Promotion / Economic Development Fund

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

### Economic Improvement District Fund

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





City of Bend, Oregon

**Combining Balance Sheet**

Nonmajor Special Revenue Funds

June 30, 2008

	Planning Fund	Private Development Engineering Fund	Community Development Block Grant Fund	Affordable Housing Fund	Public Transit Operations Fund	Accessibility Fund	Tourist Promotion/ Economic Development Fund	Economic Improvement District Fund	Total
<b>Assets</b>									
Pooled cash and investments	\$ 1,035,039	\$ -	\$ 63,710	\$ 1,423,882	\$ 129,049	\$ -	\$ 4,700	\$ 36,543	\$ 2,692,923
Receivables:									
Accounts, net	-	-	-	-	1,013	-	110,141	-	111,154
Assessments	-	-	-	-	-	-	-	13,239	13,239
Loans and notes	-	-	671,052	-	-	-	-	-	671,052
Due from other governments	-	-	13,793	-	37,602	-	-	-	51,395
<b>Total Assets</b>	<b>\$ 1,035,039</b>	<b>\$ -</b>	<b>\$ 748,555</b>	<b>\$ 1,423,882</b>	<b>\$ 167,664</b>	<b>\$ -</b>	<b>\$ 114,841</b>	<b>\$ 49,782</b>	<b>\$ 3,539,763</b>
<b>Liabilities and Fund Balances</b>									
Liabilities:									
Accounts payable	25,535	-	13,811	1,019	107,722	-	-	17,854	165,941
Salaries and benefits payable	27,872	-	774	774	1,467	-	-	-	30,887
Deposits	198,888	-	-	-	-	-	-	19	198,907
Deferred revenues	-	-	686,052	-	679	-	-	13,239	699,970
Due to other funds	-	-	-	-	-	-	140,000	-	140,000
<b>Total Liabilities</b>	<b>252,295</b>	<b>-</b>	<b>700,637</b>	<b>1,793</b>	<b>109,868</b>	<b>-</b>	<b>140,000</b>	<b>31,112</b>	<b>1,235,705</b>
Fund balances:									
Unreserved - designated	782,744	-	47,918	1,422,089	-	-	-	18,670	2,271,421
Unreserved - undesignated	-	-	-	-	57,796	-	(25,159)	-	32,637
<b>Total Fund Balances (Deficit)</b>	<b>782,744</b>	<b>-</b>	<b>47,918</b>	<b>1,422,089</b>	<b>57,796</b>	<b>-</b>	<b>(25,159)</b>	<b>18,670</b>	<b>2,304,058</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,035,039</b>	<b>\$ -</b>	<b>\$ 748,555</b>	<b>\$ 1,423,882</b>	<b>\$ 167,664</b>	<b>\$ -</b>	<b>\$ 114,841</b>	<b>\$ 49,782</b>	<b>\$ 3,539,763</b>

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, 2008

	Planning Fund	Private Development Engineering Fund	Community Development Block Grant Fund	Affordable Housing Fund	Public Transit Operations Fund	Accessibility Fund	Tourist Promotion/ Economic Development Fund	Economic Improvement District Fund	Total
<b>Revenues</b>									
Transient room taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,028,211	\$ -	\$ 1,028,211
Intergovernmental	48,314	-	389,676	-	1,109,630	-	-	-	1,547,620
Assessments	-	-	-	-	-	-	-	84,149	84,149
Charges for services	2,400,164	-	-	1,012,465	195,900	-	-	-	3,608,529
Loan repayments	-	-	27,955	-	-	-	-	-	27,955
Investment income	21,009	-	1,314	51,623	(4,690)	-	(1,592)	1,764	69,428
Miscellaneous	253	-	-	-	10,173	-	-	-	10,426
<b>Total Revenues</b>	<b>2,469,740</b>	<b>-</b>	<b>418,945</b>	<b>1,064,088</b>	<b>1,311,013</b>	<b>-</b>	<b>1,026,619</b>	<b>85,913</b>	<b>6,376,318</b>
<b>Expenditures</b>									
Current:									
Community and economic development	3,785,446	-	624,580	264,666	-	-	1,043,391	124,993	5,843,076
Transit	-	-	-	-	2,600,476	-	-	-	2,600,476
Capital outlay	-	-	-	-	129,526	-	-	-	129,526
<b>Total Expenditures</b>	<b>3,785,446</b>	<b>-</b>	<b>624,580</b>	<b>264,666</b>	<b>2,730,002</b>	<b>-</b>	<b>1,043,391</b>	<b>124,993</b>	<b>8,573,078</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,315,706)</b>	<b>-</b>	<b>(205,635)</b>	<b>799,422</b>	<b>(1,418,989)</b>	<b>-</b>	<b>(16,772)</b>	<b>(39,080)</b>	<b>(2,196,760)</b>
<b>Other Financing Sources</b>									
Proceeds from sale of assets	-	-	-	-	3,350	-	-	-	3,350
Transfers in	1,650,000	-	-	-	1,510,000	-	-	-	3,160,000
<b>Total Other Financing Sources</b>	<b>1,650,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,513,350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,163,350</b>
Net change in fund balance	334,294	-	(205,635)	799,422	94,361	-	(16,772)	(39,080)	966,590
Fund Balances (Deficits), July 1, 2007	448,450	-	253,553	622,667	(36,565)	-	(8,387)	57,750	1,337,468
<b>Fund Balances (Deficits), June 30, 2008</b>	<b>\$ 782,744</b>	<b>\$ -</b>	<b>\$ 47,918</b>	<b>\$ 1,422,089</b>	<b>\$ 57,796</b>	<b>\$ -</b>	<b>\$ (25,159)</b>	<b>\$ 18,670</b>	<b>\$ 2,304,058</b>

**Planning Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b><u>Revenues</u></b>						
Intergovernmental	\$ 95,900	\$ 55,600	\$ 48,314	\$ -	\$ 48,314	\$ (7,286)
Charges for services:						
Charges to others	9,382,600	3,860,400	2,329,564	-	2,329,564	(1,530,836)
Charges to other City funds	8,000	74,600	70,600	-	70,600	(4,000)
Investment income	42,400	40,200	21,009	-	21,009	(19,191)
Miscellaneous	2,900	2,900	253	-	253	(2,647)
<b>Total Revenues</b>	<b>9,531,800</b>	<b>4,033,700</b>	<b>2,469,740</b>	<b>-</b>	<b>2,469,740</b>	<b>(1,563,960)</b>
<b><u>Expenditures</u></b>						
Current:						
Personal services	5,553,157	4,462,067	2,321,379	-	2,321,379	2,140,688
Materials and services	1,512,034	894,224	426,393	-	426,393	467,831
Interfund charges	2,516,100	1,628,400	1,037,674	-	1,037,674	590,726
Capital outlay	50,000	-	-	-	-	-
Contingency	645,709	104,209	-	-	-	104,209
<b>Total Expenditures</b>	<b>10,277,000</b>	<b>7,088,900</b>	<b>3,785,446</b>	<b>-</b>	<b>3,785,446</b>	<b>3,303,454</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(745,200)</b>	<b>(3,055,200)</b>	<b>(1,315,706)</b>	<b>-</b>	<b>(1,315,706)</b>	<b>1,739,494</b>
<b><u>Other Financing Sources</u></b>						
Transfers in	-	2,310,000	1,650,000	-	1,650,000	(660,000)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>2,310,000</b>	<b>1,650,000</b>	<b>-</b>	<b>1,650,000</b>	<b>(660,000)</b>
Net change in fund balance	-	(745,200)	334,294	-	334,294	1,079,494
Fund Balance, July 1, 2007	745,200	745,200	448,450	-	448,450	(296,750)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 782,744</b>	<b>\$ -</b>	<b>\$ 782,744</b>	<b>\$ 782,744</b>

City of Bend, Oregon

**Private Development Engineering Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges for services	\$ -	\$ 1,827,800	\$ -	\$ -	\$ -	\$ (1,827,800)
Investment income	-	2,000	-	-	-	(2,000)
<b>Total Revenues</b>	<b>-</b>	<b>1,829,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,829,800)</b>
<b>Expenditures</b>						
Current:						
Personal services	-	1,035,681	-	-	-	1,035,681
Materials and services	-	89,519	-	-	-	89,519
Interfund charges	-	833,300	-	-	-	833,300
Contingency	-	71,300	-	-	-	71,300
<b>Total Expenditures</b>	<b>-</b>	<b>2,029,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,029,800</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(200,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,000</b>
<b>Other Financing Sources</b>						
Transfers in	-	200,000	-	-	-	(200,000)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(200,000)</b>
Net change in fund balance	-	-	-	-	-	-
Fund Balance, July 1, 2007	-	-	-	-	-	-
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Community Development Block Grant Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Intergovernmental	\$ 859,800	\$ 1,092,283	\$ 389,676	\$ -	\$ 389,676	\$ (702,607)
Loan repayments	50,000	50,200	27,955	-	27,955	(22,245)
Investment income	1,300	7,417	1,314	-	1,314	(6,103)
<b>Total Revenues</b>	<b>911,100</b>	<b>1,149,900</b>	<b>418,945</b>	<b>-</b>	<b>418,945</b>	<b>(730,955)</b>
<b>Expenditures</b>						
Current:						
Personal services	117,745	110,833	57,058	-	57,058	53,775
Materials and services	700,399	930,411	531,246	-	531,246	399,165
Interfund charges	72,000	108,700	36,276	-	36,276	72,424
Contingency	26,256	5,256	-	-	-	5,256
<b>Total Expenditures</b>	<b>916,400</b>	<b>1,155,200</b>	<b>624,580</b>	<b>-</b>	<b>624,580</b>	<b>530,620</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(5,300)</b>	<b>(5,300)</b>	<b>(205,635)</b>	<b>-</b>	<b>(205,635)</b>	<b>(200,335)</b>
Fund Balance, July 1, 2007	5,300	5,300	253,553	-	253,553	248,253
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,918</b>	<b>\$ -</b>	<b>\$ 47,918</b>	<b>\$ 47,918</b>

City of Bend, Oregon

**Affordable Housing Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges for services	\$ 3,753,400	\$ 2,753,400	\$ 1,012,465	\$ -	\$ 1,012,465	\$ (1,740,935)
Investment income	107,500	71,400	51,623	-	51,623	(19,777)
<b>Total Revenues</b>	<b>3,860,900</b>	<b>2,824,800</b>	<b>1,064,088</b>	<b>-</b>	<b>1,064,088</b>	<b>(1,760,712)</b>
<b>Expenditures</b>						
Current:						
Personal services	117,745	122,635	57,033	-	57,033	65,602
Materials and services	3,071,369	2,065,779	155,833	-	155,833	1,909,946
Interfund charges	104,300	96,400	51,800	-	51,800	44,600
Contingency	1,263,186	1,235,686	-	-	-	1,235,686
<b>Total Expenditures</b>	<b>4,556,600</b>	<b>3,520,500</b>	<b>264,666</b>	<b>-</b>	<b>264,666</b>	<b>3,255,834</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(695,700)</b>	<b>(695,700)</b>	<b>799,422</b>	<b>-</b>	<b>799,422</b>	<b>1,495,122</b>
Fund Balance, July 1, 2007	695,700	695,700	622,667	-	622,667	(73,033)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,422,089</b>	<b>\$ -</b>	<b>\$ 1,422,089</b>	<b>\$ 1,422,089</b>

**Public Transit Operations Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Intergovernmental	\$ 3,267,800	\$ 2,822,000	\$ 1,109,630	\$ -	\$ 1,109,630	\$ (1,712,370)
Charges for services	510,500	441,900	195,900	-	195,900	(246,000)
Investment income	17,500	5,700	(4,690)	-	(4,690)	(10,390)
Miscellaneous	1,600	1,600	10,173	-	10,173	8,573
<b>Total Revenues</b>	<b>3,797,400</b>	<b>3,271,200</b>	<b>1,311,013</b>	<b>-</b>	<b>1,311,013</b>	<b>(1,960,187)</b>
<b>Expenditures</b>						
Current:						
Personal services	220,851	218,696	105,699	-	105,699	112,997
Materials and services	3,448,638	3,279,993	1,652,277	-	1,652,277	1,627,716
Interfund charges	1,963,700	1,765,800	842,500	-	842,500	923,300
Capital outlay	1,158,900	695,000	129,526	-	129,526	565,474
Contingency	272,211	263,611	-	-	-	263,611
<b>Total Expenditures</b>	<b>7,064,300</b>	<b>6,223,100</b>	<b>2,730,002</b>	<b>-</b>	<b>2,730,002</b>	<b>3,493,098</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,266,900)</b>	<b>(2,951,900)</b>	<b>(1,418,989)</b>	<b>-</b>	<b>(1,418,989)</b>	<b>1,532,911</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of assets	-	-	3,350	-	3,350	3,350
Interfund loan repayment	-	(385,000)	(385,000)	-	(385,000)	-
Transfers in	3,260,000	2,945,000	1,510,000	-	1,510,000	(1,435,000)
<b>Total Other Financing Sources (Uses)</b>	<b>3,260,000</b>	<b>2,560,000</b>	<b>1,128,350</b>	<b>-</b>	<b>1,128,350</b>	<b>(1,431,650)</b>
Net change in fund balance	(6,900)	(391,900)	(290,639)	-	(290,639)	101,261
Fund Balance, July 1, 2007	6,900	391,900	348,435	-	348,435	(43,465)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,796</b>	<b>\$ -</b>	<b>\$ 57,796</b>	<b>\$ 57,796</b>

**Reconciliation of Budgetary basis to GAAP basis**

Total Other Financing Sources - Budgetary Basis	\$ 1,128,350
Repayment of interfund loan reported as other financing use on the budgetary basis	
is reported as a reduction of liabilities on the GAAP basis	<u>385,000</u>
<b>Total Other Financing Sources - GAAP Basis</b>	<b><u>\$ 1,513,350</u></b>

City of Bend, Oregon  
**Accessibility Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year</u> <u>Actual</u>	<u>Second Year</u> <u>Actual</u>	<u>Total Actual</u> <u>Budget</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges for services	\$ -	\$ 373,500	\$ -	\$ -	\$ -	\$ (373,500)
<b>Total Revenues</b>	<b>-</b>	<b>373,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(373,500)</b>
<b>Expenditures</b>						
Current:						
Personal services	-	304,505	-	-	-	304,505
Materials and services	-	68,195	-	-	-	68,195
Interfund charges	-	60,500	-	-	-	60,500
Contingency	-	10,300	-	-	-	10,300
<b>Total Expenditures</b>	<b>-</b>	<b>443,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>443,500</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>-</b>	<b>(70,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,000</b>
<b>Other Financing Sources</b>						
Transfers in	-	70,000	-	-	-	(70,000)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>70,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(70,000)</b>
Net change in fund balance	-	-	-	-	-	-
Fund Balance, July 1, 2007	-	-	-	-	-	-
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**Tourist Promotion / Economic Development Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Transient room taxes	\$ 2,356,700	\$ 2,195,600	\$ 1,028,211	\$ -	\$ 1,028,211	\$ (1,167,389)
Investment income	11,900	5,100	(1,592)	-	(1,592)	(6,692)
<b>Total Revenues</b>	<b>2,368,600</b>	<b>2,200,700</b>	<b>1,026,619</b>	<b>-</b>	<b>1,026,619</b>	<b>(1,174,081)</b>
<b>Expenditures</b>						
Current:						
Materials and services	2,170,600	1,992,400	1,022,591	-	1,022,591	969,809
Interfund charges	42,800	38,600	20,800	-	20,800	17,800
Contingency	185,000	134,500	-	-	-	134,500
<b>Total Expenditures</b>	<b>2,398,400</b>	<b>2,165,500</b>	<b>1,043,391</b>	<b>-</b>	<b>1,043,391</b>	<b>1,122,109</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(29,800)</b>	<b>35,200</b>	<b>(16,772)</b>	<b>-</b>	<b>(16,772)</b>	<b>(51,972)</b>
<b>Other Financing Sources (Uses)</b>						
Advances from other funds	-	80,000	140,000	-	140,000	60,000
Interfund loan repayments	(80,000)	(225,000)	(125,000)	-	(125,000)	100,000
<b>Total Other Financing Sources (Uses)</b>	<b>(80,000)</b>	<b>(145,000)</b>	<b>15,000</b>	<b>-</b>	<b>15,000</b>	<b>160,000</b>
Net change in fund balance	(109,800)	(109,800)	(1,772)	-	(1,772)	108,028
Fund Balance, July 1, 2007	109,800	109,800	116,613	-	116,613	6,813
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 114,841</b>	<b>\$ -</b>	<b>\$ 114,841</b>	<b>\$ 114,841</b>

**Reconciliation of Budgetary basis to GAAP basis**

Total Other Financing Sources (Uses) - Budgetary Basis	\$ 15,000
Advance from other funds reported as other financing source on the budgetary basis is reported as a liability on the GAAP basis	(140,000)
Repayment of interfund loan reported as other financing use on the budgetary basis is reported as a reduction of liabilities on the GAAP basis	<u>125,000</u>
<b>Total Other Financing Sources (Uses) - GAAP Basis</b>	<b><u><u>\$ -</u></u></b>

City of Bend, Oregon

**Economic Improvement District Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Assessments	\$ 200,000	\$ 192,800	\$ 84,149	\$ -	\$ 84,149	\$ (108,651)
Investment income	260	460	1,764	-	1,764	1,304
<b>Total Revenues</b>	<b>200,260</b>	<b>193,260</b>	<b>85,913</b>	<b>-</b>	<b>85,913</b>	<b>(107,347)</b>
<b>Expenditures</b>						
Current:						
Materials and services	205,160	223,360	119,793	-	119,793	103,567
Interfund charges	10,200	9,800	5,200	-	5,200	4,600
Contingency	-	17,200	-	-	-	17,200
<b>Total Expenditures</b>	<b>215,360</b>	<b>250,360</b>	<b>124,993</b>	<b>-</b>	<b>124,993</b>	<b>125,367</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(15,100)</b>	<b>(57,100)</b>	<b>(39,080)</b>	<b>-</b>	<b>(39,080)</b>	<b>18,020</b>
Fund Balance, July 1, 2007	15,100	57,100	57,750	-	57,750	650
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,670</b>	<b>\$ -</b>	<b>\$ 18,670</b>	<b>\$ 18,670</b>

City of Bend, Oregon  
**Nonmajor Special Revenue Funds**  
 Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2008

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Planning Fund</u></b>			
Expenditures	\$ 6,984,691	\$ 3,785,446	\$ 3,199,245
Contingency	104,209	-	104,209
	<b>\$ 7,088,900</b>	<b>\$ 3,785,446</b>	<b>\$ 3,303,454</b>
<b><u>Private Development Engineering</u></b>			
Expenditures	\$ 1,958,500	-	\$ 1,958,500
Contingency	71,300	-	71,300
	<b>\$ 2,029,800</b>	<b>\$ -</b>	<b>\$ 2,029,800</b>
<b><u>Community Development Block Grant</u></b>			
Expenditures	\$ 1,149,944	\$ 624,580	\$ 525,364
Contingency	5,256	-	5,256
	<b>\$ 1,155,200</b>	<b>\$ 624,580</b>	<b>\$ 530,620</b>
<b><u>Affordable Housing</u></b>			
Expenditures	\$ 2,284,814	\$ 264,666	\$ 2,020,148
Contingency	1,235,686	-	1,235,686
	<b>\$ 3,520,500</b>	<b>\$ 264,666</b>	<b>\$ 3,255,834</b>
<b><u>Public Transit Operations</u></b>			
Expenditures	\$ 6,344,489	\$ 3,115,002	\$ 3,229,487
Contingency	263,611	-	263,611
	<b>\$ 6,608,100</b>	<b>\$ 3,115,002</b>	<b>\$ 3,493,098</b>
<b><u>Accessibility</u></b>			
Expenditures	\$ 433,200	-	\$ 433,200
Contingency	10,300	-	10,300
	<b>\$ 443,500</b>	<b>\$ -</b>	<b>\$ 443,500</b>
<b><u>Tourism Promotion/Economic Development</u></b>			
Expenditures	\$ 2,256,000	\$ 1,168,391	\$ 1,087,609
Contingency	134,500	-	134,500
	<b>\$ 2,390,500</b>	<b>\$ 1,168,391</b>	<b>\$ 1,222,109</b>
<b><u>Economic Improvement District</u></b>			
Expenditures	\$ 233,160	\$ 124,993	\$ 108,167
Contingency	17,200	-	17,200
	<b>\$ 250,360</b>	<b>\$ 124,993</b>	<b>\$ 125,367</b>

(This page intentionally left blank)

## **NONMAJOR DEBT SERVICE FUNDS**

### Improvement District Debt Service Fund

This fund accounts for the collection of special assessment loans and the servicing of the related bonded debt.

### Urban Renewal Debt Service Fund

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

### 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.



City of Bend, Oregon  
**Combining Balance Sheet**  
 Nonmajor Debt Service Funds  
 June 30, 2008

	Improvement District Debt Service <u>Fund</u>	Urban Renewal Debt Service <u>Fund</u>	Fire Station Debt Service <u>Fund</u>	PERS Debt Service <u>Fund</u>	Juniper Ridge Urban Renewal Debt Service <u>Fund</u>	<u>Total</u>
<b><u>Assets</u></b>						
Pooled cash and investments	\$ 795,461	\$ 3,157,609	\$ 6,170	\$ 1,076,318	\$ 272,888	\$ 5,308,446
Restricted cash and investments	-	1,431,918	-	-	-	1,431,918
Receivables:						
Property taxes	-	180,655	-	-	9,204	189,859
Accounts, net	800	-	-	-	-	800
Assessments	548,577	-	-	-	-	548,577
<b>Total Assets</b>	<b>\$ 1,344,838</b>	<b>\$ 4,770,182</b>	<b>\$ 6,170</b>	<b>\$ 1,076,318</b>	<b>\$ 282,092</b>	<b>\$ 7,479,600</b>
<b><u>Liabilities and Fund Balances</u></b>						
Liabilities:						
Deferred revenues	549,327	141,104	-	-	7,251	697,682
<b>Total Liabilities</b>	<b>549,327</b>	<b>141,104</b>	<b>-</b>	<b>-</b>	<b>7,251</b>	<b>697,682</b>
Fund balances:						
Reserved for debt service	795,511	4,629,078	6,170	1,076,318	274,841	6,781,918
<b>Total Fund Balances</b>	<b>795,511</b>	<b>4,629,078</b>	<b>6,170</b>	<b>1,076,318</b>	<b>274,841</b>	<b>6,781,918</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,344,838</b>	<b>\$ 4,770,182</b>	<b>\$ 6,170</b>	<b>\$ 1,076,318</b>	<b>\$ 282,092</b>	<b>\$ 7,479,600</b>

City of Bend, Oregon

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances**

Nonmajor Debt Service Funds

For the fiscal year ended June 30, 2008

	Improvement District Debt Service <u>Fund</u>	Urban Renewal Debt Service <u>Fund</u>	Fire Station Debt Service <u>Fund</u>	PERS Debt Service <u>Fund</u>	Juniper Ridge Urban Renewal Debt Service <u>Fund</u>	<u>Total</u>
<b>Revenues</b>						
Property taxes	\$ -	\$ 2,663,202	\$ -	\$ -	\$ 146,793	\$ 2,809,995
Intergovernmental	-	-	258,971	-	-	258,971
Assessments	160,326	-	-	-	-	160,326
Charges for services	5,275	-	-	928,557	-	933,832
Investment income	43,440	207,786	672	52,146	9,570	313,614
Miscellaneous	-	-	-	1,160	-	1,160
<b>Total Revenues</b>	<b>209,041</b>	<b>2,870,988</b>	<b>259,643</b>	<b>981,863</b>	<b>156,363</b>	<b>4,477,898</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	15,900	-	15,900
Public safety	-	-	5,600	-	-	5,600
Public ways and facilities	43,400	-	-	-	-	43,400
Debt service:						
Principal	291,000	1,205,000	120,000	-	-	1,616,000
Interest	26,014	594,699	138,973	783,205	-	1,542,891
<b>Total Expenditures</b>	<b>360,414</b>	<b>1,799,699</b>	<b>264,573</b>	<b>799,105</b>	<b>-</b>	<b>3,223,791</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(151,373)</b>	<b>1,071,289</b>	<b>(4,930)</b>	<b>182,758</b>	<b>156,363</b>	<b>1,254,107</b>
<b>Other Financing Sources</b>						
Transfers in	-	-	5,700	-	-	5,700
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>5,700</b>	<b>-</b>	<b>-</b>	<b>5,700</b>
Net change in fund balances	(151,373)	1,071,289	770	182,758	156,363	1,259,807
Fund Balance, July 1, 2007	946,884	3,557,789	5,400	893,560	118,478	5,522,111
<b>Fund Balance, June 30, 2008</b>	<b>\$ 795,511</b>	<b>\$ 4,629,078</b>	<b>\$ 6,170</b>	<b>\$ 1,076,318</b>	<b>\$ 274,841</b>	<b>\$ 6,781,918</b>



**Improvement District Debt Service Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges for services	\$ 135,000	\$ 79,000	\$ 5,275	\$ -	\$ 5,275	\$ (73,725)
Assessments	435,000	435,000	160,326	-	160,326	(274,674)
Investment income	91,000	64,700	43,440	-	43,440	(21,260)
<b>Total Revenues</b>	<b>661,000</b>	<b>578,700</b>	<b>209,041</b>	<b>-</b>	<b>209,041</b>	<b>(369,659)</b>
<b>Expenditures</b>						
Current:						
Interfund charges	89,000	66,800	43,400	-	43,400	23,400
Debt service	481,000	526,100	317,014	-	317,014	209,086
Debt service reserve	1,047,100	941,900	-	-	-	941,900
<b>Total Expenditures</b>	<b>1,617,100</b>	<b>1,534,800</b>	<b>360,414</b>	<b>-</b>	<b>360,414</b>	<b>1,174,386</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(956,100)</b>	<b>(956,100)</b>	<b>(151,373)</b>	<b>-</b>	<b>(151,373)</b>	<b>804,727</b>
Fund Balance, July 1, 2007	956,100	956,100	946,884	-	946,884	(9,216)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 795,511</b>	<b>\$ -</b>	<b>\$ 795,511</b>	<b>\$ 795,511</b>

City of Bend, Oregon

**Urban Renewal Debt Service Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Property taxes	\$ 5,328,000	\$ 5,359,400	\$ 2,663,202	\$ -	\$ 2,663,202	\$ (2,696,198)
Investment income	427,000	292,200	207,786	-	207,786	(84,414)
<b>Total Revenues</b>	<b>5,755,000</b>	<b>5,651,600</b>	<b>2,870,988</b>	<b>-</b>	<b>2,870,988</b>	<b>(2,780,612)</b>
<b>Expenditures</b>						
Debt service	3,689,200	3,689,200	1,799,699	-	1,799,699	1,889,501
Debt service reserve	5,647,000	5,543,600	-	-	-	5,543,600
<b>Total Expenditures</b>	<b>9,336,200</b>	<b>9,232,800</b>	<b>1,799,699</b>	<b>-</b>	<b>1,799,699</b>	<b>7,433,101</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,581,200)</b>	<b>(3,581,200)</b>	<b>1,071,289</b>	<b>-</b>	<b>1,071,289</b>	<b>4,652,489</b>
Fund Balance, July 1, 2007	3,581,200	3,581,200	3,557,789	-	3,557,789	(23,411)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,629,078</b>	<b>\$ -</b>	<b>\$ 4,629,078</b>	<b>\$ 4,629,078</b>

City of Bend, Oregon

**Fire Station Debt Service Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b><u>Revenues</u></b>						
Intergovernmental	\$ 518,000	\$ 517,700	\$ 258,971	\$ -	\$ 258,971	\$ (258,729)
Investment income	600	900	672	-	672	(228)
<b>Total Revenues</b>	<b>518,600</b>	<b>518,600</b>	<b>259,643</b>	<b>-</b>	<b>259,643</b>	<b>(258,957)</b>
<b><u>Expenditures</u></b>						
Current:						
Materials and services	1,400	1,400	600	-	600	800
Interfund charges	10,300	10,300	5,000	-	5,000	5,300
Debt service	518,000	518,000	258,973	-	258,973	259,027
Debt service reserve	6,500	6,500	-	-	-	6,500
<b>Total Expenditures</b>	<b>536,200</b>	<b>536,200</b>	<b>264,573</b>	<b>-</b>	<b>264,573</b>	<b>271,627</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(17,600)</b>	<b>(17,600)</b>	<b>(4,930)</b>	<b>-</b>	<b>(4,930)</b>	<b>12,670</b>
<b><u>Other Financing Sources</u></b>						
Transfers in	11,700	11,700	5,700	-	5,700	(6,000)
<b>Total Other Financing Sources</b>	<b>11,700</b>	<b>11,700</b>	<b>5,700</b>	<b>-</b>	<b>5,700</b>	<b>(6,000)</b>
Net change in fund balance	(5,900)	(5,900)	770	-	770	6,670
Fund Balance, July 1, 2007	5,900	5,900	5,400	-	5,400	(500)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,170</b>	<b>\$ -</b>	<b>\$ 6,170</b>	<b>\$ 6,170</b>

City of Bend, Oregon

**PERS Debt Service Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges to other City funds	\$ 2,072,500	\$ 1,951,100	\$ 928,557	\$ -	\$ 928,557	\$ (1,022,543)
Investment income	114,000	80,500	52,146	-	52,146	(28,354)
Miscellaneous	-	-	1,160	-	1,160	1,160
<b>Total Revenues</b>	<b>2,186,500</b>	<b>2,031,600</b>	<b>981,863</b>	<b>-</b>	<b>981,863</b>	<b>(1,049,737)</b>
<b>Expenditures</b>						
Current:						
Interfund charges	32,600	32,600	15,900	-	15,900	16,700
Debt service	1,656,800	1,656,800	783,205	-	783,205	873,595
Debt service reserve	1,448,900	1,294,000	-	-	-	1,294,000
<b>Total Expenditures</b>	<b>3,138,300</b>	<b>2,983,400</b>	<b>799,105</b>	<b>-</b>	<b>799,105</b>	<b>2,184,295</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(951,800)</b>	<b>(951,800)</b>	<b>182,758</b>	<b>-</b>	<b>182,758</b>	<b>1,134,558</b>
Fund Balance, July 1, 2007	951,800	951,800	893,560	-	893,560	(58,240)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,076,318</b>	<b>\$ -</b>	<b>\$ 1,076,318</b>	<b>\$ 1,076,318</b>

City of Bend, Oregon

**Juniper Ridge Urban Renewal Debt Service Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Property taxes	\$ 765,200	\$ 481,400	\$ 146,793	\$ -	\$ 146,793	\$ (334,607)
Investment income	20,400	15,400	9,570	-	9,570	(5,830)
<b>Total Revenues</b>	<b>785,600</b>	<b>496,800</b>	<b>156,363</b>	<b>-</b>	<b>156,363</b>	<b>(340,437)</b>
<b>Expenditures</b>						
Debt service	712,800	357,100	-	-	-	357,100
Debt service reserve	196,100	263,000	-	-	-	263,000
<b>Total Expenditures</b>	<b>908,900</b>	<b>620,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>620,100</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(123,300)</b>	<b>(123,300)</b>	<b>156,363</b>	<b>-</b>	<b>156,363</b>	<b>279,663</b>
Fund Balance, July 1, 2007	123,300	123,300	118,478	-	118,478	(4,822)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 274,841</b>	<b>\$ -</b>	<b>\$ 274,841</b>	<b>\$ 274,841</b>

City of Bend, Oregon  
**Nonmajor Debt Service Funds**  
 Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2008

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Improvement District Debt Service Fund</u></b>			
Expenditures	\$ 592,900	\$ 360,414	\$ 232,486
Reserves	941,900	-	941,900
	<b>\$ 1,534,800</b>	<b>\$ 360,414</b>	<b>\$ 1,174,386</b>
<b><u>Urban Renewal Debt Service Fund</u></b>			
Expenditures	\$ 3,689,200	\$ 1,799,699	\$ 1,889,501
Reserves	5,543,600	-	5,543,600
	<b>\$ 9,232,800</b>	<b>\$ 1,799,699</b>	<b>\$ 7,433,101</b>
<b><u>Fire Station Debt Service Fund</u></b>			
Expenditures	\$ 529,700	\$ 264,573	\$ 265,127
Reserve	6,500	-	6,500
	<b>\$ 536,200</b>	<b>\$ 264,573</b>	<b>\$ 271,627</b>
<b><u>PERS Debt Service Fund</u></b>			
Expenditures	\$ 1,689,400	\$ 799,105	\$ 890,295
Reserves	1,294,000	-	1,294,000
	<b>\$ 2,983,400</b>	<b>\$ 799,105</b>	<b>\$ 2,184,295</b>
<b><u>Juniper Ridge Urban Renewal Debt Service Fund</u></b>			
Expenditures	\$ 357,100	\$ -	\$ 357,100
Reserves	263,000	-	263,000
	<b>\$ 620,100</b>	<b>\$ -</b>	<b>\$ 620,100</b>

## **MAJOR CAPITAL PROJECTS FUND**

### Juniper Ridge Urban Renewal Construction Fund

This fund accounts for the expenditures of the Juniper Ridge urban renewal district. The primary source of revenue is land sales.





**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, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Contributions	\$ 620,000	\$ 470,000	\$ -	\$ -	\$ -	\$ (470,000)
Investment income	230,700	57,000	(43,531)	-	(43,531)	(100,531)
<b>Total Revenues</b>	<b>850,700</b>	<b>527,000</b>	<b>(43,531)</b>	<b>-</b>	<b>(43,531)</b>	<b>(570,531)</b>
<b>Expenditures</b>						
Current:						
Personal services	240,627	306,408	183,213	-	183,213	123,195
Materials and services	559,138	418,157	354,793	-	354,793	63,364
Interfund charges	449,300	504,900	220,403	-	220,403	284,497
Debt service	2,050,000	7,826,000	1,300,561	-	1,300,561	6,525,439
Capital outlay	7,635,000	10,721,000	8,905,666	-	8,905,666	1,815,334
Contingency	1,681,535	6,431,435	-	-	-	6,431,435
<b>Total Expenditures</b>	<b>12,615,600</b>	<b>26,207,900</b>	<b>10,964,636</b>	<b>-</b>	<b>10,964,636</b>	<b>15,243,264</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(11,764,900)</b>	<b>(25,680,900)</b>	<b>(11,008,167)</b>	<b>-</b>	<b>(11,008,167)</b>	<b>14,672,733</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of assets	3,200,000	13,200,000	-	-	-	(13,200,000)
Advances from other funds	-	180,000	-	-	-	(180,000)
Interfund loan repayment	-	(1,226,000)	-	-	-	1,226,000
Issuance of long-term debt	7,650,000	12,612,000	6,225,000	-	6,225,000	(6,387,000)
Premium on debt issuance	-	-	13,988	-	13,988	13,988
Transfers in	-	-	3,660,501	-	3,660,501	3,660,501
<b>Total Other Financing Sources (Uses)</b>	<b>10,850,000</b>	<b>24,766,000</b>	<b>9,899,489</b>	<b>-</b>	<b>9,899,489</b>	<b>(14,866,511)</b>
Net change in fund balance	(914,900)	(914,900)	(1,108,678)	-	(1,108,678)	(193,778)
Fund Balance, July 1, 2007	914,900	914,900	35,232	-	35,232	(879,668)
<b>Fund Balance (Deficit), June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,073,446)</b>	<b>\$ -</b>	<b>\$ (1,073,446)</b>	<b>\$ (1,073,446)</b>

**Reconciliation of Budgetary basis to GAAP basis**

Total Expenditures - Budgetary Basis	\$ 10,964,636
Repayment of short-term notes reported as expenditures on the budgetary basis are reported as reduction of payable on the GAAP basis	<u>(1,300,000)</u>
<b>Total Expenditures - GAAP Basis</b>	<b><u>\$ 9,664,636</u></b>

City of Bend, Oregon

**Major Capital Projects Fund**

Schedule of Expenditures by Appropriation Levels

For the fiscal year ended June 30, 2008

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Juniper Ridge Urban Renewal Construction Fund</u></b>			
Expenditures	\$ 21,002,465	\$ 10,964,636	\$ 10,037,829
Contingency	6,431,435	-	6,431,435
	<b>\$ 27,433,900</b>	<b>\$ 10,964,636</b>	<b>\$ 16,469,264</b>

## **NONMAJOR CAPITAL PROJECTS FUNDS**

### 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.

### Urban Renewal Construction Fund

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

### Accessibility Construction Fund

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

### Transportation Construction Fund

This fund accounts for the construction of streets, bridges, and trails. The principal sources of revenue are system development charges and grants.



City of Bend, Oregon  
**Combining Balance Sheet**  
 Nonmajor Capital Projects Funds  
 June 30, 2008

	Improvement District Construction Fund	Urban Renewal Construction Fund	Accessibility Construction Fund	Transportation Construction Fund	Total
<b>Assets</b>					
Pooled cash and investments	\$ 37,172	\$ 445,901	\$ 264,430	\$ 6,129,226	\$ 6,876,729
Receivables:					
Accounts, net	-	-	-	164,164	164,164
Loans and notes	-	34,461	-	-	34,461
<b>Total Assets</b>	<b>\$ 37,172</b>	<b>\$ 480,362</b>	<b>\$ 264,430</b>	<b>\$ 6,293,390</b>	<b>\$ 7,075,354</b>
<b>Liabilities and Fund Balances (Deficit)</b>					
Liabilities:					
Accounts payable	110,261	3,775	163,932	101,935	379,903
Salaries and benefits payable	-	232	-	-	232
Retainage payable	4,865	1,149	19,689	13,725	39,428
Deposits	-	2,175	-	1,200	3,375
Deferred Revenue	-	-	-	139,335	139,335
Due to other funds	300,000	-	-	-	300,000
<b>Total Liabilities</b>	<b>415,126</b>	<b>7,331</b>	<b>183,621</b>	<b>256,195</b>	<b>862,273</b>
Fund balances (deficit):					
Unreserved:					
Undesignated	(377,954)	473,031	80,809	6,037,195	6,213,081
<b>Total Fund Balances (Deficit)</b>	<b>(377,954)</b>	<b>473,031</b>	<b>80,809</b>	<b>6,037,195</b>	<b>6,213,081</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 37,172</b>	<b>\$ 480,362</b>	<b>\$ 264,430</b>	<b>\$ 6,293,390</b>	<b>\$ 7,075,354</b>

City of Bend, Oregon

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

Nonmajor Capital Projects Funds

For the fiscal year ended June 30, 2008

	Improvement District Construction <u>Fund</u>	Urban Renewal Construction <u>Fund</u>	Accessibility Construction <u>Fund</u>	Transportation Construction <u>Fund</u>	<u>Total</u>
<b>Revenues</b>					
Franchise fees	\$ -	\$ -	\$ -	\$ 111,254	\$ 111,254
Loan repayments	-	-	-	19,030	19,030
Investment income	(9,839)	28,782	12,440	254,912	286,295
Rental income:					
Rent from others	-	55,385	-	18,200	73,585
Rent from other City funds	-	42,700	-	-	42,700
Miscellaneous	-	-	-	119,191	119,191
<b>Total Revenues</b>	<b>(9,839)</b>	<b>126,867</b>	<b>12,440</b>	<b>522,587</b>	<b>652,055</b>
<b>Expenditures</b>					
Current:					
Public ways and facilities	26,300	-	31,658	474,315	532,273
Urban renewal	-	127,438	-	-	127,438
Debt service					
Principal	-	-	-	704,700	704,700
Interest	-	-	-	614,198	614,198
Capital outlay	182,860	892	899,762	3,533,435	4,616,949
<b>Total Expenditures</b>	<b>209,160</b>	<b>128,330</b>	<b>931,420</b>	<b>5,326,648</b>	<b>6,595,558</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(218,999)</b>	<b>(1,463)</b>	<b>(918,980)</b>	<b>(4,804,061)</b>	<b>(5,943,503)</b>
<b>Other Financing Sources</b>					
Proceeds from sale of assets	-	165,136	-	74,885	240,021
Transfers in	-	200,000	997,700	10,766,371	11,964,071
<b>Total Other Financing Sources</b>	<b>-</b>	<b>365,136</b>	<b>997,700</b>	<b>10,841,256</b>	<b>12,204,092</b>
Net change in fund balance	(218,999)	363,673	78,720	6,037,195	6,260,589
Fund Balances (Deficit), July 1, 2007	(158,955)	109,358	2,089	-	(47,508)
<b>Fund Balances (Deficit), June 30, 2008</b>	<b>\$ (377,954)</b>	<b>\$ 473,031</b>	<b>\$ 80,809</b>	<b>\$ 6,037,195</b>	<b>\$ 6,213,081</b>

**Improvement District Construction Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Investment income	\$ -	\$ -	\$ (9,839)	\$ -	\$ (9,839)	\$ (9,839)
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>(9,839)</b>	<b>-</b>	<b>(9,839)</b>	<b>(9,839)</b>
<b>Expenditures</b>						
Current:						
Materials and services	-	100,000	-	-	-	100,000
Interfund charges	54,500	70,900	26,300	-	26,300	44,600
Capital outlay	641,000	2,149,800	182,860	-	182,860	1,966,940
Contingencies	4,600	27,700	-	-	-	27,700
<b>Total Expenditures</b>	<b>700,100</b>	<b>2,348,400</b>	<b>209,160</b>	<b>-</b>	<b>209,160</b>	<b>2,139,240</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(700,100)</b>	<b>(2,348,400)</b>	<b>(218,999)</b>	<b>-</b>	<b>(218,999)</b>	<b>2,129,401</b>
<b>Other Financing Sources (Uses)</b>						
Issuance of long-term debt	-	2,400,000	-	-	-	(2,400,000)
Advances from other funds	822,700	435,500	300,000	-	300,000	(135,500)
Interfund loan repayments	(735,500)	(700,000)	(200,000)	-	(200,000)	500,000
Transfers in	600,000	200,000	-	-	-	(200,000)
<b>Total Other Financing Sources (Uses)</b>	<b>687,200</b>	<b>2,335,500</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>	<b>(2,235,500)</b>
Net change in fund balance	(12,900)	(12,900)	(118,999)	-	(118,999)	(106,099)
Fund Balance, July 1, 2007	12,900	12,900	41,045	-	41,045	28,145
<b>Fund Balance (Deficit), June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (77,954)</b>	<b>\$ -</b>	<b>\$ (77,954)</b>	<b>\$ (77,954)</b>

**Reconciliation of Budgetary basis to GAAP basis**

Total Other Financing Sources (Uses) - Budgetary Basis	\$ 100,000
Repayment of interfund loan reported as other financing use on the budgetary basis is reported as a reduction of liabilities on the GAAP basis	200,000
Advance from other funds reported as other financing source on the budgetary basis is reported as a liability on the GAAP basis	(300,000)
<b>Total Other Financing Sources (Uses) - GAAP Basis</b>	<b>\$ -</b>

**Urban Renewal Construction Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Loan repayments	\$ -	\$ -	\$ 14,510	\$ -	\$ 14,510	\$ 14,510
Investment income	178,900	16,400	28,782	-	28,782	12,382
Rental income:						
Rent from others	103,900	103,100	55,385	-	55,385	(47,715)
Rent from other City funds	85,400	85,400	42,700	-	42,700	(42,700)
<b>Total Revenues</b>	<b>368,200</b>	<b>204,900</b>	<b>141,377</b>	<b>-</b>	<b>141,377</b>	<b>(63,523)</b>
<b>Expenditures</b>						
Current:						
Personal services	35,402	35,099	17,462	-	17,462	17,637
Materials and services	48,261	132,514	41,745	-	41,745	90,769
Interfund charges	127,100	124,500	68,231	-	68,231	56,269
Capital outlay	-	5,500	892	-	892	4,608
Contingency	7,671,637	421,487	-	-	-	421,487
<b>Total Expenditures</b>	<b>7,882,400</b>	<b>719,100</b>	<b>128,330</b>	<b>-</b>	<b>128,330</b>	<b>590,770</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(7,514,200)</b>	<b>(514,200)</b>	<b>13,047</b>	<b>-</b>	<b>13,047</b>	<b>527,247</b>
<b>Other Financing Sources</b>						
Proceeds from sale of assets	7,176,000	176,000	165,136	-	165,136	(10,864)
Transfers in	330,000	330,000	200,000	-	200,000	(130,000)
<b>Total Other Financing Sources</b>	<b>7,506,000</b>	<b>506,000</b>	<b>365,136</b>	<b>-</b>	<b>365,136</b>	<b>(140,864)</b>
Net change in fund balance	(8,200)	(8,200)	378,183	-	378,183	386,383
Fund Balance, July 1, 2007	8,200	8,200	60,387	-	60,387	52,187
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 438,570</b>	<b>\$ -</b>	<b>\$ 438,570</b>	<b>\$ 438,570</b>

**Reconciliation of Budgetary basis to GAAP basis**

Total Revenues - Budgetary Basis	\$ 141,377
Loan repayments reported as revenues on the budgetary basis are reported as a reduction of notes receivable on the GAAP basis	<u>(14,510)</u>
<b>Total Revenues - GAAP Basis</b>	<b><u>\$ 126,867</u></b>



City of Bend, Oregon

**Accessibility Construction Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges to other City funds	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ (35,000)
Investment income	-	-	12,440	-	12,440	12,440
<b>Total Revenues</b>	<b>-</b>	<b>35,000</b>	<b>12,440</b>	<b>-</b>	<b>12,440</b>	<b>(22,560)</b>
<b>Expenditures</b>						
Current:						
Materials and services	-	-	13,958	-	13,958	(13,958)
Interfund charges	36,400	37,900	17,700	-	17,700	20,200
Debt service	-	100,000	-	-	-	100,000
Capital outlay	1,950,000	2,209,800	899,762	-	899,762	1,310,038
Contingency	-	100,000	-	-	-	100,000
<b>Total Expenditures</b>	<b>1,986,400</b>	<b>2,447,700</b>	<b>931,420</b>	<b>-</b>	<b>931,420</b>	<b>1,516,280</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,986,400)</b>	<b>(2,412,700)</b>	<b>(918,980)</b>	<b>-</b>	<b>(918,980)</b>	<b>1,493,720</b>
<b>Other Financing Sources</b>						
Issuance of long-term debt	-	1,250,000	-	-	-	(1,250,000)
Transfers in	1,886,400	1,062,700	997,700	-	997,700	(65,000)
<b>Total Other Financing Sources</b>	<b>1,886,400</b>	<b>2,312,700</b>	<b>997,700</b>	<b>-</b>	<b>997,700</b>	<b>(1,315,000)</b>
Net change in fund balance	(100,000)	(100,000)	78,720	-	78,720	178,720
Fund Balance, July 1, 2007	100,000	100,000	2,089	-	2,089	(97,911)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,809</b>	<b>\$ -</b>	<b>\$ 80,809</b>	<b>\$ 80,809</b>

**Transportation Construction Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Franchise fees	\$ 304,100	\$ 247,700	\$ 111,254	\$ -	\$ 111,254	\$ (136,446)
Intergovernmental	225,000	429,700	-	-	-	(429,700)
Contributions	-	-	71,932	-	71,932	71,932
Loan repayments	67,800	67,800	19,030	-	19,030	(48,770)
Investment income	393,400	247,000	254,912	-	254,912	7,912
Rental income	20,100	20,100	18,200	-	18,200	(1,900)
Miscellaneous	23,200	22,800	47,259	-	47,259	24,459
<b>Total Revenues</b>	<b>1,033,600</b>	<b>1,035,100</b>	<b>522,587</b>	<b>-</b>	<b>522,587</b>	<b>(512,513)</b>
<b>Expenditures</b>						
Current:						
Materials and services	295,600	435,900	86,722	-	86,722	349,178
Interfund charges	776,800	721,000	387,593	-	387,593	333,407
Debt service	4,101,100	3,245,600	1,318,898	-	1,318,898	1,926,702
Capital outlay	28,125,700	23,034,400	3,533,435	-	3,533,435	19,500,965
Contingency	491,700	4,049,200	-	-	-	4,049,200
Reserved for construction	-	3,000,000	-	-	-	3,000,000
<b>Total Expenditures</b>	<b>33,790,900</b>	<b>34,486,100</b>	<b>5,326,648</b>	<b>-</b>	<b>5,326,648</b>	<b>29,159,452</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(32,757,300)</b>	<b>(33,451,000)</b>	<b>(4,804,061)</b>	<b>-</b>	<b>(4,804,061)</b>	<b>28,646,939</b>
<b>Other Financing Sources</b>						
Proceeds from sale of assets	420,000	1,055,000	74,885	-	74,885	(980,115)
Issuance of long-term debt	15,785,000	21,785,000	-	-	-	(21,785,000)
Transfers in	16,552,300	10,611,000	10,766,371	-	10,766,371	155,371
<b>Total Other Financing Sources</b>	<b>32,757,300</b>	<b>33,451,000</b>	<b>10,841,256</b>	<b>-</b>	<b>10,841,256</b>	<b>(22,609,744)</b>
Net change in fund balance	-	-	6,037,195	-	6,037,195	6,037,195
Fund Balance, July 1, 2007	-	-	-	-	-	-
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,037,195</b>	<b>\$ -</b>	<b>\$ 6,037,195</b>	<b>\$ 6,037,195</b>

City of Bend, Oregon  
**Nonmajor Capital Projects Funds**  
 Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2008

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Improvement District Construction Fund</u></b>			
Expenditures	\$ 3,020,700	\$ 409,160	\$ 2,611,540
Contingency	27,700	-	27,700
	<b>\$ 3,048,400</b>	<b>\$ 409,160</b>	<b>\$ 2,639,240</b>
<b><u>Urban Renewal Construction Fund</u></b>			
Expenditures	\$ 297,613	\$ 128,330	\$ 169,283
Contingency	421,487	-	421,487
	<b>\$ 719,100</b>	<b>\$ 128,330</b>	<b>\$ 590,770</b>
<b><u>Accessibility Construction Fund</u></b>			
Expenditures	\$ 2,347,700	\$ 931,420	\$ 1,416,280
Contingency	100,000	-	100,000
	<b>\$ 2,447,700</b>	<b>\$ 931,420</b>	<b>\$ 1,516,280</b>
<b><u>Transportation Construction Fund</u></b>			
Expenditures	\$ 27,436,900	\$ 5,326,648	\$ 22,110,252
Reserves	3,000,000	-	3,000,000
Contingency	4,049,200	-	4,049,200
	<b>\$ 34,486,100</b>	<b>\$ 5,326,648</b>	<b>\$ 29,159,452</b>

(This page intentionally left blank)

## **NONMAJOR ENTERPRISE FUNDS**

### Cemetery Fund

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

### Downtown Parking Fund

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



City of Bend, Oregon  
**Combining Statement of Net Assets**  
 Nonmajor Enterprise Funds  
 June 30, 2008

	<b>Cemetery Fund</b>	<b>Downtown Parking Fund</b>	<b>Total</b>
<b><u>Assets</u></b>			
Current assets:			
Pooled cash and investments	\$ 424,427	\$ 910,460	\$ 1,334,887
Accounts receivable, net	-	21,850	21,850
<b>Total Current Assets</b>	<b>424,427</b>	<b>932,310</b>	<b>1,356,737</b>
Noncurrent assets:			
Capital assets, net	204,114	14,713,433	14,917,547
<b>Total Noncurrent Assets</b>	<b>204,114</b>	<b>14,713,433</b>	<b>14,917,547</b>
<b>Total Assets</b>	<b>628,541</b>	<b>15,645,743</b>	<b>16,274,284</b>
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable	2,832	10,815	13,647
Salaries and benefits payable	982	1,317	2,299
Retainage payable	-	1,215	1,215
Compensated absences	8,291	8,888	17,179
<b>Total Liabilities</b>	<b>12,105</b>	<b>22,235</b>	<b>34,340</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	204,114	14,713,433	14,917,547
Unrestricted	412,322	910,075	1,322,397
<b>Total Net Assets</b>	<b>\$ 616,436</b>	<b>\$ 15,623,508</b>	<b>\$ 16,239,944</b>

City of Bend, Oregon

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

Nonmajor Enterprise Funds

For the fiscal year ended June 30, 2008

	<b>Cemetery Fund</b>	<b>Downtown Parking Fund</b>	<b>Total</b>
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 76,038	\$ 610,069	\$ 686,107
Miscellaneous	-	313	313
<b>Total Operating Revenues</b>	<b>76,038</b>	<b>610,382</b>	<b>686,420</b>
<b><u>Operating Expenses</u></b>			
Salaries and benefits	84,766	107,857	192,623
Materials and supplies	40,747	340,779	381,526
Internal services	27,197	78,415	105,612
Depreciation	29,452	289,255	318,707
<b>Total Operating Expenses</b>	<b>182,162</b>	<b>816,306</b>	<b>998,468</b>
<b>Operating loss</b>	<b>(106,124)</b>	<b>(205,924)</b>	<b>(312,048)</b>
<b><u>Nonoperating Revenues</u></b>			
Investment income	20,627	26,354	46,981
Parking improvement fees	-	682,926	682,926
Permanent maintenance fees	26,415	-	26,415
<b>Total Nonoperating Revenues</b>	<b>47,042</b>	<b>709,280</b>	<b>756,322</b>
<b>Income (loss) before contributions and transfers</b>	<b>(59,082)</b>	<b>503,356</b>	<b>444,274</b>
<b><u>Contributions and Transfers</u></b>			
Capital Contributions	-	401,394	401,394
Transfers out	-	(200,000)	(200,000)
<b>Total Contributions and Transfers</b>	<b>-</b>	<b>201,394</b>	<b>201,394</b>
Change in net assets	(59,082)	704,750	645,668
Net Assets, July 1, 2007	675,518	14,918,758	15,594,276
<b>Net Assets, June 30, 2008</b>	<b>\$ 616,436</b>	<b>\$ 15,623,508</b>	<b>\$ 16,239,944</b>



City of Bend, Oregon  
**Combining Statement of Cash Flows**  
 Nonmajor Enterprise Funds  
 For the fiscal year ended June 30, 2008

	<b>Cemetery Fund</b>	<b>Downtown Parking Fund</b>	<b>Total</b>
<b><u>Cash Flows from Operating Activities</u></b>			
Cash received from customers	\$ 76,038	\$ 599,090	\$ 675,128
Cash paid to employees for services	(82,766)	(98,944)	(181,710)
Cash paid to suppliers for goods and services	(41,130)	(340,740)	(381,870)
Cash paid for interfund services used	(27,197)	(78,415)	(105,612)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>(75,055)</b>	<b>80,991</b>	<b>5,936</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfers to other funds	-	(200,000)	(200,000)
<b>Net Cash Provided (Used) By Noncapital Financing Activities</b>	<b>-</b>	<b>(200,000)</b>	<b>(200,000)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Capital contributions	-	400,000	400,000
Permanent maintenance fees	26,415	-	26,415
Parking improvement fees	-	682,926	682,926
Acquisition and construction of capital assets	-	(327,602)	(327,602)
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>26,415</b>	<b>755,324</b>	<b>781,739</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Investment income	20,627	26,354	46,981
<b>Net change in pooled cash and investments</b>	<b>(28,013)</b>	<b>662,669</b>	<b>634,656</b>
Pooled Cash and Investments, July 1, 2007	452,440	247,791	700,231
<b>Pooled Cash and Investments, June 30, 2008</b>	<b>\$ 424,427</b>	<b>\$ 910,460</b>	<b>\$ 1,334,887</b>

**Reconciliation of Operating Income (Loss) to Net Cash  
 Provided (Used) by Operating Activities**

Operating income (loss)	\$ (106,124)	\$ (205,924)	\$ (312,048)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	29,452	289,255	318,707
Change in:			
Accounts receivable	-	(11,292)	(11,292)
Accounts payable	(383)	39	(344)
Salaries and benefits payable	74	25	99
Compensated absences payable	1,926	8,888	10,814
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ (75,055)</b>	<b>\$ 80,991</b>	<b>\$ 5,936</b>

Acquisition of capital assets financed through accounts payable for the current year totaled \$2,224 in the Downtown Parking Fund.

**Cemetery Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Burial and lot fees	\$ 191,900	\$ 156,100	\$ 76,038	\$ -	\$ 76,038	\$ (80,062)
Permanent maintenance fees	80,200	53,900	26,415	-	26,415	(27,485)
Investment income	40,500	29,500	20,627	-	20,627	(8,873)
Miscellaneous	200	200	-	-	-	(200)
<b>Total Revenues</b>	<b>312,800</b>	<b>239,700</b>	<b>123,080</b>	<b>-</b>	<b>123,080</b>	<b>(116,620)</b>
<b>Expenditures</b>						
Current:						
Personal services	168,290	164,752	84,766	-	84,766	79,986
Materials and services	93,500	66,338	40,747	-	40,747	25,591
Interfund charges	52,800	50,500	27,197	-	27,197	23,303
Capital outlay	8,000	-	-	-	-	-
Contingency	29,510	34,510	-	-	-	34,510
Permanent maintenance reserve	400,000	362,900	-	-	-	362,900
<b>Total Expenditures</b>	<b>752,100</b>	<b>679,000</b>	<b>152,710</b>	<b>-</b>	<b>152,710</b>	<b>526,290</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(439,300)</b>	<b>(439,300)</b>	<b>(29,630)</b>	<b>-</b>	<b>(29,630)</b>	<b>409,670</b>
Total Fund Balance, July 1, 2007	439,300	439,300	441,949	-	441,949	2,649
<b>Total Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 412,319</b>	<b>\$ -</b>	<b>\$ 412,319</b>	<b>\$ 412,319</b>

**Reconciliation of Budgetary basis to GAAP basis**

Total Expenditures - Budgetary Basis	\$ 152,710
Loss on disposal of asset not reported on the budgetary basis is reported as an expense on the GAAP basis	10,373
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	19,079
<b>Total Expenses - GAAP Basis</b>	<b>\$ 182,162</b>

**Downtown Parking Fund**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Fines and lot rental fees	\$ 1,391,500	\$ 1,360,300	\$ 610,069	\$ -	\$ 610,069	\$ (750,231)
Parking improvement fees	300,000	300,000	682,926	-	682,926	382,926
Investment income	73,800	54,100	26,354	-	26,354	(27,746)
Miscellaneous	-	-	313	-	313	313
<b>Total Revenues</b>	<b>1,765,300</b>	<b>1,714,400</b>	<b>1,319,662</b>	<b>-</b>	<b>1,319,662</b>	<b>(394,738)</b>
<b>Expenditures</b>						
Current:						
Personal services	200,626	198,904	107,857	-	107,857	91,047
Materials and services	761,922	737,344	340,779	-	340,779	396,565
Interfund charges	145,800	198,900	78,415	-	78,415	120,485
Capital outlay	145,000	679,500	331,041	-	331,041	348,459
Contingency	682,952	320,752	-	-	-	320,752
Construction reserves	-	150,000	-	-	-	150,000
<b>Total Expenditures</b>	<b>1,936,300</b>	<b>2,285,400</b>	<b>858,092</b>	<b>-</b>	<b>858,092</b>	<b>1,427,308</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(171,000)</b>	<b>(571,000)</b>	<b>461,570</b>	<b>-</b>	<b>461,570</b>	<b>1,032,570</b>
<b>Other Financing Sources (Uses)</b>						
Contributions	-	400,000	401,394	-	401,394	1,394
Transfers out	(330,000)	(330,000)	(200,000)	-	(200,000)	130,000
<b>Total Other Financing Sources (Uses)</b>	<b>(330,000)</b>	<b>70,000</b>	<b>201,394</b>	<b>-</b>	<b>201,394</b>	<b>131,394</b>
Net change in fund balance	(501,000)	(501,000)	662,964	-	662,964	1,163,964
Total Fund Balance, July 1, 2007	501,000	501,000	248,505	-	248,505	(252,495)
<b>Total Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 911,469</b>	<b>\$ -</b>	<b>\$ 911,469</b>	<b>\$ 911,469</b>

**Reconciliation of Budgetary basis to GAAP basis**

Total Expenditures - Budgetary Basis	\$ 858,092
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(331,041)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	289,255
<b>Total Expenses - GAAP Basis</b>	<b>\$ 816,306</b>

City of Bend, Oregon

**Nonmajor Enterprise Funds**

Schedule of Expenditures by Appropriation Levels

For the fiscal year ended June 30, 2008

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Cemetery Fund</u></b>			
Expenditures	\$ 281,590	\$ 152,710	\$ 128,880
Contingency	34,510	-	34,510
Other requirements	362,900	-	362,900
	<b>\$ 679,000</b>	<b>\$ 152,710</b>	<b>\$ 526,290</b>
<b><u>Downtown Parking Fund</u></b>			
Expenditures	\$ 2,144,648	\$ 1,058,092	\$ 1,086,556
Contingency	320,752	-	320,752
Other requirements	150,000	-	150,000
	<b>\$ 2,615,400</b>	<b>\$ 1,058,092</b>	<b>\$ 1,557,308</b>

## **INTERNAL SERVICE FUND**

### Garage Division

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

### Information Technology Division

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

### Facility Management Division

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

### Engineering Division

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

### Public Works Administration Division

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

### Risk Management Division

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

### Administration & Financial Services Division

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

### Economic Development Administration Division

To account for the administration of the City's economic development activities. User charges are generated for personnel and materials and services costs.

### Community Development Administration Division

To account for the administration of the City's Planning and Building departments. User charges are generated for personnel and materials and services costs.



City of Bend, Oregon

**Combining Statement of Net Assets**

Internal Service Fund

June 30, 2008

	<u>Garage Division</u>	<u>Information Technology Division</u>	<u>Facility Management Division</u>	<u>Engineering Division</u>	<u>Public Works Admini- stration Division</u>	<u>Risk Manage- ment Division</u>	<u>Administration &amp; Financial Services Division</u>	<u>Economic Development Administration Division</u>	<u>Community Development Administration Division</u>	<u>Total</u>
<b>Assets</b>										
Current assets:										
Pooled cash and investments	\$ 343,770	\$ 913,879	\$ 6,551,571	\$ 935,417	\$ 1,321,039	\$ 2,019,072	\$ 1,158,835	\$ 49,959	\$ 576,818	\$ 13,870,360
Accounts receivable, net	488	-	-	-	-	12,248	133	-	-	12,869
Due from other governments	-	-	222,053	-	-	-	4,011	-	-	226,064
Due from other funds	-	-	-	12,946	-	-	-	60,000	-	72,946
Inventories	33,985	-	-	-	-	-	-	-	-	33,985
Prepays and deposits	1,400	12,519	-	1,257	652	-	16,430	-	-	32,258
Bond issue costs, net	-	-	15,107	-	-	-	-	-	-	15,107
<b>Total Current Assets</b>	<b>379,643</b>	<b>926,398</b>	<b>6,788,731</b>	<b>949,620</b>	<b>1,321,691</b>	<b>2,031,320</b>	<b>1,179,409</b>	<b>109,959</b>	<b>576,818</b>	<b>14,263,589</b>
Noncurrent assets:										
Restricted cash and investments	-	-	-	3,366	-	-	-	-	-	3,366
Capital assets, net	24,192	1,163,415	22,107,353	83,753	92,103	-	16,838	-	-	23,487,654
Bond issue costs, net	-	-	76,125	-	-	-	-	-	-	76,125
<b>Total Noncurrent Assets</b>	<b>24,192</b>	<b>1,163,415</b>	<b>22,183,478</b>	<b>87,119</b>	<b>92,103</b>	<b>-</b>	<b>16,838</b>	<b>-</b>	<b>-</b>	<b>23,567,145</b>
<b>Total Assets</b>	<b>403,835</b>	<b>2,089,813</b>	<b>28,972,209</b>	<b>1,036,739</b>	<b>1,413,794</b>	<b>2,031,320</b>	<b>1,196,247</b>	<b>109,959</b>	<b>576,818</b>	<b>37,830,734</b>
<b>Liabilities</b>										
Current liabilities:										
Accounts payable	112,520	83,939	488,394	20,916	50,880	3,941	81,612	201	9,446	851,849
Salaries and benefits payable	8,927	7,762	5,208	31,347	19,282	-	40,547	3,804	9,454	126,331
Retainage payable	-	-	147,253	-	-	-	-	-	-	147,253
Other accrued liabilities:										
Compensated absences	38,382	40,207	24,355	81,456	98,531	-	125,318	18,173	39,878	466,300
Interest	-	-	49,246	-	-	-	-	-	-	49,246
Insurance claims	-	-	-	-	-	47,268	-	-	-	47,268
Deposits	-	-	-	589,852	-	609,346	-	-	-	1,199,198
Current portion of long-term debt	-	-	294,000	-	-	-	-	-	-	294,000
<b>Total Current Liabilities</b>	<b>159,829</b>	<b>131,908</b>	<b>1,008,456</b>	<b>723,571</b>	<b>168,693</b>	<b>660,555</b>	<b>247,477</b>	<b>22,178</b>	<b>58,778</b>	<b>3,181,445</b>
Noncurrent liabilities:										
Long-term debt, net	-	-	13,915,000	-	-	-	-	-	-	13,915,000
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>13,915,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,915,000</b>
<b>Total Liabilities</b>	<b>159,829</b>	<b>131,908</b>	<b>14,923,456</b>	<b>723,571</b>	<b>168,693</b>	<b>660,555</b>	<b>247,477</b>	<b>22,178</b>	<b>58,778</b>	<b>17,096,445</b>
<b>Net Assets</b>										
Invested in capital assets, net of related debt	24,192	1,163,415	8,315,026	83,753	92,103	-	16,838	-	-	9,695,327
Unrestricted	219,814	794,490	5,733,727	229,415	1,152,998	1,370,765	931,932	87,781	518,040	11,038,962
<b>Total Net Assets</b>	<b>\$ 244,006</b>	<b>\$ 1,957,905</b>	<b>\$ 14,048,753</b>	<b>\$ 313,168</b>	<b>\$ 1,245,101</b>	<b>\$ 1,370,765</b>	<b>\$ 948,770</b>	<b>\$ 87,781</b>	<b>\$ 518,040</b>	<b>\$ 20,734,289</b>

(This page intentionally left blank)



City of Bend, Oregon

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

Internal Service Fund

For the fiscal year ended June 30, 2008

	Garage Division	Information Technology Division	Facility Management Division	Engineering Division	Public Works Admini- stration Division	Risk Manage- ment Division	Administration & Financial Services Division	Economic Development Administration Division	Community Development Administration Division	Total
<b><u>Operating Revenues</u></b>										
Licenses and permits	\$ -	\$ -	\$ -	\$ 30,540	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ 31,540
Charges for services	2,594,288	2,346,096	-	3,164,761	2,818,900	9,071,831	5,020,072	402,736	1,111,919	26,530,603
Rental income	-	-	2,857,426	-	-	-	-	-	-	2,857,426
Insurance settlement and refunds	-	-	-	-	-	28,985	-	-	-	28,985
Miscellaneous	5,968	1,045	49,305	302	1,218	-	2,007	4	1,549	61,398
<b>Total Operating Revenues</b>	<b>2,600,256</b>	<b>2,347,141</b>	<b>2,906,731</b>	<b>3,195,603</b>	<b>2,820,118</b>	<b>9,100,816</b>	<b>5,022,079</b>	<b>403,740</b>	<b>1,113,468</b>	<b>29,509,952</b>
<b><u>Operating Expenses</u></b>										
Salaries and benefits	684,965	611,966	357,480	2,772,414	1,592,025	-	2,874,977	359,094	806,513	10,059,434
Materials and supplies	1,416,969	738,800	811,265	235,563	363,991	-	1,157,989	8,197	60,766	4,793,540
Internal services	396,575	176,122	181,387	823,531	440,947	-	480,819	78,247	136,154	2,713,782
Insurance premiums and claims	-	-	-	-	-	8,779,478	-	-	-	8,779,478
Depreciation	13,251	209,929	343,306	43,888	46,333	-	5,181	-	-	661,888
<b>Total Operating Expenses</b>	<b>2,511,760</b>	<b>1,736,817</b>	<b>1,693,438</b>	<b>3,875,396</b>	<b>2,443,296</b>	<b>8,779,478</b>	<b>4,518,966</b>	<b>445,538</b>	<b>1,003,433</b>	<b>27,008,122</b>
<b>Operating income (loss)</b>	<b>88,496</b>	<b>610,324</b>	<b>1,213,293</b>	<b>(679,793)</b>	<b>376,822</b>	<b>321,338</b>	<b>503,113</b>	<b>(41,798)</b>	<b>110,035</b>	<b>2,501,830</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>										
Intergovernmental	-	-	532,675	-	-	-	4,011	-	-	536,686
Investment income	11,329	28,121	377,898	53,143	51,580	70,334	36,402	2,966	18,277	650,050
Interest expense	-	-	(568,195)	-	-	-	-	-	-	(568,195)
Amortization of bond issue costs	-	-	(15,672)	-	-	-	-	-	-	(15,672)
Gain on disposal of assets	-	2,750	-	-	1,150	-	-	-	-	3,900
<b>Total Nonoperating Revenues (Expenses)</b>	<b>11,329</b>	<b>30,871</b>	<b>326,706</b>	<b>53,143</b>	<b>52,730</b>	<b>70,334</b>	<b>40,413</b>	<b>2,966</b>	<b>18,277</b>	<b>606,769</b>
<b>Income (loss) before contributions and transfers</b>	<b>99,825</b>	<b>641,195</b>	<b>1,539,999</b>	<b>(626,650)</b>	<b>429,552</b>	<b>391,672</b>	<b>543,526</b>	<b>(38,832)</b>	<b>128,312</b>	<b>3,108,599</b>
<b><u>Contributions and Transfers</u></b>										
Capital Contributions	-	-	-	-	37,521	-	22,018	-	-	59,539
Transfers in	-	-	412,000	500,000	-	-	-	75,000	198,200	1,185,200
<b>Total Contributions and Transfers</b>	<b>-</b>	<b>-</b>	<b>412,000</b>	<b>500,000</b>	<b>37,521</b>	<b>-</b>	<b>22,018</b>	<b>75,000</b>	<b>198,200</b>	<b>1,244,739</b>
Change in net assets	99,825	641,195	1,951,999	(126,650)	467,073	391,672	565,544	36,168	326,512	4,353,338
Net Assets, July 1, 2007	144,181	1,316,710	12,096,754	439,818	778,028	979,093	383,226	51,613	191,528	16,380,951
<b>Net Assets, June 30, 2008</b>	<b>\$ 244,006</b>	<b>\$ 1,957,905</b>	<b>\$ 14,048,753</b>	<b>\$ 313,168</b>	<b>\$ 1,245,101</b>	<b>\$ 1,370,765</b>	<b>\$ 948,770</b>	<b>\$ 87,781</b>	<b>\$ 518,040</b>	<b>\$ 20,734,289</b>

City of Bend, Oregon

**Combining Statement of Cash Flows**

Internal Service Fund

For the fiscal year ended June 30, 2008

	<u>Garage Division</u>	<u>Information Technology Division</u>	<u>Facility Management Division</u>	<u>Engineering Division</u>	<u>Public Works Administration Division</u>	<u>Risk Management Division</u>	<u>Administration &amp; Financial Services Division</u>	<u>Economic Development Administration Division</u>	<u>Community Development Administration Division</u>	<u>Total</u>
<b><u>Cash Flows from Operating Activities</u></b>										
Cash received from customers	\$ 12,625	\$ 1,045	\$ 49,305	\$ 1,506,072	\$ 1,218	\$ 1,230,230	\$ 57,061	\$ 3,947	\$ 1,549	\$ 2,863,052
Cash received from interfund services provided	2,587,143	2,346,096	2,857,426	1,417,528	2,818,900	7,927,606	4,965,000	342,736	1,111,919	\$ 26,374,354
Cash paid to employees for services	(679,824)	(607,744)	(345,594)	(2,798,573)	(1,601,102)	-	(2,847,562)	(365,322)	(771,669)	\$ (10,017,390)
Cash paid to suppliers for goods and services	(1,434,163)	(681,539)	(928,034)	(263,767)	(327,946)	(8,878,863)	(1,168,893)	(8,550)	(93,525)	\$ (13,785,280)
Cash paid for interfund services used	(396,575)	(176,122)	(181,387)	(823,531)	(440,947)	-	(480,819)	(78,247)	(136,154)	\$ (2,713,782)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>89,206</b>	<b>881,736</b>	<b>1,451,716</b>	<b>(962,271)</b>	<b>450,123</b>	<b>278,973</b>	<b>524,787</b>	<b>(105,436)</b>	<b>112,120</b>	<b>2,720,954</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>										
Transfers from other funds	-	-	412,000	500,000	-	-	-	75,000	198,200	1,185,200
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>412,000</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,000</b>	<b>198,200</b>	<b>1,185,200</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>										
Issuance of long-term debt	-	-	501,878	-	-	-	-	-	-	501,878
Payment of bond issuance costs	-	-	(16,226)	-	-	-	-	-	-	(16,226)
Interest payments on notes, bonds, and certificates	-	-	(624,028)	-	-	-	-	-	-	(624,028)
Principal payments on notes, bonds, and certificates	-	-	(188,000)	-	-	-	-	-	-	(188,000)
Capital grants and contributions	-	-	321,567	-	-	-	-	-	-	321,567
Proceeds from sale of assets	-	2,750	-	-	1,150	-	-	-	-	3,900
Acquisition and construction of capital assets	-	(761,865)	(3,339,705)	-	(13,064)	-	-	-	-	(4,114,634)
<b>Net Cash Provided (Used) By Capital and Related Financing Activities</b>	<b>-</b>	<b>(759,115)</b>	<b>(3,344,514)</b>	<b>-</b>	<b>(11,914)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,115,543)</b>
<b><u>Cash Flows from Investing Activities</u></b>										
Investment income	11,329	28,121	377,898	53,143	51,580	70,334	36,402	2,966	18,277	650,050
<b>Net change in pooled cash and investments</b>	<b>100,535</b>	<b>150,742</b>	<b>(1,102,900)</b>	<b>(409,128)</b>	<b>489,789</b>	<b>349,307</b>	<b>561,189</b>	<b>(27,470)</b>	<b>328,597</b>	<b>440,661</b>
Pooled Cash and Investments, July 1, 2007	243,235	763,137	7,654,471	1,347,911	831,250	1,669,765	597,646	77,429	248,221	13,433,065
<b>Pooled Cash and Investments, June 30, 2008</b>	<b>\$ 343,770</b>	<b>\$ 913,879</b>	<b>\$ 6,551,571</b>	<b>\$ 938,783</b>	<b>\$ 1,321,039</b>	<b>\$ 2,019,072</b>	<b>\$ 1,158,835</b>	<b>\$ 49,959</b>	<b>\$ 576,818</b>	<b>\$ 13,873,726</b>

City of Bend, Oregon  
**Combining Statement of Cash Flows (Continued)**  
 Internal Service Fund  
 For the fiscal year ended June 30, 2008

	<u>Garage Division</u>	<u>Information Technology Division</u>	<u>Facility Management Division</u>	<u>Engineering Division</u>	<u>Public Works Administration Division</u>	<u>Risk Management Division</u>	<u>Administration &amp; Financial Services Division</u>	<u>Economic Development Administration Services Division</u>	<u>Community Development Administration Division</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities</b>										
Operating income (loss)	\$ 88,496	\$ 610,324	\$ 1,213,293	\$ (679,793)	\$ 376,822	\$ 321,338	\$ 503,113	\$ (41,798)	\$ 110,035	\$ 2,501,830
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:										
Depreciation	13,251	209,929	343,306	43,888	46,333	-	5,181	-	-	661,888
Change in:										
Accounts receivable	(488)	-	-	-	-	300	(18)	2,943	-	2,737
Due from other funds	-	-	-	(12,946)	-	-	-	(60,000)	-	(72,946)
Inventories	2,298	-	-	-	-	-	-	-	-	2,298
Prepays and deposits	(1,400)	20,906	-	(67)	(652)	-	83	-	-	18,870
Accounts payable	(18,092)	36,355	(116,769)	(28,137)	36,697	(61,367)	(10,987)	(353)	(32,759)	(195,412)
Salaries and benefits payable	1,439	264	1,639	(4,637)	1,240	-	5,708	(1,013)	378	5,018
Compensated absences payable	3,702	3,958	10,247	(21,522)	(10,317)	-	21,707	(5,215)	34,466	37,026
Insurance claims payable	-	-	-	-	-	(38,018)	-	-	-	(38,018)
Prepays and deposits payable	-	-	-	(259,057)	-	56,720	-	-	-	(202,337)
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 89,206</b>	<b>\$ 881,736</b>	<b>\$ 1,451,716</b>	<b>\$ (962,271)</b>	<b>\$ 450,123</b>	<b>\$ 278,973</b>	<b>\$ 524,787</b>	<b>\$ (105,436)</b>	<b>\$ 112,120</b>	<b>\$ 2,720,954</b>

Noncash Capital and Related Financing Activities

The net book value of capital assets contributed from other funds in the current year totaled \$22,018 in the Administration and Finance Division, and \$37,521 in the Public Works Administration Division.

Acquisition of capital assets financed through accounts payable for the current year totaled \$459,995 in the Facility Management Division.

**Garage Division**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges for services:						
Charges to others	\$ 9,000	\$ 6,000	\$ 7,145	\$ -	\$ 7,145	\$ 1,145
Charges to other City funds	5,804,800	5,588,900	2,587,143	-	2,587,143	(3,001,757)
Investment income	6,500	3,800	11,329	-	11,329	7,529
Miscellaneous	17,800	17,800	5,968	-	5,968	(11,832)
<b>Total Revenues</b>	<b>5,838,100</b>	<b>5,616,500</b>	<b>2,611,585</b>	<b>-</b>	<b>2,611,585</b>	<b>(3,004,915)</b>
<b>Expenditures</b>						
Current:						
Personal services	1,424,262	1,416,033	684,965	-	684,965	731,068
Materials and services	3,472,500	3,305,229	1,416,969	-	1,416,969	1,888,260
Interfund charges	814,100	747,200	396,575	-	396,575	350,625
Contingency	147,638	168,438	-	-	-	168,438
<b>Total Expenditures</b>	<b>5,858,500</b>	<b>5,636,900</b>	<b>2,498,509</b>	<b>-</b>	<b>2,498,509</b>	<b>3,138,391</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(20,400)</b>	<b>(20,400)</b>	<b>113,076</b>	<b>-</b>	<b>113,076</b>	<b>133,476</b>
Fund Balance, July 1, 2007	20,400	20,400	130,672	-	130,672	110,272
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 243,748</b>	<b>\$ -</b>	<b>\$ 243,748</b>	<b>\$ 243,748</b>

**Reconciliation of Budgetary basis to GAAP basis**

Expenditures - Budgetary Basis	\$ 2,498,509
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>13,251</u>
<b>Expenses - GAAP Basis</b>	<b><u><u>\$ 2,511,760</u></u></b>

**Information Technology Division**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges to other City funds	\$ 4,839,400	\$ 4,528,500	\$ 2,346,096	\$ -	\$ 2,346,096	\$ (2,182,404)
Investment income	17,800	12,200	28,121	-	28,121	15,921
Miscellaneous	4,100	4,100	1,045	-	1,045	(3,055)
<b>Total Revenues</b>	<b>4,861,300</b>	<b>4,544,800</b>	<b>2,375,262</b>	<b>-</b>	<b>2,375,262</b>	<b>(2,169,538)</b>
<b>Expenditures</b>						
Current:						
Personal services	1,537,905	1,387,557	611,966	-	611,966	775,591
Materials and services	2,219,860	1,987,008	738,800	-	738,800	1,248,208
Interfund charges	223,900	239,100	176,122	-	176,122	62,978
Capital outlay	1,145,500	1,224,100	720,150	-	720,150	503,950
Contingency	191,035	163,935	-	-	-	163,935
<b>Total Expenditures</b>	<b>5,318,200</b>	<b>5,001,700</b>	<b>2,247,038</b>	<b>-</b>	<b>2,247,038</b>	<b>2,754,662</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(456,900)</b>	<b>(456,900)</b>	<b>128,224</b>	<b>-</b>	<b>128,224</b>	<b>585,124</b>
<b>Other Financing Sources</b>						
Proceeds from sale of assets	-	-	2,750	-	2,750	2,750
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>2,750</b>	<b>-</b>	<b>2,750</b>	<b>2,750</b>
Net change in fund balance	(456,900)	(456,900)	130,974	-	130,974	587,874
Fund Balance, July 1, 2007	456,900	456,900	688,780	-	688,780	231,880
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 819,754</b>	<b>\$ -</b>	<b>\$ 819,754</b>	<b>\$ 819,754</b>

**Reconciliation of Budgetary basis to GAAP basis**

Expenditures - Budgetary Basis	\$ 2,247,038
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(720,150)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>209,929</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 1,736,817</u></b>

City of Bend, Oregon

**Facility Management Division**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Intergovernmental	\$ 3,500,000	\$ 4,239,600	\$ 532,675	\$ -	\$ 532,675	\$ (3,706,925)
Rental income	5,421,900	5,417,184	2,857,426	-	2,857,426	(2,559,758)
Investment income	349,500	418,184	377,898	-	377,898	(40,286)
Miscellaneous	400	400	352	-	352	(48)
<b>Total Revenues</b>	<b>9,271,800</b>	<b>10,075,368</b>	<b>3,768,351</b>	<b>-</b>	<b>3,768,351</b>	<b>(6,307,017)</b>
<b>Expenditures</b>						
Current:						
Personal services	774,406	786,666	357,480	-	357,480	429,186
Materials and services	1,918,200	1,823,961	827,491	-	827,491	996,470
Interfund charges	333,400	375,200	181,387	-	181,387	193,813
Debt service	6,213,200	6,414,000	756,195	-	756,195	5,657,805
Capital outlay	10,088,850	12,904,129	3,909,598	-	3,909,598	8,994,531
Contingency	1,967,744	1,754,812	-	-	-	1,754,812
Construction reserves	500,000	200,000	-	-	-	200,000
Major maintenance reserves	219,400	110,200	-	-	-	110,200
<b>Total Expenditures</b>	<b>22,015,200</b>	<b>24,368,968</b>	<b>6,032,151</b>	<b>-</b>	<b>6,032,151</b>	<b>18,336,817</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(12,743,400)</b>	<b>(14,293,600)</b>	<b>(2,263,800)</b>	<b>-</b>	<b>(2,263,800)</b>	<b>12,029,800</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of assets	5,500,000	6,220,000	-	-	-	(6,220,000)
Issuance of long-term debt	-	500,000	500,000	-	500,000	-
Premium on debt issuance	-	-	1,878	-	1,878	1,878
Transfers in	438,800	567,000	412,000	-	412,000	(155,000)
Transfers out	-	(200,000)	-	-	-	200,000
<b>Total Other Financing Sources (Uses)</b>	<b>5,938,800</b>	<b>7,087,000</b>	<b>913,878</b>	<b>-</b>	<b>913,878</b>	<b>(6,173,122)</b>
Net change in fund balance	(6,804,600)	(7,206,600)	(1,349,922)	-	(1,349,922)	5,856,678
Fund Balance, July 1, 2007	6,804,600	7,206,600	7,434,289	-	7,434,289	227,689
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,084,367</b>	<b>\$ -</b>	<b>\$ 6,084,367</b>	<b>\$ 6,084,367</b>

City of Bend, Oregon

**Facility Management Division**

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

For the fiscal year ended June 30, 2008

**Reconciliation of Budgetary basis to GAAP basis**

Revenues - Budgetary Basis	\$ 3,768,351
Contributions of capital assets not reported on the budgetary basis are reported as revenue on the GAAP basis	48,953
<b>Revenues - GAAP Basis</b>	<u>\$ 3,817,304</u>
Expenditures - Budgetary Basis	\$ 6,032,151
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(3,909,598)
Amortization of bond issue costs not reported on the budgetary basis are reported as an expense on the GAAP basis	15,672
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(188,000)
Bond issue costs reported as expenditures on the budgetary basis are reported as an asset on the GAAP basis	(16,226)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	343,306
<b>Expenses - GAAP Basis</b>	<u>\$ 2,277,305</u>
Other Financing Sources (Uses)- Budgetary Basis	\$ 913,878
Proceeds from bond issuance reported as other financing sources on the budgetary basis are reported as bond payable liability on the GAAP basis	(500,000)
Premium from bond issuance reported as other financing source on the budgetary basis is reported net of issuance costs	(1,878)
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<u>\$ 412,000</u>

City of Bend, Oregon  
**Engineering Division**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Licenses and permits	\$ 188,000	\$ 89,500	\$ 30,540	\$ -	\$ 30,540	\$ (58,960)
Charges for services:						
Charges to others	6,586,900	1,794,800	1,734,287	-	1,734,287	(60,513)
Charges to other City funds	3,299,700	2,737,100	1,430,474	-	1,430,474	(1,306,626)
Investment income	26,400	13,500	53,143	-	53,143	39,643
Miscellaneous	2,000	2,000	302	-	302	(1,698)
<b>Total Revenues</b>	<b>10,103,000</b>	<b>4,636,900</b>	<b>3,248,746</b>	<b>-</b>	<b>3,248,746</b>	<b>(1,388,154)</b>
<b>Expenditures</b>						
Current:						
Personal services	6,925,400	4,188,531	2,772,414	-	2,772,414	1,416,117
Materials and services	857,844	478,113	235,563	-	235,563	242,550
Interfund charges	1,845,700	1,081,900	823,531	-	823,531	258,369
Capital Outlay	71,000	6,000	-	-	-	6,000
Contingency	681,756	140,356	-	-	-	140,356
<b>Total Expenditures</b>	<b>10,381,700</b>	<b>5,894,900</b>	<b>3,831,508</b>	<b>-</b>	<b>3,831,508</b>	<b>2,063,392</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(278,700)</b>	<b>(1,258,000)</b>	<b>(582,762)</b>	<b>-</b>	<b>(582,762)</b>	<b>675,238</b>
<b>Other Financing Sources</b>						
Transfers in	137,100	925,200	500,000	-	500,000	(425,200)
<b>Total Other Financing</b>	<b>137,100</b>	<b>925,200</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>(425,200)</b>
Net change in fund balance	(141,600)	(332,800)	(82,762)	-	(82,762)	250,038
Fund Balance, July 1, 2007	141,600	332,800	332,826	-	332,826	26
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,064</b>	<b>\$ -</b>	<b>\$ 250,064</b>	<b>\$ 250,064</b>

**Reconciliation of Budgetary basis to GAAP basis**

Expenditures - Budgetary Basis	\$ 3,831,508
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	43,888
<b>Expenses - GAAP Basis</b>	<b>\$ 3,875,396</b>



**Public Works Administration Division**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges to other City funds	\$ 5,905,800	\$ 5,044,300	\$ 2,818,900	\$ -	\$ 2,818,900	\$ (2,225,400)
Investment income	28,200	32,900	51,580	-	51,580	18,680
Miscellaneous	3,500	3,500	1,218	-	1,218	(2,282)
<b>Total Revenues</b>	<b>5,937,500</b>	<b>5,080,700</b>	<b>2,871,698</b>	<b>-</b>	<b>2,871,698</b>	<b>(2,209,002)</b>
<b>Expenditures</b>						
Current:						
Personal services	4,121,999	3,534,332	1,592,025	-	1,592,025	1,942,307
Materials and services	953,210	958,743	363,991	-	363,991	594,752
Interfund charges	946,500	853,500	440,947	-	440,947	412,553
Capital outlay	121,000	122,000	-	-	-	122,000
Contingency	265,291	82,625	-	-	-	82,625
<b>Total Expenditures</b>	<b>6,408,000</b>	<b>5,551,200</b>	<b>2,396,963</b>	<b>-</b>	<b>2,396,963</b>	<b>3,154,237</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(470,500)</b>	<b>(470,500)</b>	<b>474,735</b>	<b>-</b>	<b>474,735</b>	<b>945,235</b>
<b>Other Financing Sources</b>						
Proceeds from sale of assets	-	-	1,150	-	1,150	1,150
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>1,150</b>	<b>-</b>	<b>1,150</b>	<b>1,150</b>
Net change in fund balance	(470,500)	(470,500)	475,885	-	475,885	946,385
Fund Balance, July 1, 2007	470,500	470,500	732,508	-	732,508	262,008
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,207,243</b>	<b>\$ -</b>	<b>\$ 1,207,243</b>	<b>\$ 1,207,243</b>

**Reconciliation of Budgetary basis to GAAP basis**

Revenues - Budgetary Basis	\$ 2,871,698
Contributions of capital assets not reported on the budgetary basis are reported as revenue on the GAAP basis	37,521
<b>Revenues - GAAP Basis</b>	<b>\$ 2,909,219</b>
Expenditures - Budgetary Basis	\$ 2,396,963
Loss on disposal of assets are not reported on the budgetary basis but are reported as an adjustment to depreciation expense on the GAAP basis	5,754
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	40,579
<b>Expenses - GAAP Basis</b>	<b>\$ 2,443,296</b>

**Risk Management Division**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges for services:						
Charges to others	\$ 1,950,491	\$ 1,867,091	\$ 1,144,225	\$ -	\$ 1,144,225	\$ (722,866)
Charges to other City funds	19,675,709	18,241,009	7,927,606	-	7,927,606	(10,313,403)
Insurance settlements and refunds	56,800	42,300	28,985	-	28,985	(13,315)
Investment income	196,600	140,700	70,334	-	70,334	(70,366)
<b>Total Revenues</b>	<b>21,879,600</b>	<b>20,291,100</b>	<b>9,171,150</b>	<b>-</b>	<b>9,171,150</b>	<b>(11,119,950)</b>
<b>Expenditures</b>						
Current:						
Materials and services	20,929,800	19,593,500	8,779,478	-	8,779,478	10,814,022
Contingency	200,000	396,200	-	-	-	396,200
Insurance reserves	2,420,400	1,972,000	-	-	-	1,972,000
<b>Total Expenditures</b>	<b>23,550,200</b>	<b>21,961,700</b>	<b>8,779,478</b>	<b>-</b>	<b>8,779,478</b>	<b>13,182,222</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,670,600)</b>	<b>(1,670,600)</b>	<b>391,672</b>	<b>-</b>	<b>391,672</b>	<b>2,062,272</b>
Fund Balance, July 1, 2007	1,670,600	1,670,600	1,567,614	-	1,567,614	(102,986)
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,959,286</b>	<b>\$ -</b>	<b>\$ 1,959,286</b>	<b>\$ 1,959,286</b>

**Administration and Financial Services Division**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Intergovernmental	\$ -	\$ -	\$ 4,011	\$ -	\$ 4,011	\$ 4,011
Charges for services:						
Charges to others	161,800	188,000	55,072	-	55,072	(132,928)
Charges to other City funds	10,045,100	9,234,300	4,965,000	-	4,965,000	(4,269,300)
Investment income	25,700	26,800	36,402	-	36,402	9,602
Miscellaneous	3,600	3,600	2,007	-	2,007	(1,593)
<b>Total Revenues</b>	<b>10,236,200</b>	<b>9,452,700</b>	<b>5,062,492</b>	<b>-</b>	<b>5,062,492</b>	<b>(4,390,208)</b>
<b>Expenditures</b>						
Current:						
Personal services	6,362,690	6,343,195	2,874,977	-	2,874,977	3,468,218
Materials and services	2,535,834	2,336,129	1,157,989	-	1,157,989	1,178,140
Interfund charges	1,029,000	1,019,200	480,819	-	480,819	538,381
Contingency	582,776	68,476	-	-	-	68,476
<b>Total Expenditures</b>	<b>10,510,300</b>	<b>9,767,000</b>	<b>4,513,785</b>	<b>-</b>	<b>4,513,785</b>	<b>5,253,215</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(274,100)</b>	<b>(314,300)</b>	<b>548,707</b>	<b>-</b>	<b>548,707</b>	<b>863,007</b>
<b>Other Financing Sources</b>						
Interfund Loan Repayments	-	40,200	-	-	-	(40,200)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>40,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40,200)</b>
Net change in fund balance	(274,100)	(274,100)	548,707	-	548,707	822,807
Fund Balance, July 1, 2007	274,100	274,100	446,723	-	446,723	172,623
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 995,430</b>	<b>\$ -</b>	<b>\$ 995,430</b>	<b>\$ 995,430</b>

**Reconciliation of Budgetary basis to GAAP basis**

Revenues - Budgetary Basis	\$ 5,062,492
Contributions of capital assets not reported on the budgetary basis are reported as revenue on the GAAP basis	22,018
<b>Revenues - GAAP Basis</b>	<b>\$ 5,084,510</b>
Expenditures - Budgetary Basis	\$ 4,513,785
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	5,181
<b>Expenses - GAAP Basis</b>	<b>\$ 4,518,966</b>

**Economic Development Administration Division**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b><u>Revenues</u></b>						
Licenses and permits	\$ -	\$ 300	\$ 1,000	\$ -	\$ 1,000	\$ 700
Charges to other City funds	820,600	825,800	402,736	-	402,736	(423,064)
Investment income	1,800	1,500	2,966	-	2,966	1,466
Miscellaneous	-	-	4	-	4	4
<b>Total Revenues</b>	<b>822,400</b>	<b>827,600</b>	<b>406,706</b>	<b>-</b>	<b>406,706</b>	<b>(420,894)</b>
<b><u>Expenditures</u></b>						
Current:						
Personal services	758,338	763,327	359,094	-	359,094	404,233
Materials and services	48,172	92,185	8,197	-	8,197	83,988
Interfund charges	149,500	160,700	78,247	-	78,247	82,453
Contingency	37,390	32,388	-	-	-	32,388
<b>Total Expenditures</b>	<b>993,400</b>	<b>1,048,600</b>	<b>445,538</b>	<b>-</b>	<b>445,538</b>	<b>603,062</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(171,000)</b>	<b>(221,000)</b>	<b>(38,832)</b>	<b>-</b>	<b>(38,832)</b>	<b>182,168</b>
<b><u>Other Financing Sources</u></b>						
Transfers in	170,000	220,000	75,000	-	75,000	(145,000)
<b>Total Other Financing Sources</b>	<b>170,000</b>	<b>220,000</b>	<b>75,000</b>	<b>-</b>	<b>75,000</b>	<b>(145,000)</b>
Net change in fund balance	(1,000)	(1,000)	36,168	-	36,168	37,168
Fund Balance, July 1, 2007	1,000	1,000	51,613	-	51,613	50,613
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,781</b>	<b>\$ -</b>	<b>\$ 87,781</b>	<b>\$ 87,781</b>

**Community Development Administration Division**

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

For the fiscal year ended June 30, 2008

	<u>Biennium Budget</u>		<u>First Year Actual</u>	<u>Second Year Actual</u>	<u>Total Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>Revenues</b>						
Charges for services:						
Charges to others	\$ 375,200	\$ 258,100	\$ 177,519	\$ -	\$ 177,519	\$ (80,581)
Charges to other City funds	2,546,200	1,211,000	934,400	-	934,400	(276,600)
Investment income	1,000	9,000	18,277	-	18,277	9,277
Miscellaneous	-	-	1,549	-	1,549	1,549
<b>Total Revenues</b>	<b>2,922,400</b>	<b>1,478,100</b>	<b>1,131,745</b>	<b>-</b>	<b>1,131,745</b>	<b>(346,355)</b>
<b>Expenditures</b>						
Current:						
Personal services	1,909,095	1,382,931	806,513	-	806,513	576,418
Materials and services	615,116	130,780	60,766	-	60,766	70,014
Interfund charges	347,800	203,000	136,154	-	136,154	66,846
Contingency	357,189	82,089	-	-	-	82,089
<b>Total Expenditures</b>	<b>3,229,200</b>	<b>1,798,800</b>	<b>1,003,433</b>	<b>-</b>	<b>1,003,433</b>	<b>795,367</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(306,800)</b>	<b>(320,700)</b>	<b>128,312</b>	<b>-</b>	<b>128,312</b>	<b>449,012</b>
<b>Other Financing Sources</b>						
Transfers in	284,300	298,200	198,200	-	198,200	(100,000)
<b>Total Other Financing Sources</b>	<b>284,300</b>	<b>298,200</b>	<b>198,200</b>	<b>-</b>	<b>198,200</b>	<b>(100,000)</b>
Net change in fund balance	(22,500)	(22,500)	326,512	-	326,512	349,012
Fund Balance, July 1, 2007	22,500	22,500	191,528	-	191,528	169,028
<b>Fund Balance, June 30, 2008</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 518,040</b>	<b>\$ -</b>	<b>\$ 518,040</b>	<b>\$ 518,040</b>

City of Bend, Oregon  
**Internal Service Fund**

Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2008

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
Garage division	\$ 5,468,462	\$ 2,498,509	\$ 2,969,953
Information technology division	4,837,765	2,247,038	2,590,727
Facility management division	22,503,956	6,032,151	16,471,805
Engineering division	5,754,544	3,831,508	1,923,036
Public works administration division	5,468,575	2,396,963	3,071,612
Risk management division	19,593,500	8,779,478	10,814,022
Administration and financial services division	9,698,524	4,513,785	5,184,739
Economic development administration division	1,016,212	445,538	570,674
Community development administration division	1,716,711	1,003,433	713,278
Contingency	2,889,319	-	2,889,319
Other requirements	2,282,200	-	2,282,200
	<b>\$ 81,229,768</b>	<b>\$ 31,748,403</b>	<b>\$ 49,481,365</b>

## **AGENCY FUND**

### Agency Fund

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





City of Bend, Oregon

## Statement of Changes in Assets and Liabilities

Agency Fund

For the fiscal year ended June 30, 2008

	<u>Balance</u>				<u>Balance</u>			
	<u>July 1, 2007</u>		<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u>			
<b><u>Assets</u></b>								
Cash and investments	\$	321,845	\$	2,467,548	\$	(2,677,083)	\$	112,310
Accounts receivable, net		32		127		(154)		5
<b>Total Assets</b>	<b>\$</b>	<b>321,877</b>	<b>\$</b>	<b>2,467,675</b>	<b>\$</b>	<b>(2,677,237)</b>	<b>\$</b>	<b>112,315</b>
<b><u>Liabilities</u></b>								
Amounts held for others	\$	321,877	\$	2,669,954	\$	(2,879,516)	\$	112,315
<b>Total Liabilities</b>	<b>\$</b>	<b>321,877</b>	<b>\$</b>	<b>2,669,954</b>	<b>\$</b>	<b>(2,879,516)</b>	<b>\$</b>	<b>112,315</b>

(This page intentionally left blank)

City of Bend, Oregon  
**Schedule of Property Tax Transactions**  
 For the fiscal year ended June 30, 2008

<u>Fiscal Year</u>	<u>Uncollected Balances July 1, 2007</u>	<u>Current Year's Levy</u>	<u>Adjustments, Interest and Discounts</u>	<u>Net Collections</u>	<u>Uncollected Balances June 30, 2008</u>
Prior	\$ 358	\$ -	\$ (111)	\$ -	\$ 247
1998-99	90	-	23	-	113
1999-00	289	-	(101)	-	188
2000-01	1,337	-	(199)	-	1,138
2001-02	2,550	-	(256)	(723)	1,571
2002-03	5,460	-	(262)	(1,866)	3,332
2003-04	24,667	-	1,836	(22,844)	3,659
2004-05	53,940	-	3,474	(28,971)	28,443
2005-06	221,162	-	(88,281)	(70,537)	62,344
2006-07	739,500	-	17,645	(520,554)	236,591
2007-08	-	23,200,054	(578,252)	(21,442,975)	1,178,827
<b>Totals</b>	<b>\$ 1,049,353</b>	<b>\$ 23,200,054</b>	<b>\$ (644,484)</b>	<b>\$ (22,088,470)</b>	<b>\$ 1,516,453</b>

Reconciliation to revenues:

Collections	\$ 22,088,470
Change in property tax receivable	467,100
Change in deferred property taxes	(464,883)
Other	100,886
<b>Total Property Tax Revenues</b>	<b>\$ 22,191,573</b>

<u>Summary by fund:</u>	<u>Revenues</u>	<u>Property Tax Receivable</u>
General Fund	\$ 19,381,578	\$ 1,326,595
Urban Renewal Debt Service Fund	2,663,202	180,655
Juniper Ridge Urban Renewal Debt Service Fund	146,793	9,204
<b>Totals</b>	<b>\$ 22,191,573</b>	<b>\$ 1,516,454</b>

City of Bend, Oregon

**Schedule of Long-Term Debt Transactions - Principal**

For the fiscal year ended June 30, 2008

<u>Series</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Unmatured and Outstanding July 1, 2007</u>	<u>Bonds Issued</u>	<u>Bonds Called and Matured</u>	<u>Unmatured and Outstanding June 30, 2008</u>
<u>Limited Tax Improvement Bonds:</u>							
Series 2002	07/25/02	08/01/11	\$ 1,071,000	\$ 100,000	\$ -	\$ (100,000)	\$ -
Series 2003	01/10/03	12/01/12	1,322,000	452,000	-	(191,000)	261,000
Total Limited Tax Improvement				552,000	-	(291,000)	261,000
<u>Revenue Bonds:</u>							
Water:							
Series 2000	10/01/00	10/01/20	4,000,000	3,170,000	-	(160,000)	3,010,000
Sewer:							
Series 2000	10/01/00	10/01/10	7,000,000	1,210,000	-	(280,000)	930,000
Series 2002	11/15/02	11/01/22	5,500,000	4,700,000	-	(215,000)	4,485,000
Series 2005	09/29/05	11/01/20	7,585,000	7,500,000	-	(275,000)	7,225,000
Total Revenue Bonds				16,580,000	-	(930,000)	15,650,000
<u>Full Faith &amp; Credit Obligation Bonds:</u>							
Airport, series 1999A	06/01/99	06/01/19	840,000	840,000	-	-	840,000
Airport, series 1999B	06/01/99	06/01/13	260,000	260,000	-	-	260,000
Airport, series 1999C	06/01/99	06/01/09	470,000	95,000	-	(60,000)	35,000
Airport, series 2003	04/01/03	12/01/13	279,200	187,600	-	(24,200)	163,400
Fire stations, series 1999	05/01/99	06/01/24	4,275,000	3,495,000	-	(130,000)	3,365,000
Transportation system series 2000	09/01/00	09/01/20	6,000,000	4,765,000	-	(240,000)	4,525,000
Police facility and street equipment, series 2002	06/01/02	12/01/26	7,130,000	6,120,000	-	(275,000)	5,845,000
Transportation system and fire, series 2003	04/01/03	12/01/22	13,050,800	10,407,400	-	(705,800)	9,701,600
Pension obligation bonds, series 2004	05/27/04	06/01/28	13,725,000	13,725,000	-	-	13,725,000
Land, series 2005	10/19/05	06/01/10	4,780,000	4,780,000	-	-	4,780,000
Police expansion/ambulance, series 2006	12/21/06	12/01/31	4,950,000	4,950,000	-	-	4,950,000
Police, cooley rd, and fire equipment, series 2008	02/14/08	12/01/27	3,775,000	-	4,425,000	-	4,425,000
Stormwater equipment, series 2008	02/14/08	12/01/14	275,000	-	275,000	-	275,000
Total Full Faith & Credit Obligation Bonds				49,625,000	4,700,000	(1,435,000)	52,890,000
<u>Certificates of Participation:</u>							
Fire/EMS equipment, series 1995	08/01/95	08/01/07	3,000,000	325,000	-	(325,000)	-
Total Certificates of Participation				325,000	-	(325,000)	-
<u>Tax Increment Bonds</u>							
Urban renewal advance refunding bonds series 1998							
Series 2004A	11/01/98	06/01/18	7,485,000	4,875,000	-	(355,000)	4,520,000
Series 2004B	06/21/04	11/30/13	3,600,000	2,025,000	-	(850,000)	1,175,000
Series 2004B	06/21/04	12/01/13	6,900,000	6,900,000	-	-	6,900,000
Total Tax Increment Bonds				13,800,000	-	(1,205,000)	12,595,000
<u>Lines of Credit</u>							
Bank of America							
Juniper ridge	06/19/08	06/19/10	2,500,000	-	2,500,000	-	2,500,000
Total Lines of Credit				-	2,500,000	-	2,500,000
<u>Notes Payable:</u>							
Oregon Economic & Community Development Department:							
Pacific aviation composites	10/15/97	12/01/17	655,000	532,269	-	(23,950)	508,319
Woodrider village sewer	01/23/02	01/01/22	300,000	240,953	-	(11,992)	228,961
Airport eastside improvements	05/01/07	12/01/31	867,335	867,335	-	(17,639)	849,696
Total Notes Payable				1,640,557	-	(53,581)	1,586,976
<b>Total Long-Term Debt</b>				<b>\$ 82,522,557</b>	<b>\$ 7,200,000</b>	<b>\$ (4,239,581)</b>	<b>\$ 85,482,976</b>

**Schedule of Long-Term Debt Transactions - Interest**

For the fiscal year ended June 30, 2008

<b>Series</b>	<b>Interest Rates on Outstanding Balances</b>	<b>Unmatured and Outstanding July 1, 2007</b>	<b>Bonds Issued</b>	<b>Coupons Called and Matured</b>	<b>Unmatured and Outstanding June 30, 2008</b>
<b>Limited Tax Improvement Bonds:</b>					
Series 2002	5.75%	\$ 4,859	\$ -	\$ (4,859)	\$ -
Series 2003	5.00%	58,350	-	(37,800)	20,550
<b>Total Limited Tax Improvement</b>		<b>63,209</b>	<b>-</b>	<b>(42,659)</b>	<b>20,550</b>
<b>Revenue Bonds:</b>					
<b>Water:</b>					
Series 2000	4.40% - 5.38%	1,312,670	-	(159,986)	1,152,684
<b>Sewer:</b>					
Series 2000	4.40% - 5.38%	118,429	-	(50,482)	67,947
Series 2002	3.00% - 4.75%	1,909,592	-	(196,636)	1,712,956
Series 2005	3.00% - 4.00%	2,100,091	-	(254,105)	1,845,986
<b>Total Revenue Bonds</b>		<b>5,440,782</b>	<b>-</b>	<b>(661,209)</b>	<b>4,779,573</b>
<b>Full Faith &amp; Credit Obligation Bonds:</b>					
Airport, series 1999A	5.25% - 5.30%	418,698	-	(44,314)	374,384
Airport, series 1999B	5.38%	54,556	-	(13,975)	40,581
Airport, series 1999C	6.45% - 7.40%	9,530	-	(6,940)	2,590
Airport, series 2003	2.00% - 3.70%	24,236	-	(6,234)	18,002
Fire stations, series 1999	3.80% - 4.85%	1,710,813	-	(163,502)	1,547,311
Transportation system series 2000	4.35% - 5.30%	1,951,743	-	(240,275)	1,711,468
Police facility and street equipment, series 2002	4.00% - 5.00%	3,350,578	-	(279,814)	3,070,764
Transportation system, and fire, series 2003	2.00% - 4.50%	3,628,764	-	(389,859)	3,238,905
Pension obligation bonds, series 2004	6.16%	12,683,689	-	(820,741)	11,862,948
Land, series 2005	3.40%	487,560	-	(162,520)	325,040
Police expansion/ambulance, series 2006	3.85% - 4.15%	2,532,106	-	(294,867)	2,237,239
Police, cooley rd, and fire equipment, series 2008	3.00% - 4.10%	-	1,964,355	-	1,964,355
Stormwater equipment, series 2008	3.00% - 4.10%	-	23,677	-	23,677
<b>Total Full Faith &amp; Credit Obligation Bonds</b>		<b>26,852,273</b>	<b>1,988,032</b>	<b>(2,423,041)</b>	<b>26,417,264</b>
<b>Certificates of Participation:</b>					
Fire/EMS equipment, series 1995	5.00% - 5.25%	8,531	-	(8,531)	-
<b>Total Certificates of Participation</b>		<b>8,531</b>	<b>-</b>	<b>(8,531)</b>	<b>-</b>
<b>Tax Increment Bonds</b>					
Urban renewal advance refunding bonds series 1998	3.75% - 4.85%	1,467,271	-	(221,568)	1,245,703
Series 2004A	5.00%	118,625	-	(29,860)	88,765
Series 2004B	4.25%	1,401,013	-	(343,390)	1,057,623
<b>Total Tax Increment Bonds</b>		<b>2,986,909</b>	<b>-</b>	<b>(594,818)</b>	<b>2,392,091</b>
<b>Lines of Credit</b>					
<b>Bank of America</b>					
Juniper Ridge	variable	-	146,466	-	146,466
<b>Total Lines of Credit</b>		<b>-</b>	<b>146,466</b>	<b>-</b>	<b>146,466</b>
<b>Notes Payable:</b>					
<b>Oregon Economic &amp; Community Development Department:</b>					
Pacific Aviation Composites	5.01%	180,740	-	(26,564)	154,176
Woodrider Village sewer	3.00% - 5.00%	102,036	-	(11,140)	90,896
Airport Eastside Improvements	4.37%	547,538	-	(24,346)	523,192
<b>Total Notes Payable</b>		<b>830,314</b>	<b>-</b>	<b>(62,050)</b>	<b>768,264</b>
<b>Total Long-Term Debt</b>		<b>\$ 36,182,018</b>	<b>\$ 2,134,498</b>	<b>\$ (3,792,308)</b>	<b>\$ 34,524,208</b>

City of Bend, Oregon

**Schedule of Future Debt Service Requirements of  
Limited Tax Improvement Bonds**

June 30, 2008

<u>Fiscal Year</u>	<u>Series 2003</u>	
	<u>Principal</u>	<u>Interest</u>
2008-09	\$ 97,000	\$ 11,875
2009-10	103,000	6,950
2010-11	61,000	1,725
	<u>\$ 261,000</u>	<u>\$ 20,550</u>

City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
Revenue Bonds**  
June 30, 2008

**Water Revenue Bonds**

<b>Fiscal Year</b>	<b>Series 2000</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008-09	\$ 170,000	\$ 152,353	\$ 322,353
2009-10	175,000	144,245	319,245
2010-11	185,000	135,648	320,648
2011-12	195,000	126,480	321,480
2012-13	205,000	116,626	321,626
2013-14	215,000	105,750	320,750
2014-15	225,000	93,980	318,980
2015-16	240,000	81,541	321,541
2016-17	250,000	68,433	318,433
2017-18	265,000	54,657	319,657
2018-19	280,000	40,044	320,044
2019-20	295,000	24,591	319,591
2020-21	310,000	8,336	318,336
	<b>\$ 3,010,000</b>	<b>\$ 1,152,684</b>	<b>\$ 4,162,684</b>

**Sewer Revenue Bonds**

<b>Fiscal Year</b>	<b>Total Requirements</b>			<b>Series 2000</b>		<b>Series 2002</b>		<b>Series 2005</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2008-09	\$ 790,000	\$ 473,150	\$ 1,263,150	\$ 295,000	\$ 37,184	\$ 220,000	\$ 190,111	\$ 275,000	\$ 245,855
2009-10	825,000	443,636	1,268,636	310,000	22,963	230,000	183,218	285,000	237,455
2010-11	855,000	412,213	1,267,213	325,000	7,800	235,000	175,658	295,000	228,755
2011-12	870,000	382,299	1,252,299	-	-	245,000	167,344	625,000	214,955
2012-13	900,000	353,875	1,253,875	-	-	255,000	158,373	645,000	195,502
2013-14	935,000	323,252	1,258,252	-	-	265,000	148,716	670,000	174,536
2014-15	970,000	289,122	1,259,122	-	-	280,000	137,031	690,000	152,091
2015-16	1,005,000	251,515	1,256,515	-	-	290,000	123,494	715,000	128,021
2016-17	1,045,000	211,551	1,256,551	-	-	305,000	109,363	740,000	102,188
2017-18	1,090,000	168,950	1,258,950	-	-	320,000	94,519	770,000	74,431
2018-19	820,000	129,560	949,560	-	-	335,000	78,963	485,000	50,597
2019-20	855,000	93,794	948,794	-	-	350,000	62,694	505,000	31,100
2020-21	890,000	56,213	946,213	-	-	365,000	45,713	525,000	10,500
2021-22	385,000	28,141	413,141	-	-	385,000	28,141	-	-
2022-23	405,000	9,618	414,618	-	-	405,000	9,618	-	-
	<b>\$ 12,640,000</b>	<b>\$ 3,626,889</b>	<b>\$ 16,266,889</b>	<b>\$ 930,000</b>	<b>\$ 67,947</b>	<b>\$ 4,485,000</b>	<b>\$ 1,712,956</b>	<b>\$ 7,225,000</b>	<b>\$ 1,845,986</b>

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

June 30, 2008

<u>Fiscal Year</u>	<u>Total Requirements</u>			<u>Airport Series 1999</u>		<u>Fire Stations Series 1999</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008-09	\$ 1,675,000	\$ 2,491,548	\$ 4,166,548	\$ 65,000	\$ 60,880	\$ 140,000	\$ 158,107
2009-10	6,465,000	2,376,479	8,841,479	70,000	56,677	145,000	152,227
2010-11	1,955,000	2,140,800	4,095,800	70,000	52,915	155,000	146,065
2011-12	2,070,000	2,059,987	4,129,987	75,000	49,152	160,000	139,400
2012-13	2,215,000	1,975,794	4,190,794	85,000	45,121	170,000	132,360
2013-14	2,205,000	1,885,157	4,090,157	85,000	40,640	180,000	124,795
2014-15	2,330,000	1,789,455	4,119,455	125,000	36,177	185,000	116,605
2015-16	2,460,000	1,684,447	4,144,447	130,000	29,615	200,000	107,725
2016-17	2,620,000	1,567,203	4,187,203	135,000	22,790	210,000	98,125
2017-18	2,645,000	1,443,309	4,088,309	145,000	15,635	220,000	88,045
2018-19	2,825,000	1,314,885	4,139,885	150,000	7,952	230,000	77,485
2019-20	2,885,000	1,174,891	4,059,891	-	-	245,000	66,445
2020-21	3,080,000	1,030,508	4,110,508	-	-	260,000	54,562
2021-22	2,825,000	886,505	3,711,505	-	-	275,000	41,952
2022-23	2,965,000	744,156	3,709,156	-	-	285,000	28,615
2023-24	2,320,000	611,376	2,931,376	-	-	305,000	14,798
2024-25	2,200,000	485,598	2,685,598	-	-	-	-
2025-26	2,395,000	363,776	2,758,776	-	-	-	-
2026-27	2,610,000	230,218	2,840,218	-	-	-	-
2027-28	1,380,000	96,306	1,476,306	-	-	-	-
2028-29	180,000	27,844	207,844	-	-	-	-
2029-30	185,000	20,316	205,316	-	-	-	-
2030-31	195,000	12,478	207,478	-	-	-	-
2031-32	205,000	4,228	209,228	-	-	-	-
	<b>\$ 52,890,000</b>	<b>\$ 26,417,264</b>	<b>\$ 79,307,264</b>	<b>\$ 1,135,000</b>	<b>\$ 417,554</b>	<b>\$ 3,365,000</b>	<b>\$ 1,547,311</b>



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

June 30,2008

<u>Fiscal Year</u>	<u>Transportation System Series 2000</u>		<u>Police Facility and Street Equipment Series 2002</u>		<u>Transportation System, Fire, Airport and Street Equipment Series 2003</u>		<u>Pension Obligation Bonds Series 2004</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008-09	\$ 250,000	\$ 229,065	\$ 285,000	\$ 268,613	\$ 570,000	\$ 378,818	\$ 50,000	\$ 820,741
2009-10	265,000	216,027	200,000	258,913	585,000	360,068	85,000	818,443
2010-11	280,000	201,040	210,000	250,713	610,000	339,093	130,000	814,270
2011-12	295,000	186,260	220,000	241,976	630,000	316,656	175,000	807,514
2012-13	305,000	171,707	230,000	232,695	655,000	294,956	230,000	798,326
2013-14	325,000	156,110	240,000	222,701	595,000	272,486	285,000	786,021
2014-15	340,000	139,315	250,000	211,982	580,000	250,603	345,000	770,144
2015-16	360,000	121,105	260,000	200,663	605,000	228,006	410,000	750,579
2016-17	375,000	101,627	275,000	188,454	620,000	203,885	485,000	726,918
2017-18	400,000	81,090	290,000	175,207	650,000	178,160	565,000	698,443
2018-19	420,000	59,360	305,000	161,000	680,000	150,555	650,000	664,877
2019-20	445,000	36,437	320,000	145,840	720,000	120,975	750,000	625,779
2020-21	465,000	12,325	335,000	129,625	750,000	89,175	850,000	580,667
2021-22	-	-	355,000	112,375	790,000	54,900	965,000	529,539
2022-23	-	-	370,000	94,250	825,000	18,571	1,085,000	471,495
2023-24	-	-	390,000	75,250	-	-	1,215,000	406,232
2024-25	-	-	415,000	55,125	-	-	1,360,000	332,178
2025-26	-	-	435,000	33,875	-	-	1,515,000	249,286
2026-27	-	-	460,000	11,508	-	-	1,680,000	156,946
2027-28	-	-	-	-	-	-	895,000	54,550
	<b>\$ 4,525,000</b>	<b>\$ 1,711,468</b>	<b>\$ 5,845,000</b>	<b>\$ 3,070,765</b>	<b>\$ 9,865,000</b>	<b>\$ 3,256,907</b>	<b>\$ 13,725,000</b>	<b>\$ 11,862,948</b>

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

June 30,2008

<u>Fiscal Year</u>	<u>Land</u>		<u>Police Facility</u>		<u>Police Facility, Cooley Rd,</u>	
	<u>Series 2005</u>		<u>Expansion/Ambulance</u>		<u>Water and Stormwater</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Equipment</u>	<u>Series 2008</u>
2008-09	\$ -	\$ 162,520	\$ 225,000	\$ 199,640	\$ 90,000	\$ 213,164
2009-10	4,780,000	162,520	235,000	190,440	100,000	161,164
2010-11	-	-	240,000	180,940	260,000	155,764
2011-12	-	-	250,000	171,140	265,000	147,889
2012-13	-	-	265,000	160,840	275,000	139,789
2013-14	-	-	275,000	150,040	220,000	132,364
2014-15	-	-	280,000	138,940	225,000	125,689
2015-16	-	-	295,000	127,440	200,000	119,314
2016-17	-	-	310,000	112,240	210,000	113,164
2017-18	-	-	160,000	99,940	215,000	106,789
2018-19	-	-	170,000	93,668	220,000	99,988
2019-20	-	-	175,000	87,026	230,000	92,389
2020-21	-	-	185,000	80,050	235,000	84,104
2021-22	-	-	190,000	72,738	250,000	75,001
2022-23	-	-	140,000	66,268	260,000	64,957
2023-24	-	-	145,000	60,639	265,000	54,457
2024-25	-	-	150,000	54,775	275,000	43,520
2025-26	-	-	160,000	48,575	285,000	32,040
2026-27	-	-	165,000	41,972	305,000	19,792
2027-28	-	-	170,000	35,062	315,000	6,694
2028-29	-	-	180,000	27,844	-	-
2029-30	-	-	185,000	20,316	-	-
2030-31	-	-	195,000	12,478	-	-
2031-32	-	-	205,000	4,228	-	-
	<b>\$ 4,780,000</b>	<b>\$ 325,040</b>	<b>\$ 4,950,000</b>	<b>\$ 2,237,239</b>	<b>\$ 4,700,000</b>	<b>\$ 1,988,032</b>

**Schedule of Future Debt Service Requirements of  
Tax Increment Bonds**

June 30, 2008

**Bend Urban Renewal Agency**

<u>Fiscal Year</u>	<u>Total Requirements</u>			<u>Series 1998</u>		<u>Series 2004</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008-09	\$ 1,355,000	\$ 534,085	\$ 1,889,085	\$ 365,000	\$ 206,835	\$ 990,000	\$ 327,250
2009-10	1,510,000	469,588	1,979,588	385,000	191,688	1,125,000	277,900
2010-11	1,650,000	402,063	2,052,063	400,000	175,325	1,250,000	226,738
2011-12	1,820,000	328,350	2,148,350	420,000	157,925	1,400,000	170,425
2012-13	2,010,000	246,651	2,256,651	435,000	139,445	1,575,000	107,206
2013-14	2,190,000	156,739	2,346,739	455,000	119,870	1,735,000	36,869
2014-15	480,000	98,940	578,940	480,000	98,940	-	-
2015-16	500,000	76,380	576,380	500,000	76,380	-	-
2016-17	525,000	52,380	577,380	525,000	52,380	-	-
2017-18	555,000	26,915	581,915	555,000	26,915	-	-
	<b>\$ 12,595,000</b>	<b>\$ 2,392,091</b>	<b>\$ 14,987,091</b>	<b>\$ 4,520,000</b>	<b>\$ 1,245,703</b>	<b>\$ 8,075,000</b>	<b>\$ 1,146,388</b>

City of Bend, Oregon

### Schedule of Future Debt Service Requirements of Lines of Credit

June 30, 2008

<u>Fiscal Year</u>	<u>Bank of America</u>	
	<u>Principal</u>	<u>Interest</u>
2008-09	\$ -	\$ 73,233
2009-10	2,500,000	73,233
	<u>\$ 2,500,000</u>	<u>\$ 146,466</u>

City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
Notes Payable**  
June 30, 2008

**Oregon Economic & Community Development Department**

<u>Fiscal Year</u>	<u>Total Requirements</u>			<u>Pacific Aviation Composites 1998</u>		<u>Woodriver Village Sewer 2002</u>		<u>Airport Eastside Improvements 2007</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	2008-09	\$ 72,460	\$ 71,947	\$ 144,407	\$ 36,732	\$ 25,450	\$ 12,068	\$ 10,684	\$ 23,660
2009-10	77,972	68,773	146,745	42,016	23,705	12,150	10,201	23,806	34,867
2010-11	78,526	65,222	143,748	42,330	21,605	12,238	9,703	23,958	33,914
2011-12	79,108	61,628	140,736	42,657	19,489	12,334	9,183	24,117	32,956
2012-13	84,717	57,995	142,712	48,000	17,357	12,435	8,647	24,282	31,991
2013-14	96,329	54,070	150,399	54,333	14,957	17,543	8,093	24,453	31,020
2014-15	102,090	49,578	151,668	54,800	12,241	17,659	7,295	29,631	30,042
2015-16	107,888	44,832	152,720	60,289	9,501	17,783	6,474	29,816	28,857
2016-17	108,729	39,780	148,509	60,805	6,487	17,915	5,629	30,009	27,664
2017-18	114,619	34,626	149,245	66,357	3,384	18,053	4,778	30,209	26,464
2018-19	48,619	29,158	77,777	-	-	18,202	3,903	30,417	25,255
2019-20	48,993	27,050	76,043	-	-	18,359	3,011	30,634	24,039
2020-21	54,390	24,886	79,276	-	-	18,523	2,111	35,867	22,775
2021-22	59,812	22,453	82,265	-	-	23,699	1,184	36,113	21,269
2022-23	36,373	19,734	56,107	-	-	-	-	36,373	19,734
2023-24	36,644	18,188	54,832	-	-	-	-	36,644	18,188
2024-25	41,929	16,612	58,541	-	-	-	-	41,929	16,612
2025-26	42,232	14,778	57,010	-	-	-	-	42,232	14,778
2026-27	42,549	12,930	55,479	-	-	-	-	42,549	12,930
2027-28	47,879	11,069	58,948	-	-	-	-	47,879	11,069
2028-29	48,224	8,974	57,198	-	-	-	-	48,224	8,974
2029-30	48,584	6,864	55,448	-	-	-	-	48,584	6,864
2030-31	53,959	4,739	58,698	-	-	-	-	53,959	4,739
2031-32	54,351	2,378	56,729	-	-	-	-	54,351	2,378
	<b>\$ 1,586,976</b>	<b>\$ 768,264</b>	<b>\$ 2,355,240</b>	<b>\$ 508,319</b>	<b>\$ 154,176</b>	<b>\$ 228,961</b>	<b>\$ 90,896</b>	<b>\$ 849,696</b>	<b>\$ 523,192</b>

(This page intentionally left blank)

## 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 135 to 139)

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 140 to 143)

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

### Debt Capacity (pages 144 to 149)

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 150 to 152)

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 153 to 155)

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

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





City of Bend, Oregon

**Net Assets by Component**

Last six fiscal years

(accrual basis of accounting; amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b><u>Governmental activities</u></b>						
Invested in capital assets, net of related debt	\$ 173,115	\$ 199,118	\$ 201,948	\$ 228,481	\$ 501,420	\$ 491,487
Restricted	3,818	3,006	4,031	4,405	5,522	6,782
Unrestricted	28,834	13,632	29,622	28,248	35,884	29,912
<b>Total Governmental Activities Net Assets</b>	<b>205,767</b>	<b>215,756</b>	<b>235,601</b>	<b>261,134</b>	<b>542,826</b>	<b>528,181</b>
<b><u>Business-type activities</u></b>						
Invested in capital assets, net of related debt	104,973	113,133	131,031	155,014	186,218	237,030
Restricted	1,732	1,381	1,207	844	844	844
Unrestricted	10,360	12,082	16,400	11,905	10,028	8,329
<b>Total Business-type Activities Net Assets</b>	<b>117,065</b>	<b>126,596</b>	<b>148,638</b>	<b>167,763</b>	<b>197,090</b>	<b>246,203</b>
<b><u>Primary government</u></b>						
Invested in capital assets, net of related debt	278,088	312,251	332,979	383,495	687,638	728,517
Restricted	5,550	4,387	5,238	5,249	6,366	7,626
Unrestricted	39,194	25,714	46,022	40,153	45,912	38,241
<b>Total Primary Government Net Assets</b>	<b>\$ 322,832</b>	<b>\$ 342,352</b>	<b>\$ 384,239</b>	<b>\$ 428,897</b>	<b>\$ 739,916</b>	<b>\$ 774,384</b>

City of Bend, Oregon  
**Changes in Net Assets**

Last six fiscal years

(accrual basis of accounting; amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Expenses</b>						
Governmental activities:						
General government	\$ 9,020	\$ 10,305	\$ 10,706	\$ 12,177	\$ 14,010	\$ 15,155
Public safety	16,989	18,646	20,007	22,447	24,178	26,176
Public ways and facilities	5,498	7,716	7,624	9,030	11,679	16,928
Community and economic development	4,143	5,061	6,527	7,854	8,673	8,728
Urban renewal	747	797	578	640	302	585
Transit	921	1,245	1,622	1,513	1,854	1,902
Interest on long-term debt	1,408	1,729	2,875	2,864	2,936	2,909
<b>Total Governmental Activities Expenses</b>	<b>38,726</b>	<b>45,499</b>	<b>49,939</b>	<b>56,525</b>	<b>63,632</b>	<b>72,383</b>
Business-type activities:						
Airport	419	428	516	675	690	733
Water	7,291	8,811	8,082	8,960	11,519	9,776
Water reclamation	6,864	7,390	7,580	8,380	10,250	10,184
Stormwater	-	-	-	-	-	1,378
Other business activities	357	403	488	847	1,117	998
<b>Total Business-type Activities Expenses</b>	<b>14,931</b>	<b>17,032</b>	<b>16,666</b>	<b>18,862</b>	<b>23,576</b>	<b>23,069</b>
<b>Total Primary Government Expenses</b>	<b>\$ 53,657</b>	<b>\$ 62,531</b>	<b>\$ 66,605</b>	<b>\$ 75,387</b>	<b>\$ 87,208</b>	<b>\$ 95,452</b>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General government	\$ 3,681	\$ 4,683	\$ 5,032	\$ 5,678	\$ 5,875	\$ 7,599
Public safety	1,939	2,130	2,713	3,265	4,303	4,057
Public ways and facilities	2,460	2,724	2,607	3,204	3,165	2,761
Community and economic development	4,276	4,997	6,896	8,110	8,177	7,869
Urban renewal	106	108	67	71	64	98
Transit	78	76	257	110	208	172
Operating grants and contributions	6,223	7,897	8,019	8,966	10,219	9,372
Capital grants and contributions	15,472	10,098	19,179	22,513	17,014	16,641
<b>Total Governmental Activities Program Revenues</b>	<b>34,235</b>	<b>32,713</b>	<b>44,770</b>	<b>51,917</b>	<b>49,025</b>	<b>48,569</b>
Business-type activities:						
Charges for services:						
Airport	318	449	467	557	702	684
Water	6,818	8,079	8,767	10,405	10,676	11,012
Water reclamation	5,928	6,594	7,824	8,718	9,099	10,206
Stormwater	-	-	-	-	-	2,458
Other business activities	357	428	478	420	498	713
Capital grants and contributions	6,051	10,847	20,758	17,867	20,148	16,373
<b>Total Business-type Activities Program Revenues</b>	<b>19,472</b>	<b>26,397</b>	<b>38,294</b>	<b>37,967</b>	<b>41,123</b>	<b>41,446</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 53,707</b>	<b>\$ 59,110</b>	<b>\$ 83,064</b>	<b>\$ 89,884</b>	<b>\$ 90,148</b>	<b>\$ 90,015</b>
<b>Net Revenues (Expenses)</b>						
Governmental activities	\$ (4,491)	\$ (12,786)	\$ (5,169)	\$ (4,608)	\$ (14,607)	\$ (23,814)
Business-type activities	4,541	9,365	21,628	19,105	21,203	18,378
<b>Total Primary Government Net Revenues (Expenses)</b>	<b>\$ 50</b>	<b>\$ (3,421)</b>	<b>\$ 16,459</b>	<b>\$ 14,497</b>	<b>\$ 6,596</b>	<b>\$ (5,436)</b>

City of Bend, Oregon

**Changes in Net Assets (Continued)**

Last six fiscal years

(accrual basis of accounting; amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes:						
Property taxes	\$ 13,760	\$ 15,079	\$ 16,701	\$ 18,563	\$ 20,752	\$ 22,656
Transient room taxes	2,120	2,502	2,799	3,107	3,303	3,427
Franchise fees	3,635	3,735	4,283	5,018	5,644	6,158
Unrestricted investment income	657	367	1,169	1,799	2,245	2,204
Other revenues	720	1,092	107	688	1,029	3,976
Transfers	(2,158)	-	(45)	966	(9,980)	(29,253)
<b>Total Governmental Activities</b>	<b>18,734</b>	<b>22,775</b>	<b>25,014</b>	<b>30,141</b>	<b>22,993</b>	<b>9,168</b>
Business-type activities:						
Franchise fees	-	-	-	175	556	604
Unrestricted investment income	445	166	368	811	1,243	853
Other revenues	-	-	-	-	-	27
Transfers	2,158	-	45	(966)	9,980	29,253
<b>Total Business-type Activities</b>	<b>2,603</b>	<b>166</b>	<b>413</b>	<b>20</b>	<b>11,779</b>	<b>30,737</b>
<b>Total Primary Government</b>	<b>\$ 21,337</b>	<b>\$ 22,941</b>	<b>\$ 25,427</b>	<b>\$ 30,161</b>	<b>\$ 34,772</b>	<b>\$ 39,905</b>
<b>Change in Net Assets</b>						
Governmental activities	\$ 14,243	\$ 9,989	\$ 19,845	\$ 25,533	\$ 8,386	\$ (14,646)
Business-type activities	7,144	9,531	22,041	19,125	29,327	49,114
<b>Total Primary Government</b>	<b>\$ 21,387</b>	<b>\$ 19,520</b>	<b>\$ 41,886</b>	<b>\$ 44,658</b>	<b>\$ 41,368</b>	<b>\$ 34,469</b>

City of Bend, Oregon

**Fund Balance, Governmental Funds**

Last ten fiscal years

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund</b>										
Reserved	\$ 890	\$ 250	\$ 250	\$ 560	\$ 220	\$ 270	\$ 80	\$ -	\$ -	\$ -
Unreserved	2,724	3,533	4,364	3,976	4,906	6,240	7,132	9,012	8,722	6,449
<b>Total General Fund</b>	<b>\$ 3,614</b>	<b>\$ 3,783</b>	<b>\$ 4,614</b>	<b>\$ 4,536</b>	<b>\$ 5,126</b>	<b>\$ 6,510</b>	<b>\$ 7,212</b>	<b>\$ 9,012</b>	<b>\$ 8,722</b>	<b>\$ 6,449</b>

**All Other Governmental Funds**

Reserved for:										
Loans and notes	\$ 4,203	\$ 1,073	\$ -	\$ -	\$ 2,013	\$ 119	\$ 119	\$ 49	\$ -	\$ -
Debt service	335	1,270	106	90	3,818	3,006	4,031	4,405	5,522	6,782
Unreserved, reported in:										
Special revenue funds	8,969	6,066	13,851	8,374	11,535	12,786	15,077	14,213	15,833	7,659
Capital projects funds	(206)	2,856	(1,518)	(1,173)	6	10,599	7,535	304	(1,312)	5,139
<b>Total All Other Governmental Funds</b>	<b>\$ 13,301</b>	<b>\$ 11,265</b>	<b>\$ 12,439</b>	<b>\$ 7,291</b>	<b>\$ 17,372</b>	<b>\$ 26,510</b>	<b>\$ 26,762</b>	<b>\$ 18,971</b>	<b>\$ 20,043</b>	<b>\$ 19,580</b>

City of Bend, Oregon

**Changes in Fund Balance, Governmental Funds**

Last ten fiscal years

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>										
Taxes	\$ 8,746	\$ 11,532	\$ 13,171	\$ 14,461	\$ 15,888	\$ 17,635	\$ 19,519	\$ 21,731	\$ 23,856	\$ 25,619
Franchise fees	2,338	2,913	3,625	3,561	3,635	3,735	4,283	5,018	5,645	6,157
Intergovernmental	6,836	5,661	7,068	7,013	7,156	8,308	8,819	13,181	11,645	9,746
Assessments	340	301	119	117	3,856	669	678	576	332	263
License and permits	1,907	2,300	2,155	2,440	2,929	3,796	5,059	5,501	4,105	4,589
Charges for services	3,955	3,915	3,900	4,776	3,215	3,174	4,668	6,259	8,408	7,420
System development charges	1,760	1,656	3,489	3,472	4,202	5,388	6,415	7,311	5,616	8,126
Contributions	-	-	-	-	-	-	-	-	451	-
Fines and forfeitures	442	465	475	508	492	616	685	917	1,119	1,235
Loan repayments	-	-	-	-	-	-	-	-	23	72
Investment income	728	1,023	1,212	763	518	317	995	1,610	1,723	1,547
Issuance of short-term debt	-	2,500	1,450	-	-	2,000	-	1,043	-	-
Miscellaneous	86	919	505	547	830	641	218	197	167	323
<b>Total Revenues</b>	<b>27,138</b>	<b>33,185</b>	<b>37,169</b>	<b>37,658</b>	<b>42,721</b>	<b>46,279</b>	<b>51,339</b>	<b>63,344</b>	<b>63,090</b>	<b>65,097</b>
<b>Expenditures</b>										
General government	2,103	2,335	477	201	902	362	428	889	481	661
Public safety	11,642	13,162	14,957	16,636	18,191	19,758	21,472	24,133	26,430	29,160
Public ways and facilities	2,552	3,245	4,325	4,725	5,256	4,988	5,866	6,813	5,390	6,436
Community and economic development	3,228	4,117	4,998	5,031	4,894	5,974	7,407	8,990	11,210	11,639
Urban renewal	275	434	420	653	432	535	380	705	511	886
Transit	379	461	804	914	1,075	1,372	1,946	1,893	2,700	2,600
Debt service:										
Principal	1,115	3,525	2,082	1,024	1,404	4,311	2,442	3,784	2,852	2,984
Interest	496	655	750	924	972	1,468	1,744	2,369	2,310	2,320
Capital outlay	7,853	7,165	10,599	12,965	16,313	8,512	8,662	22,056	12,228	17,869
<b>Total Expenditures</b>	<b>29,643</b>	<b>35,099</b>	<b>39,412</b>	<b>43,073</b>	<b>49,439</b>	<b>47,280</b>	<b>50,347</b>	<b>71,632</b>	<b>64,112</b>	<b>74,555</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from sale of assets	4	15	26	161	720	1,171	7	1,231	1,029	4,145
Issuance of long-term debt	10,952	-	6,542	493	15,509	10,500	-	-	1,775	6,425
Premium on debt issuance	-	-	-	-	-	-	-	-	36	15
Payment to escrow agent	(3,618)	-	-	-	-	-	-	-	-	-
Transfers in	625	562	-	800	2,082	213	795	12,040	13,827	29,951
Transfers out	(715)	(530)	(300)	(800)	(4,390)	(361)	(840)	(10,973)	(14,864)	(33,814)
<b>Total Other Financing Sources (Uses)</b>	<b>7,248</b>	<b>47</b>	<b>6,268</b>	<b>654</b>	<b>13,921</b>	<b>11,523</b>	<b>(38)</b>	<b>2,298</b>	<b>1,803</b>	<b>6,722</b>
<b>Net Change in Fund Balance</b>	<b>\$ 4,743</b>	<b>\$ (1,867)</b>	<b>\$ 4,025</b>	<b>\$ (4,761)</b>	<b>\$ 7,203</b>	<b>\$ 10,522</b>	<b>\$ 954</b>	<b>\$ (5,990)</b>	<b>\$ 781</b>	<b>\$ (2,736)</b>
Debt service as a percentage of noncapital expenditures	7.4%	15.0%	9.8%	6.5%	7.2%	14.9%	10.0%	12.4%	9.9%	9.4%

City of Bend, Oregon

**Assessed and Estimated Actual Value of Taxable Property**

Last ten fiscal years

(amounts expressed in thousands)

Fiscal Year	Real Property		Personal Property		Public Utilities		Total		Total Direct Tax Rate	Percent of TAV to RMV
	RMV	TAV	RMV	TAV	RMV	TAV	RMV	TAV		
	1999	\$ 2,612,803	\$ 2,160,017	\$ 112,384	\$ 111,393	\$ 54,079	\$ 51,411	\$ 2,779,266		
2000	3,883,634	3,187,241	134,356	133,081	75,921	74,672	4,093,911	3,394,994	2.91	82.9%
2001	4,336,458	3,459,697	147,270	146,295	77,243	71,166	4,560,971	3,677,158	2.94	80.6%
2002	4,931,847	3,796,869	163,145	162,721	80,169	79,471	5,175,161	4,039,061	2.97	78.0%
2003	5,742,199	4,184,189	173,871	173,705	93,422	93,288	6,009,492	4,451,182	2.99	74.1%
2004	6,572,581	4,602,246	177,321	177,310	95,810	95,722	6,845,712	4,875,278	3.00	71.2%
2005	7,426,197	5,103,393	185,854	185,850	104,835	104,619	7,716,886	5,393,862	3.04	69.9%
2006	8,946,076	5,712,230	213,276	210,382	92,809	92,621	9,252,161	6,015,233	3.02	65.0%
2007	12,525,855	6,369,945	244,131	237,308	97,149	95,837	12,867,135	6,703,090	3.03	52.1%
2008	16,406,331	6,919,574	262,202	261,192	116,469	113,748	16,785,002	7,294,514	3.06	43.5%

Source:

Deschutes County Assessor's Office

City of Bend, Oregon

**Property Tax Rates - Direct and Overlapping Governments**

Last ten fiscal years

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

<u>Fiscal Year</u>	<u>City Direct Rates</u>			<u>Overlapping Rates</u>						<u>Total</u>
	<u>City of Bend</u>	<u>Bend Urban Renewal District</u>	<u>Total Direct</u>	<u>Bend Metro Parks and Recreation District</u>	<u>Deschutes County</u>	<u>Education Service District</u>	<u>Central Oregon Community College</u>	<u>Bend La-Pine Administrative School District #1</u>		
1999	\$ 2.81	\$ 0.15	\$ 2.96	\$ 1.38	\$ 3.38	\$ 0.09	\$ 0.58	\$ 6.24	\$ 14.63	
2000	2.78	0.13	2.91	1.45	3.26	0.09	0.70	6.02	14.43	
2001	2.79	0.15	2.94	1.46	3.24	0.09	0.69	6.02	14.44	
2002	2.80	0.17	2.97	1.46	3.34	0.09	0.69	5.64	14.19	
2003	2.80	0.19	2.99	1.46	3.29	0.09	0.69	6.14	14.66	
2004	2.80	0.20	3.00	1.46	4.47	0.09	0.68	6.10	15.80	
2005	2.80	0.24	3.04	1.46	4.94	0.09	0.68	6.10	16.31	
2006	2.80	0.22	3.02	1.46	3.34	0.09	0.67	5.98	14.57	
2007	2.80	0.23	3.03	1.46	3.29	0.09	0.66	5.97	14.50	
2008	2.80	0.26	3.06	1.46	3.31	0.09	0.66	5.91	14.49	

Source:

Deschutes County Assessor's Office

Notes:

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

City of Bend, Oregon  
**Principal Taxpayers**

For the fiscal years ended June 30, 2008 and June 30, 1999  
(amounts expressed in thousands)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2008</u>			<u>1999</u>		
		<u>Rank</u>	<u>Net Assessed Valuation</u>	<u>Percentage of Total Net Assessed Valuation (1)</u>	<u>Rank</u>	<u>Net Assessed Valuation</u>	<u>Percentage of Total Net Assessed Valuation (1)</u>
Touchmark at Mount Bachelor Village LLC	Community developer	1	\$ 33,149	0.4%	-	\$ -	0.0%
Cascade Village Shopping Center	Shopping Center	2	32,739	0.4%	-	-	0.0%
Qwest Corporation	Telephone utility	3	31,141	0.4%	1	23,574	1.0%
Bend Millwork Systems, Inc.	Construction products	4	28,148	0.4%	6	15,443	0.7%
Deschutes Brewery Inc	Brewery	5	27,910	0.4%	-	-	0.0%
Cascade Natural Gas Corporation	Gas utility	6	27,543	0.4%	10	10,534	0.5%
Rivers Edge Investments, LLC	Real estate developer	7	23,421	0.3%	-	-	0.0%
Forum Holdings LLC	Shopping center	8	21,906	0.3%	-	-	0.0%
Brooks Resources Corporation	Real estate developer	9	21,213	0.3%	2	20,614	0.9%
Pacificorp ( PP& L )	Electric utility	10	21,088	0.3%	7	14,878	0.6%
Milestone Properties Inc.	Real estate developer	-	-	-	3	20,324	0.9%
Sima Mountain View LLC	Shopping center	-	-	-	4	18,532	0.8%
Willamette Industries	Construction products	-	-	-	5	16,881	0.7%
Fred Meyer	Shopping center	-	-	-	8	13,710	0.6%
River Bend Limited Partnership	Real estate developer	-	-	-	9	13,445	0.6%
<b>Total</b>			<u>\$ 268,258</u>	<u>3.5%</u>		<u>\$ 167,935</u>	<u>7.2%</u>

Source:  
Deschutes County Assessor's Office

Notes:

(1) Percent of total net assessed valuation represents percent of taxpayer's net assessed value to City's total net assessed value of \$7,754,322 for 2008 and \$2,322,821 for 1999.



City of Bend, Oregon

## Property Tax Levies and Collections

Last ten fiscal years

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>			
	<u>Total Tax Levy</u>	<u>Amount</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Years</u>	<u>Amount</u>	<u>Percent of Levy Collected</u>	
1999	\$ 7,596	\$ 7,006	92.2%	\$ 354	\$ 7,361	96.9%	
2000	10,415	9,626	92.4%	455	10,081	96.8%	
2001	11,517	10,696	92.9%	516	11,212	97.4%	
2002	12,781	11,999	93.9%	543	12,542	98.1%	
2003	14,093	13,177	93.5%	479	13,656	96.9%	
2004	15,411	14,610	94.8%	542	15,152	98.3%	
2005	17,154	16,164	94.2%	488	16,652	97.1%	
2006	18,939	17,941	94.7%	458	18,399	97.1%	
2007	21,198	19,973	94.2%	520	20,493	96.7%	
2008	23,200	21,443	92.4%	-	21,443	92.4%	

Source:

Deschutes County Assessor's Office

City of Bend, Oregon

**Ratios of Outstanding Debt by Type**

Last ten fiscal years

(amounts expressed in thousands)

Fiscal Year	Governmental Activities							Business-Type Activities							Total Debt Percentage of Personal Income (1)	Total Debt Per Capita (1)
	General Obligation Bonds	Full Faith & Credit Obligation Bonds	Certificates of Participation	Limited Tax Improvement Bonds	Urban Renewal Tax Increment Bonds	Notes Payable	Urban Renewal Line of Credit	General Obligation Bonds	Full Faith & Credit Obligation Bonds	Certificates of Participation	Revenue Bonds	Notes Payable	Total Primary Government			
1999	\$ 130	\$ 4,275	\$ 2,690	\$ 1,045	\$ 7,250	\$ -	\$ -	\$ 1,140	\$ 1,570	\$ 350	\$ 5,645	\$ 1,409	\$ 25,504	2.79%	\$ 716	
2000	-	4,275	2,420	500	6,990	-	-	790	1,530	335	5,440	1,358	23,638	1.73%	467	
2001	-	10,175	2,140	460	6,720	540	-	395	1,490	320	16,230	1,304	39,774	2.71%	753	
2002	-	17,020	1,845	320	6,440	461	-	-	1,445	305	15,665	1,469	44,970	2.90%	816	
2003	-	29,776	1,535	2,605	6,150	-	-	-	1,679	285	20,580	905	63,515	3.84%	1,100	
2004	-	42,358	1,210	1,836	16,350	-	-	-	1,612	-	19,765	875	84,006	4.47%	1,336	
2005	-	41,110	925	1,413	15,690	-	-	-	1,540	-	17,655	845	79,178	3.92%	1,214	
2006	-	44,609	625	904	14,865	-	-	-	1,461	-	17,475	809	80,748	3.58%	1,148	
2007	-	48,242	325	552	13,800	-	-	-	1,383	-	16,580	1,641	82,523	3.27%	1,096	
2008	-	51,317	-	261	12,595	-	2,500	-	1,573	-	15,650	1,587	85,483	3.19%	1,099	

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.

City of Bend, Oregon

**Ratios of General Bonded Debt Outstanding**

Last ten fiscal years

(amounts expressed in thousands, except per capita amounts)

Fiscal Year	General Bonded Debt Outstanding				Amounts Restricted for Debt Service	Net General Bonded Debt Outstanding	Ratio of Bonded Debt to Assessed Value (1)	General Bonded Debt Per Capita (2)
	General Obligation Bonds	Full Faith & Credit Bonds	Limited Tax Improvement Bonds	Total				
1999	\$ 1,270	\$ 5,845	\$ 1,045	\$ 8,160	\$ 335	\$ 7,825	0.35%	\$ 229
2000	790	5,805	500	7,095	56	7,039	0.21%	140
2001	395	11,665	460	12,520	106	12,414	0.34%	237
2002	-	18,465	320	18,785	90	18,695	0.47%	341
2003	-	31,455	2,605	34,060	947	33,113	0.77%	590
2004	-	43,970	1,836	45,806	824	44,982	0.94%	728
2005	-	42,650	1,413	44,063	1,031	43,032	0.82%	676
2006	-	46,070	904	46,974	1,656	45,318	0.78%	668
2007	-	49,625	552	50,177	1,846	48,331	0.75%	666
2008	-	52,890	261	53,151	1,878	51,273	0.73%	683

Notes:

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

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

(2) Population and personal income data can be found in the Demographic and Economic Statistics schedule.

City of Bend, Oregon  
**Computation of Direct and Overlapping Debt**  
 June 30, 2008

<u>Jurisdiction</u>	<u>Net Property-Tax Backed Debt Outstanding (1)</u>	<u>Percent Applicable to City of Bend (2)</u>	<u>Amount Applicable to City of Bend</u>
Direct Debt			
City of Bend	\$ -	100.0%	\$ -
Overlapping Debt			
Deschutes County	13,509,405	45.1%	6,092,607
Bend-LaPine Administrative School District No. 1	121,214,540	64.5%	78,203,985
Central Oregon Community College	647,287	37.7%	244,304
Bend Library District	<u>3,598,406</u>	<u>81.6%</u>	<u>2,936,173</u>
Total Overlapping Debt	<u>138,969,638</u>	<u>62.9%</u>	<u>87,477,069</u>
Total Direct and Overlapping Debt	<u>\$ 138,969,638</u>	<u>62.9%</u>	<u>\$ 87,477,069</u>

Source:  
 State of Oregon, Treasury Department

Notes:

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

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

City of Bend, Oregon  
**Legal Debt Margin Information**

**June 30, 2008**

Real market value			\$ 16,785,002,241
			x <u>3%</u>
General obligation debt limit at 3% of real market value			503,550,067
General obligation debt subject to limit per ORS 287.001(1)	53,151,000		
Less: Funds applicable to the payment of principal thereof per ORS 287.004(2)			
General obligation debt service fund	(1,877,999)		<u>                    </u>
Net debt subject to 3% limitation			<u>51,273,001</u>
Legal debt margin			<u><u>\$ 452,277,066</u></u>
Debt capacity percent			90%

<u>Fiscal Year</u>	<u>3% Debt Limit (1)</u>	<u>Net Debt Subject to 3% Limit (1)</u>	<u>Legal Debt Margin (1)</u>	<u>Debt Capacity Percent</u>
1999	\$ 83,378	\$ 7,825	\$ 75,553	91%
2000	122,817	7,039	115,778	94%
2001	136,829	12,414	124,415	91%
2002	155,255	18,695	136,560	88%
2003	180,285	33,113	147,172	82%
2004	205,371	44,982	160,389	78%
2005	231,506	43,957	187,549	81%
2006	277,565	45,943	231,622	83%
2007	386,014	48,656	337,358	87%
2008	503,550	51,273	452,277	90%

Source:  
Real Market Value obtained from Deschutes County Assessor's Office

Notes:  
**(1)** Amounts expressed in thousands.

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

City of Bend, Oregon

**Rate Covenant - Water Revenue Bonds**

Last ten fiscal years

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Annual Debt Service (3)</u>			<u>Coverage Ratio</u>	<u>Monthly Metered Rate (4)</u>	<u>Monthly Flat Rate (5)</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>			
1999	\$ 4,386	\$ 3,030	\$ 1,356	\$ 35	\$ 52	\$ 87	15.59	\$ 9.75	\$ 10.55
2000	4,757	3,364	1,393	35	51	86	16.2	10.04	10.87
2001	5,875	4,137	1,738	35	149	184	9.4	10.34	11.20
2002	6,086	4,550	1,536	165	245	410	3.7	11.06	11.98
2003	7,058	6,002	1,056	170	237	407	2.6	11.92	12.91
2004	8,162	7,346	816	180	228	408	2.0	12.84	13.91
2005	8,953	6,499	2,454	820	189	1,009	2.4	13.84	14.98
2006	10,865	7,029	3,836	145	172	317	12.1	14.48	15.67
2007	11,578	7,483	4,095	155	167	322	12.7	15.20	16.45
2008	11,776	7,790	3,986	160	158	318	12.5	16.04	17.35

Notes:

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

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

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

(4) The metered charge represents the minimum water charge for a 3/4" meter for the first 600 cubic feet of consumption within the City. Other charges apply according to meter size and usage over 600 cubic feet.

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

City of Bend, Oregon

**Rate Covenant - Sewer Revenue Bonds**

Last ten fiscal years

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Annual Debt Service (3)</u>			<u>Coverage Ratio</u>	<u>Monthly Sewer Rate (4)</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
1999	\$ 5,118	\$ 2,800	\$ 2,318	\$ 140	\$ 240	\$ 380	6.1	\$ 16.69
2000	5,646	3,521	2,125	170	234	404	5.3	17.19
2001	6,819	3,984	2,835	175	402	577	4.9	17.95
2002	6,726	4,462	2,264	400	564	964	2.3	18.76
2003	7,466	4,489	2,977	415	650	1,065	2.8	19.38
2004	8,252	4,737	3,515	635	749	1,384	2.5	20.54
2005	9,788	4,763	5,025	1,290	699	1,989	2.5	21.77
2006	11,146	5,675	5,471	630	443	1,073	5.1	22.41
2007	11,389	5,759	5,630	740	534	1,274	4.4	23.75
2008	11,933	6,984	4,949	782	506	1,288	3.8	25.18

Notes:

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

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

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

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

City of Bend, Oregon

## Demographic and Economic Statistics

Last ten fiscal years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Area (Square Miles)</u>	<u>Average Density (person / square miles)</u>	<u>Personal Income (2) (expressed in thousands)</u>	<u>Per Capita Income (2)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (3)</u>
1999	35,635	19.0	1,876	\$ 913,539	\$ 25,636	12,779	5.8%
2000	50,650	32.5	1,558	1,363,802	26,926	13,015	4.9%
2001	52,800	32.5	1,625	1,468,104	27,805	13,200	5.6%
2002	55,080	32.5	1,695	1,548,189	28,108	13,473	7.1%
2003	57,750	32.5	1,777	1,652,574	28,616	13,729	7.8%
2004	62,900	32.5	1,935	1,877,754	29,853	13,729	6.5%
2005	65,210	32.5	2,006	2,021,575	31,001	14,888	5.2%
2006	70,330	32.5	2,164	2,257,171	32,094	15,482	4.2%
2007	75,290	32.5	2,317	2,521,688	33,493	15,837	4.4%
2008	77,780	32.5	2,393	2,680,143	34,458 *	16,025	6.1%

\* = preliminary data

Source:

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

(2) Per capita income figures are for the Bend Metropolitan Statistical Area and are obtained from the State of Oregon Employment Department

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

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



City of Bend, Oregon  
**Principal Employers**

For the fiscal years ended June 30, 2008 and June 30, 1999

<u>Employer</u>	<u>Product or Service</u>	<u>Ranking</u>	<u>2008</u>		<u>1999</u>		
			<u>Employees</u>	<u>Percent of Total City Employment (1)</u>	<u>Rank</u>	<u>Employees</u>	<u>Percent of Total City Employment (1)</u>
St. Charles Medical Center	Health care	1	3,088	3.9%	2	1,188	2.3%
Bend-LaPine School District No. 1	Education	2	1,780	2.2%	1	1,600	3.0%
Brightwood Corporation	Wood Products	3	1,057	1.3%	-	-	-
Deschutes County	Government	4	1,003	1.3%	5	650	1.2%
Sunriver Resort	Resort	5	950	1.2%	-	-	-
Mt. Bachelor Ski Resort	Recreation	6	886	1.1%	3	850	1.6%
iSKY Inc.	Call center	7	564	0.7%	-	-	-
JELD-WEN (Pozzi)	Windows and doors	8	550	0.7%	10	369	0.7%
City of Bend	Government	9	511	0.6%	-	-	-
Bend Memorial Clinic	Health Care	10	510	0.6%	-	-	-
State of Oregon	Government	-	-	-	4	762	1.4%
Deschutes National Forest	Government	-	-	-	6	627	1.2%
Beaver Motor Coaches	Luxury motorhome	-	-	-	7	420	0.8%
Crown Pacific	Wood products	-	-	-	8	370	0.7%
Central Oregon Community College	Education	-	-	-	9	382	0.7%
	<b>Total</b>		<b>10,899</b>	<b>14.7%</b>		<b>7,218</b>	<b>14.2%</b>

Source:

Economic Development for Central Oregon, Central Oregon Profile.

Note:

The above listing of principal employers represents major employers in the Bend area.

(1) Percent of total city employment represents percent of employer's employees to total employment for the Bend Metropolitan Statistical Area of 80,722 for June 2008 and 55,748 for June 1999 (obtained from the US Department of Labor, Bureau of Labor Statistics).

City of Bend, Oregon

## Construction Activity and Bank Deposits

Last ten fiscal years

(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Construction Activity</u>				<u>Bank Deposits (1)</u>
	<u>Commercial</u>		<u>Residential</u>		
	<u>Units</u>	<u>Value</u>	<u>Units</u>	<u>Value</u>	
1999	150	\$ 52,764	944	\$ 114,613	\$ 673,373
2000	294	80,011	1,155	137,308	685,243
2001	300	52,241	1,209	144,166	763,488
2002	275	51,151	1,289	176,119	804,126
2003	239	48,519	1,682	221,370	1,023,168
2004	280	94,257	2,003	301,037	1,239,042
2005	160	95,727	2,465	480,649	1,469,066
2006	98	38,732	2,485	541,157	1,702,870
2007	337	140,259	1,364	241,724	1,657,194
2008	381	185,715	495	127,012	1,623,137

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

<b>Program</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General Government</b>										
Administration & finance	22.5	24.8	25.8	24.8	26.8	30.1	27.4	31.4	35.7	33.8
Information technology	3.4	4.0	5.0	6.0	6.5	7.0	8.0	8.5	11.0	11.0
Public works administration/laboratory	15.8	17.8	21.8	20.5	22.0	28.0	27.0	23.5	25.5	16.0
Facility management	-	-	-	-	-	-	-	3.0	4.0	5.0
Garage	5.5	5.5	7.0	7.0	7.0	7.0	7.0	7.0	7.0	9.0
Accessibility program										4.0
Economic development administration	-	-	-	-	-	-	2.0	3.0	3.5	3.5
<b>Public Safety</b>										
Police	80.5	84.5	89.0	92.0	94.0	96.0	95.0	105.5	111.5	110.0
Fire/EMS	60.8	62.6	67.5	67.0	72.0	76.0	74.0	79.0	84.0	87.8
Municipal court	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	5.0
<b>Public Ways and Facilities</b>										
Street operations	19.7	24.7	30.0	27.0	28.0	28.0	30.0	29.0	32.0	31.0
Engineering	11.0	12.0	21.0	23.0	22.0	25.0	25.0	33.0	36.0	36.0
<b>Community and Economic Development</b>										
Community development administration	3.5	3.0	5.5	5.0	4.5	5.0	4.0	5.0	8.0	6.0
Planning	15.3	16.3	14.3	15.0	16.5	19.0	20.0	23.0	28.0	33.0
Building	13.0	14.0	16.0	16.0	20.5	25.5	32.5	45.5	57.5	42.0
Community development block grant program	-	-	-	-	1.0	1.0	-	1.0	1.0	1.0
<b>Other</b>										
Urban renewal	-	1.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	2.0
Transit	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Airport	-	-	-	-	-	-	0.5	1.0	1.0	1.0
Water	23.0	23.3	20.5	20.0	22.0	21.0	21.0	24.0	26.0	30.0
Water reclamation	17.3	18.3	19.0	19.0	21.0	20.0	21.0	23.0	27.0	37.5
Stormwater	-	-	-	-	-	-	-	-	-	5.0
Other business-type	-	-	-	1.0	1.0	2.0	2.0	3.0	3.0	1.0
<b>Total</b>	<b>294.2</b>	<b>314.6</b>	<b>347.3</b>	<b>349.3</b>	<b>370.8</b>	<b>396.6</b>	<b>401.4</b>	<b>453.4</b>	<b>507.7</b>	<b>511.5</b>

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

<b>Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Public Safety</b>						
Police:						
Physical arrest	3,778	3,778	4,009	unavailable	2,050	4,302
Traffic violations	12,406	15,339	16,000	unavailable	8,472	12,324
Calls for service	53,610	56,957	57,249	57,079	57,184	58,010
Fire/EMS:						
Fire responses	359	334	324	454	1,954	1,880
Ambulance responses	4,144	4,249	4,614	5,570	5,764	5,842
Inspections conducted	1,000	1,321	2,995	2,940	3,229	3,382
<b>Public Ways and Facilities</b>						
Streets resurfaced (lane miles)	6.50	7.60	10.70	13.56	20.07	15.05
Streets cleaned (lane miles)	34,689	35,369	33,688	32,467	34,573	34,628
Street signs repaired/replaced	2,620	2,290	2,297	2,479	2,502	2,531
<b>Community and Economic Development</b>						
Permits issued	11,726	13,388	16,985	17,897	12,174	8,968
Buildings inspections performed	35,172	55,051	72,891	79,567	59,407	41,137
<b>Transit</b>						
Total miles	305,589	306,600	303,776	352,637	412,596	365,213
Total service hours	31,583	31,800	unavailable	32,616	39,768	40,270
Total rides	92,418	96,900	unavailable	107,573	300,530	325,607
<b>Water</b>						
New connections	4,672	2,647	1,295	565	998	515
Average daily consumption (million gallons):						
Winter	5.07	5.20	6.00	6.00	5.50	6.46
Summer	19.67	19.70	16.00	16.00	18.40	18.80
Peak consumption (million gallons)	25.73	26.00	27.00	26.00	27.00	29.25
<b>Water Reclamation</b>						
New connections	2,057	2,757	681	1,825	1,006	483
Daily average treatment (million gallons)	4.60	4.96	5.40	5.40	5.80	6.2
Sewerlines cleaned (miles)	53.60	63.60	57.00	34.30	70.00	75.00
<b>Downtown Parking</b>						
Tickets issued	9,312	11,390	11,790	10,658	7,243	13,611
Permits issued	4,857	4,982	5,219	4,689	4,808	5,142

**Capital Asset Statistics by Program**

Last six fiscal years

<u>Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Public Safety</b>						
Police:						
Main station	1	1	1	1	1	1
Patrol units	18	20	21	21	21	21
Fire/EMS stations	5	5	5	5	5	5
<b>Public Ways and Facilities</b>						
Street (miles)	302	344	350	384	435	435
Streetlights	1,925	1,925	2,020	2,040	2,051	2,102
Traffic signals	n/a	44	48	57	57	59
<b>Transit</b>						
Buses	21	25	25	31	27	27
<b>Airport</b>						
Runway (feet)	5,005	5,005	5,005	5,005	5,005	5,200
Hangars	13	14	14	14	14	14
<b>Water</b>						
Water mains (miles)	310	330	400	450	410	445
Reservoirs	13	13	13	13	13	15
Wells	16	16	16	16	16	16
Fire hydrants	3,700	3,879	4,345	5,200	4,900	4,945
Maximum daily capacity of plant (million gallons)	29.50	33.35	34.00	34.00	34.00	34.00
Service connections	17,474	20,121	21,416	21,981	22,979	23,494
<b>Water Reclamation</b>						
Treatment plant	1	1	1	1	1	1
Sewerlines (miles)	280	400	450	450	450	450
Large pump stations	62	80	86	82	92	93
Small pump stations	271	271	271	271	271	271
Maximum daily capacity of plant (million gallons)	11.00	11.00	12.00	12.00	12.00	12.00
Service connections	20,104	22,861	23,542	25,367	26,373	26,856

(This page intentionally left blank)

**AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.



4800 S.W. Macadam, Suite 400 • Portland, Oregon 97239-3973  
503/274-2849 • Fax 503/274-2853

## **AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**

December 23, 2008

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bend, Oregon (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Minimum Standards for Audits of Oregon Municipal Corporations*.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Our reports relating to compliance and internal control over financial reporting are contained in the Single Audit Compliance Section of this Comprehensive Annual Financial Report.

### **ACCOUNTING RECORDS**

We found the City's accounting records to be adequate for audit purposes.

### **ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES**

Oregon Revised Statutes Chapter 295 requires that each depository throughout the period of its possession of public fund deposits shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of adequacy of collateral securing depository balances indicated the collateral was sufficient during the year ended June 30, 2008.



**AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS (Continued)**

Page 2

**INVESTMENTS**

Our review of deposit and investment balances indicated that, during the year ended June 30, 2008, the City was in compliance with ORS 294 as it pertains to investment of public funds.

**LEGAL REQUIREMENTS RELATING TO DEBT**

We noted the indebtedness of the City was in compliance with ORS 287.004 during the year ended June 30, 2008. We noted no defaults in principal, interest, sinking fund or redemption provisions with respect to any of the City's bonded debt, and no breach of the bond agreements at June 30, 2008.

**BUDGET COMPLIANCE**

The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the two-year period ending June 30, 2009.

A description of the budgeting process is included in the Notes to the Basic Financial Statements.

**INSURANCE POLICIES AND FIDELITY BONDS**

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2008. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies covering City property at June 30, 2008.

**PUBLIC CONTRACTS**

The City's procedures for awarding public contracts were reviewed and found to be in accordance with ORS Chapter 279.

**PROGRAMS FUNDED FROM OUTSIDE SOURCES**

Our reports on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* and compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 are contained elsewhere in the Compliance Section of this Comprehensive Annual Financial Report.

**FINANCIAL REPORTING REQUIREMENTS**

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governments agencies, is in agreement with and supported by the accounting records.

**AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS (Continued)**

Page 3

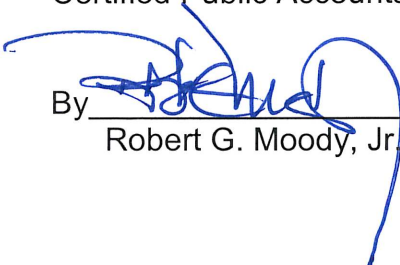
**HIGHWAY FUNDS**

The City's procedures for utilizing gas tax funds were reviewed and found to be in accordance with ORS Chapter 294.

\* \* \* \* \*

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

**TALBOT, KORVOLA & WARWICK, LLP**  
Certified Public Accountants

By  \_\_\_\_\_  
Robert G. Moody, Jr., Partner



4800 S.W. Macadam, Suite 400 • Portland, Oregon 97239-3973  
503/274-2849 • Fax 503/274-2853

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

December 23, 2008

City Council  
City of Bend  
Bend, Oregon

We have audited the financial statements of the City of Bend, Oregon (the City) as of and for the year ended June 30, 2008, and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



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

**(Continued)**

Page 2

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated December 23, 2008.

\* \* \* \* \*

This report is intended solely for the information and use of the City Council, management, others within the City, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants



4800 S.W. Macadam, Suite 400 • Portland, Oregon 97239-3973  
503/274-2849 • Fax 503/274-2853

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

December 23, 2008

City Council  
City of Bend  
Bend, Oregon

**COMPLIANCE**

We have audited the compliance of the City of Bend, Oregon (the City) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

**INTERNAL CONTROL OVER COMPLIANCE**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)**

Page 2

**INTERNAL CONTROL OVER COMPLIANCE (Continued)**

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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We considered the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 08-01 and 08-02 to be material weaknesses.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the basic financial statements of the City as of and for the year ended June 30, 2008 and have issued our report thereon dated December 23, 2008. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and it is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

\* \* \* \* \*

This report is intended solely for the information and use of the City Council, management, others within the City, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robert Korvola & Warwick, LLP*

Certified Public Accountants



**CITY OF BEND, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2008**

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements:**

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

**Federal Awards:**

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

Identification of major programs:

<b><u>CFDA NUMBER(S)</u></b>	<b><u>NAME OF PROGRAM OR CLUSTER</u></b>
14.218	CDBG – Entitlement and (HUD-Administered) Small Cities Cluster
20.106	Airport Improvement Program

**CITY OF BEND, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2008**

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

**Federal Awards (Continued):**

Dollar threshold used to distinguish between type A and B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 08-01**

Federal Program:	Airport Improvement Program (CFDA 20.106)
Federal Agency:	Department of Transportation
Award Year:	2007-08
Criteria:	Wages on relevant contracts subject to the provisions of the Davis-Bacon Act must be paid at specified prevailing wage rates.
Condition:	While certified payroll reports were submitted to the City, such reports were not reviewed for compliance.
Questioned Costs:	No questioned costs were identified as there was no noted noncompliance.
Context:	The City had a single project under this grant subject to these requirements.
Cause:	The City placed reliance on employees of the contractors to file a claim in the event of noncompliance with prevailing wage requirements.
Effect:	While no noncompliance with requirements under the Davis-Bacon Act was noted, the potential exists that material noncompliance could occur and go undetected due to lack of review.
Recommendation:	The City develop and implement policies and procedures requiring sufficient review and monitoring of certified payroll reports in order to timely detect potential noncompliance with requirements under the Davis-Bacon Act.



**CITY OF BEND, OREGON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2008**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**Finding 08-01 (Continued)**

Corrective Action Plan: The City is in the process of implementing a policy whereby certified payroll reports will be reviewed for compliance with the requirements under the Davis-Bacon Act.

**Finding 08-02**

Federal Program: Airport Improvement Program (CFDA 20.106)

Federal Agency: Department of Transportation

Award Year: 2007-08

Criteria: All contracts utilizing federal funds, which are in excess of \$25,000 are subject to prohibitions against contracting to parties that are suspended or debarred, or whose principals are suspended or debarred.

Condition: The City failed to review relevant contracts for potential suspension or debarment with respect to the contractors or their principals.

Questioned Costs: No questioned costs were identified as there was no noted noncompliance.

Context: The City had a single project under this grant with a limited number (2) of contractors.

Cause: The City believed its risk to be minimal based upon knowledge of the contractors used.

Effect: While no noncompliance with requirements related to suspension and debarment was noted, the potential exists that material noncompliance could occur and go undetected due to lack of review.

Recommendation: The City develop and implement policies and procedures such that contracts in excess of \$25,000, which involve federal funding, be reviewed for potential suspension and debarment of the contractors and their principals.

Corrective Action Plan: The City is in the process of implementing a policy whereby all contracts utilizing federal funds in excess of \$25,000 will be reviewed for potential suspension and debarment of the contractors and their principals.

(This page intentionally left blank)

City of Bend, Oregon  
**Schedule of Expenditures of Federal Awards**  
 For the fiscal year ended June 30, 2008

<u>Federal Grantor/ Pass-through Agency/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Total Expenditures</u>
<u>Department of Transportation</u>			
Transit Service Programs Cluster			
Oregon Department of Transportation			
Capital Assistance Program for Elderly Persons & Persons with Disabilities	20.513	IGA #24295 & IGA #24293	\$ 204,122
Job Access Reverse Commute	20.516	IGA #24631	100,000
Total Transit Service Programs Cluster			<u>304,122</u>
Highway Safety Cluster			
Oregon Department of Transportation			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	HN1-07-24-14 04A	1,266
Oregon Association of Chiefs of Police			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	164 AL-07-14-02 & K8-08-12-38 J2-07-46-08 & K2-08-46-08	3,120
Occupant Protection	20.602		3,060
Total Highway Safety Cluster			<u>7,446</u>
Highway Planning and Construction Cluster			
Oregon Department of Transportation			
Highway Planning and Construction	20.205	IGA #24294	10,558
Total Highway Planning and Construction Cluster			<u>10,558</u>
Federal Transit Cluster			
Federal Transit Administration			
Federal Transit Formula Grants	20.507	n/a	611,658
Total Federal Transit Cluster			<u>611,658</u>
Federal Aviation Administration			
Airport Improvement Program	20.106	n/a	4,473,023
<b>Total Department of Transportation</b>			<b><u>5,406,807</u></b>
<u>Department of Justice</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	n/a	3,560
Bulletproof Vest Partnership Program	16.607	n/a	660
Oregon Department of Justice/Deschutes County			
Marijuana Grant	16.XXX	n/a	7,375
Office of National Drug Crime Prevention - High Intensity Drug Traffic Area Grant	16.XXX	LOA #2007-98	81,576
<b>Total Department of Justice</b>			<b><u>93,171</u></b>
<u>Department of Homeland Security</u>			
Assistance to Firefighters Grant	97.044	n/a	10,676
Oregon State Police			
Fire Management Assistance Grant	97.046	n/a	56,967
<b>Total Department of Homeland Security</b>			<b><u>67,643</u></b>

City of Bend, Oregon

**Schedule of Expenditures of Federal Awards**

For the fiscal year ended June 30, 2008

<u>Federal Grantor/ Pass-through Agency/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Total Expenditures</u>
<u>Department of Interior</u>			
State Park & Recreation			
Historic Preservation Fund Grants-In-Aid	15.904	OR06-15 & OR07-08	\$ 16,175
<b>Total Department of Interior</b>			<b>16,175</b>
<u>Environmental Protection Agency</u>			
ICLEI			
Surveys, Studies, Investigations, Training, Demonstrations and Special Purpose Grants for EPA Region 10 Regional Geographic Initiative	66.115	n/a	4,011
<b>Total Environmental Protection Agency</b>			<b>4,011</b>
<u>Department of Housing and Urban Development</u>			
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster			
Community Development Block Grants/Entitlement Grants	14.218	n/a	621,700
Total CDBG Cluster			621,700
<b>Total Department of Housing and Urban Development</b>			<b>621,700</b>
<b>Total Federal Expenditures</b>			<b>\$ 6,209,507</b>

Notes:

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