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# City of Bend, Oregon

## Comprehensive Annual Financial Report

### For the fiscal year ended June 30, 2007



# **CITY OF BEND, OREGON**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007

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, 2007

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December 21, 2007

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



BRUCE ABERNETHY  
*Mayor*

LINDA S. JOHNSON  
*Mayor Pro Tem*

MARK CAPELL  
*City Councilor*

JIM CLINTON  
*City Councilor*

BILL FRIEDMAN  
*City Councilor*

PETER GRAMLICH  
*City Councilor*

CHRIS TELFER  
*City Councilor*

ERIC KING  
*Acting City Manager*

SONIA ANDREWS  
*Finance Director*

ANDREW JORDAN  
*Police Chief*

LARRY LANGSTON  
*Fire Chief*

PATRICIA STELL  
*City Recorder*

The Comprehensive Annual Financial Report (CAFR) of the City of Bend, Oregon (City) for the fiscal year ended June 30, 2007, together with the unqualified opinion of our independent certified public accountants, Pauly, Rogers and Company, P.C., 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.

### **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, 2006. 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.

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.

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.

### **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, 2006 population estimate of 75,290, and is one of the State's fastest growing economies. Bend serves as the hub of economic activity in a three-county region including Deschutes, Jefferson and Crook counties.



## Letter of Transmittal, Continued

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 an area of downtown Bend known as the Central Bend Development Program Area consisting mainly of the City's downtown business district and also development of an area approximately 700 acres in size in northeast Bend known as Juniper Ridge.

### **Economic Conditions and Outlook**

The economy in Deschutes County continued to expand in fiscal year 2006-07, driven by population growth and housing starts. Total population in Deschutes County was 152,615 in 2006 compared to 126,500 in 2002, an 21% increase. In that same period, the City of Bend's population grew by 30% from 57,750 to 75,290. The US Census Bureau ranked the City of Bend as the 4<sup>th</sup> fastest growing Metropolitan Statistical Area (MSA) in the nation based upon statistics from the year 2000. The leading reasons people are flocking to the region are the sunny climate, year-round outdoor recreational activities including world class golf courses and destination resorts, and a thriving community with four-star restaurants, well established retail and community events such as the Cascade Festival of Music bringing world renowned musicians and the Cascade Cycling Classic which draws North America's top cyclists. Bend has been ranked among the most desirable places to live by national magazines such as Money, Men's Journal and Golf Digest. Future trends predict that Central Oregon will continue to experience population growth over the next 20 years.

From 2004 to 2006, the City experienced a strong housing market with over 2,000 residential housing permits issued each year for 3 consecutive years. The median home price in the City increased 25.8% from \$279,900 in 2005 to \$351,978 in 2006. However in 2007, with excess housing inventory and high home values the City witnessed a drop in new home sales which slowed the pace of residential construction to a level not seen since 2001.

Employment in the region is dominated by several large employers such as St. Charles Medical Center, Mt. Bachelor Ski Resort and Jeld-Wen. Les Schwab Tire Center has announced that they are moving their headquarters to Bend. Primary industries in the 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. National aircraft manufacturer Cessna Aircraft Company recently purchased Bend based Columbia aircraft and has announced it will continue expanding operations in Bend. 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 2006 unemployment rate for Bend was 4.4% compared to 5.1% in the State and 4.7% for the U.S.

To serve the growing population and building activities, the City has been working swiftly to provide basic services and expand infrastructure. Staffing in Community Development, which handles building and planning, rose from 36.0 FTEs in 2002 to 93.5 authorized FTEs in 2007 (160% increase) to meet the demands for plan reviews, building inspections and land use matters. Staffing in public safety rose from 162.0 FTEs in 2002 to 199.5 FTEs in 2007 (a 23% increase) to meet increases in calls for services. The City also has an Economic



Letter of Transmittal, Continued

Development department to handle airport and urban renewal developments and other economic development needs such as affordable housing. Street, water, water reclamation and facility infrastructure expansions and modernizations have averaged \$15-\$20 million each year for the last 5 years. The City's recent major accomplishments and initiatives during FY2006-07 are discussed below.

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

***Bend 2030 Visioning Project*** – Bend 2030 is a community-driven long-range plan involving the City of Bend and other key stakeholders, including local governments, businesses, civic organizations, and community groups. In June 2006, participants in the community-wide visioning process presented the residents of Bend with the Bend 2030 Vision, intended to guide growth and development of our city over the next 25 years. The document was extensive, including a comprehensive vision statement that foresees Bend as a “vibrant, dynamic and beautiful city” in the year 2030. The vision statement categorized the community’s most important goals into six focus areas: a well-planned City; a vibrant economy; a quality environment; safe, healthy people; a strong community; and a creative, learning culture. Within each focus area, the Bend 2030 Vision offered more than a dozen Key Vision Elements that articulated detailed aspirations about what Bend would look like and be in the future. The City is a lead partner on 90 action items, which represents 33% of the total action items included in the Bend 2030 Vision. Highlights of City projects completed or in-progress are: Industrial and Commercial Land Study, Smart Control Landscape Program- Phase I, Residential Lands Study/UGB Expansion, Reed Market Concept Plan, and Transportation Systems Plan.

***Residential Lands Study and Urban Growth Boundary Expansion*** – The City completed Phase I of the Residential Lands Study in FY2006-07 which focused on revising the Bend Area General Plan and updating local housing policies to meet statewide planning goals. The Long Range Planning Division also began work on Phase II of the Residential Lands Study, and Urban Growth Boundary (UGB) expansion. The City intends to bring 3,000-4,000 acres of land into the City limits with the UGB Expansion within next 2 years.

***Juniper Ridge Urban Renewal Area*** – On August 29, 2005 City Council adopted the Juniper Ridge Urban Renewal Plan and formed the related urban renewal district to develop an area approximately 1,500 acres in size in northeast Bend. The vision for Juniper Ridge is mixed use development with light industrial, residential and commercial developments to accommodate economic growth in the region. Future phases will also include a 4 year college campus. The City selected a master developer to act as a partner in refining the master plan, addressing infrastructure needs, and undertaking development activity.

Development activity is expected to begin during 2008, including construction of the Les Schwab corporate headquarters. Major public facility improvements such as construction of streets and extension of water and sewer services will be needed to support new construction. The City is negotiating with a master developer to complete the draft master plan, address infrastructure needs, and undertake development activity, through a Disposition and Development Agreement (DDA). The DDA will be a contractually binding document based on the master plan. Major influences on development at Juniper Ridge include Oregon Department of Transportation’s US-97/20 Refinement Plan which, upon completion, will identify improvements required at the intersection of US-97 and Cooley Road to provide access to the Juniper Ridge URA. Currently, the City is constructing improvements to Cooley Road from east of US-97 to 18<sup>th</sup> St.

***Accessibility Improvements*** – The City significantly increased funding and support of accessibility programs in FY2006-07. The Accessibility Program provides for community outreach and education activities, and also ensures implementation of capital improvement program for accessible curb ramps, facilities, and transit bus stops. Staffing in the Accessibility Division increased from 1.0 FTE in FY2005-06 to 3.0 FTE in FY2006-07. In addition, a new Accessibility Construction Fund was created to allocate specific funds toward construction projects to improve accessibility and track the City’s compliance with the Americans with Disabilities Act. The City’s commitment to improving accessibility is expected to continue in the coming fiscal years.



**Public Works Accreditation** – In July 2007 the City was accredited by the American Public Works Association (APWA). The accreditation program provides a means of formally verifying and recognizing public works agencies for compliance with the recommended practices set forth in the APWA Public Works Management Practices Manual. The Public Works Department is only the 41st organization to join a select few across North America who have taken the initiative to measure themselves against the best management practices in the industry.

**Bridge Construction** – During FY2006-07, the City expanded and modernized the Newport Bridge (a \$6.0 million project). The Newport Bridge project was funded in part by a \$4.7 million grant from the Oregon Department of Transportation, and will be completed in FY2007-08. In FY2005-06, the City also expanded the Mt. Washington Bridge at a cost of \$2.9 million. These bridges provide better connectivity for East-West traffic flow.

**Water Reclamation System** – To provide additional treatment capacity and system expansions, the City recently adopted the Collections System Master Plan. A Facilities Master Plan is underway and should be implemented in the coming year. Initial design and engineering also began on expansion of the Headworks Facility, which will be completed in FY2007-08, at a cost of over \$7.5 million. Capital improvements over the next 5 years are expected to exceed \$105 million.

**Water** – The Water Division has received numerous awards for its WaterWise conservation program and other outreach materials. The latest awards include Best Tasting Surface Water in Oregon, 2006 Stewardship and Conservation Award, 2006 Excellence in Communication and Conservation: Best of Show for the publication: "Xeriscaping in the High Desert", and 2006 Excellence in Communication and Conservation: Consumer Confidence Report.

**Stormwater** – In FY2006-07 the City adopted the Integrated Stormwater Management Plan and began development of the Stormwater Master Plan. A citizen advisory committee was also formed to provide public input on the formation of a new stormwater utility fee, which went into effect on July 1, 2007.

**Airport Developments** – The City received grant funding from the Federal Aviation Administration in the amount of \$3.5 million for Phase I of the runway relocation project, which will be completed in FY2007-08. Phase II of this project will follow, with an additional \$4.2 million in grant funding. 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.

**Affordable Housing Fee** – In FY2006-07 the City of Bend became the first city in Oregon to implement a fee on new development to aid in the funding of Affordable Housing. The Affordable Housing program is funded by a fee of .33% of the total building permit valuation for all building permits issued by the City. Affordable housing fees of \$675,089 were collected as of June 30, 2007.

**Facilities** – In April 2007 the City spent approximately \$4.1 million to purchase property referred to as the Boyd Acres Facility for the relocation of water and water reclamation staff. In addition, preliminary design work began on expansion of the Police Facility. Construction for the expansion began in FY2007-08, and the building should be completed in FY2008-09.

**Transit** – During FY2006-07 the City expanded its transit system to a fixed route system with seven routes. Federal Transit Administration grants provided the majority of the funding for operation of the expanded system.

### **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, 2007. 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 \$1.6 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 FY2006-07 budget was appropriated on an annual basis. In September 2006 the City Council adopted a resolution declaring the City's intent to prepare and adopt a 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. For the year ended June 30, 2007, the City Accessibility Construction Fund exceeded its appropriation limit by \$366 due to unanticipated additional construction payments made. The City was in compliance with all other budgetary requirements.

**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, 2007 was approximately 5.06%. Net investment income was \$3.5 million for the year ended June 30, 2007. 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, 2007.

**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



Letter of Transmittal, Continued

among the various City operations. During fiscal year 2006-07 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 the City County Insurance Services 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 Pauly, Rogers and Company, P.C., selected by the City Council, performed the City's annual audit for the fiscal year ended June 30, 2007. 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, 2006. 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 14 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,



Sonia Andrews  
Finance Director

# 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, 2006

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.



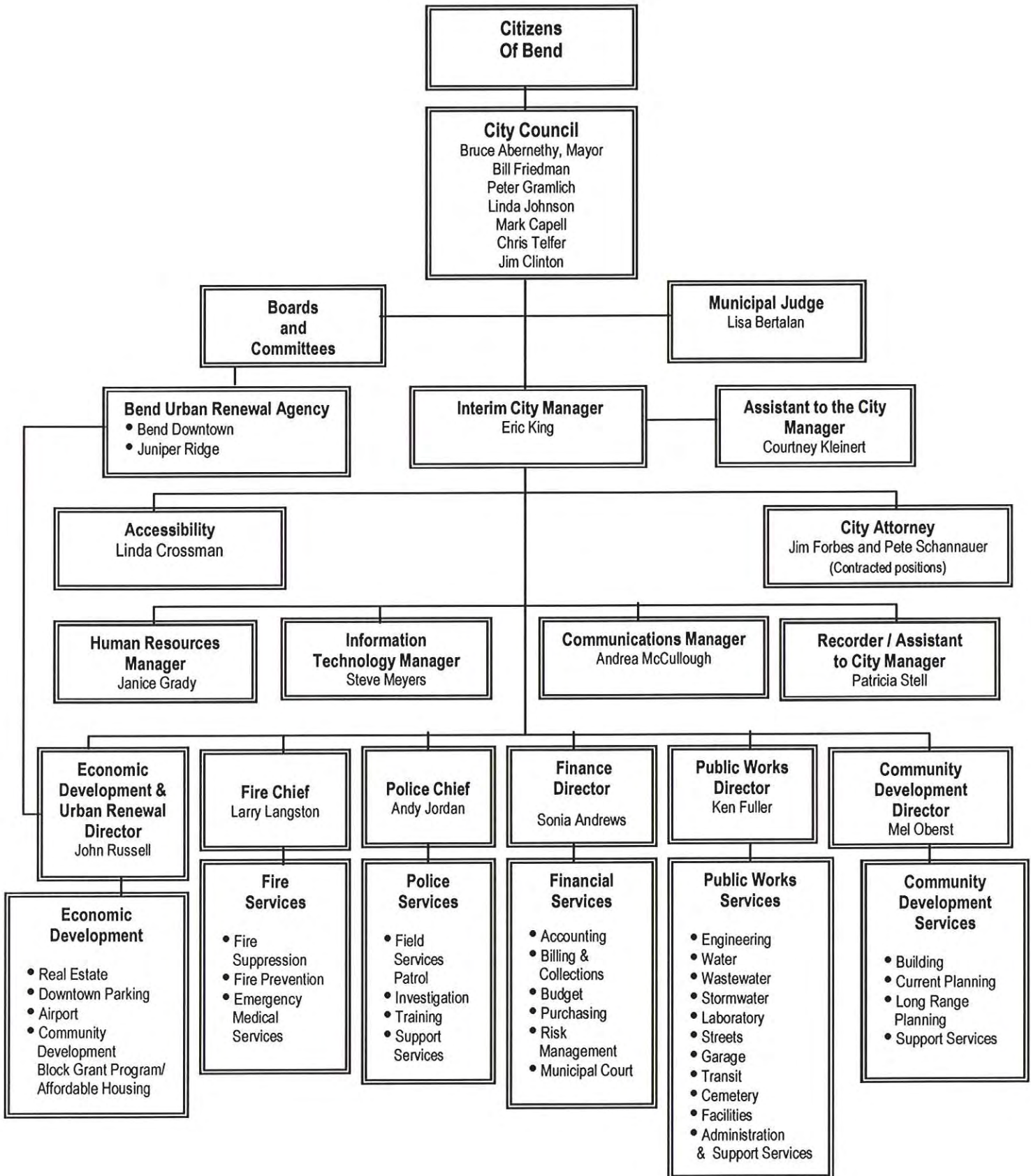
President

Executive Director

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# CITY OF BEND ORGANIZATION CHART



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**THE CITY OF BEND, OREGON**

**City Officials as of June 30, 2007**

***Mayor***

Bruce Abernethy

***Mayor Pro-Tem***

Linda S. Johnson

***Council Members***

Mark Capell  
Bill Friedman  
Chris Telfer

Jim Clinton  
Peter Gramlich

**Interim City Manager**

Eric King  
*As of November 26, 2007*

**Finance Director**

Sonia Andrews  
*As of June 30, 2007*

**Bend City Hall**  
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Bend, OR 97701



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**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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  - (503) 620-2632 • FAX (503) 684-7523

December 21, 2007

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

INDEPENDENT AUDITORS' REPORT

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, as of and for the year ended June 30, 2007, 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 an opinion on these financial statements based on our audit. The financial statements of the City of Bend as of June 30, 2006 were audited by other auditors whose report dated October 20, 2006, expressed an unqualified opinion on those statements.

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 basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 of Bend, Oregon, at June 30, 2007 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 reports dated December 21, 2007, on our consideration of City of Bend's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



The Management Discussion and Analysis, as listed on the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 major funds), as listed on the table of contents, 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 major 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 of Bend's basic financial statements. The introductory section, supplementary information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The supplementary information and Schedule of Expenditures of Federal Awards, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
PAULY, ROGERS AND CO., P.C.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2007

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, 2007. 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 \$849.5 million at June 30, 2007 consisting of \$757.7 million in capital assets, \$64.5 million in unrestricted cash and investments and \$27.3 million in deposits and other assets. Total assets increased by \$313.9 million due mainly to investments in capital assets.
- The City's liabilities totaled \$109.6 million at June 30, 2007 consisting of \$82.5 million in long-term debt and \$27.1 million in accounts payable and other liabilities. Total liabilities increased by \$2.9 million from the prior year.
- The assets of the City exceeded its liabilities by \$739.9 million at the close of fiscal year 2006-07. Unrestricted net assets totaled \$45.9 million with the remainder of the City's net assets invested in capital assets net of related debt (\$687.6 million) and restricted for debt service (\$6.4 million).
- For its governmental activities, the City generated \$21.8 million in charges for services and received \$27.2 million in grants and contributions. Direct expenses for governmental activities were \$63.6 million for the year, of which \$49.0 million was funded by charges for services and grants and contributions and the remaining \$14.6 million funded by general revenues.
- The City received general revenues of \$31.1 million for the year consisting of \$24.1 million in taxes, \$6.2 million in franchise fees and \$0.8 million in other revenues.
- Unreserved fund balance in the General Fund was \$8.7 million at June 30, 2007, a decrease of \$0.3 million from June 30, 2006.
- For its business-type activities, the City generated \$21.0 million in charges for services and received \$20.1 million in grants and contributions to fund direct expenses of \$23.6 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 general 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 (previously Sewer and/or Wastewater)
- Other – includes Cemetery, Downtown Parking and Stormwater operations

### 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 20 governmental funds. The governmental fund statements present five major funds separately: General Fund, Transportation Operations Fund, Fire/Emergency Medical Services Fund, Transportation System Development Charges Fund, and Building Fund (previously Community Development Fund). The other 15 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 fund.

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

Internal service funds are generally used to accumulate and allocate internally the costs of the City's central services. The City has established an internal service fund with the following divisions- garage, information technology, facility management, engineering, public works administration, 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.

Management's Discussion and Analysis, Continued

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

Analysis of Net Assets

The City's assets exceeded liabilities by \$739.9 million at June 30, 2007. A majority of the net assets (93%) 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>		
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Change</u>
Capital assets, net	\$ 552,796,450	\$ 274,956,982	\$ 277,839,468
Current and other assets	64,819,233	59,603,953	5,215,280
<b>Total assets</b>	<u>617,615,683</u>	<u>334,560,935</u>	<u>283,054,748</u>
Long-term debt	62,919,400	61,002,600	1,916,800
Other liabilities	11,870,029	12,424,212	(554,183)
<b>Total liabilities</b>	<u>74,789,429</u>	<u>73,426,812</u>	<u>1,362,617</u>
<b>Net assets</b>			
Invested in capital, net of related debt	501,420,430	228,481,410	272,939,020
Restricted	5,522,111	4,404,983	1,117,128
Unrestricted	35,883,713	28,247,730	7,635,983
<b>Total net assets</b>	<u>\$ 542,826,254</u>	<u>\$ 261,134,123</u>	<u>\$ 281,692,131</u>

	<b>Business-Type Activities</b>		
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Change</u>
Capital assets, net	\$ 204,906,920	\$ 174,914,180	\$ 29,992,740
Current and other assets	26,951,418	26,123,622	827,796
<b>Total assets</b>	<u>231,858,338</u>	<u>201,037,802</u>	<u>30,820,536</u>
Long-term debt	19,603,157	19,745,401	(142,244)
Other liabilities	15,165,810	13,529,848	1,635,962
<b>Total liabilities</b>	<u>34,768,967</u>	<u>33,275,249</u>	<u>1,493,718</u>
<b>Net assets</b>			
Invested in capital, net of related debt	186,217,787	155,014,091	31,203,696
Restricted	843,980	843,980	-
Unrestricted	10,027,604	11,904,482	(1,876,878)
<b>Total net assets</b>	<u>\$ 197,089,371</u>	<u>\$ 167,762,553</u>	<u>\$ 29,326,818</u>

	<b>Total City Net Assets</b>		
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Change</u>
Capital assets, net	\$ 757,703,370	\$ 449,871,162	\$ 307,832,208
Current and other assets	91,770,651	85,727,575	6,043,076
<b>Total assets</b>	<u>849,474,021</u>	<u>535,598,737</u>	<u>313,875,284</u>
Long-term debt	82,522,557	80,748,001	1,774,556
Other liabilities	27,035,839	25,954,060	1,081,779
<b>Total liabilities</b>	<u>109,558,396</u>	<u>106,702,061</u>	<u>2,856,335</u>
<b>Net assets</b>			
Invested in capital, net of related debt	687,638,217	383,495,501	304,142,716
Restricted	6,366,091	5,248,963	1,117,128
Unrestricted	45,911,317	40,152,212	5,759,105
<b>Total net assets</b>	<u>\$ 739,915,625</u>	<u>\$ 428,896,676</u>	<u>\$ 311,018,949</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 \$311.0 million from the prior year due mainly to an increase in the City's capital assets. Capital assets, net of depreciation, increased by \$307.8 million, as the City implemented the final provisions of GASB Statement No. 34 related to retroactive capitalization of general infrastructure assets. The City capitalized, net of depreciation, \$273.3 million in roadways, traffic signals, streetlights, and street signs as a result of the implementation.

Current and other assets increased by \$6.0 million mainly due to cash and investments which increased by \$5.2 million. There was also an increase in net receivables, as well as receivables due from other governments.

Long-term debt increased by \$1.8 million. The City reduced its debt by \$4.0 million through scheduled debt service. New debt issuances totaled \$5.8 million (\$4.95 million in full faith & credit obligations to finance the purchase of ambulances and expansion of the City's Police Building, and \$867,335 in notes payable to the Oregon Economic and Community Development Department for infrastructure improvements at the eastside of the airport).

Analysis of Changes in Net Assets

	<b>Governmental Activities</b>		
	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 21,791,517	\$ 20,438,274	\$ 1,353,243
Operating grants and contributions	10,218,939	8,965,519	1,253,420
Capital grants and contributions	17,014,387	22,513,457	(5,499,070)
General revenues:			
Taxes	24,054,491	21,670,435	2,384,056
Franchise fees	5,644,656	5,018,472	626,184
Investment earnings	2,245,203	1,798,724	446,479
Other revenues	1,028,967	687,636	341,331
Total revenues	<u>81,998,160</u>	<u>81,092,517</u>	<u>905,643</u>
<b>Expenses</b>			
General government	14,009,582	12,176,814	1,832,768
Public safety	24,177,889	22,447,070	1,730,819
Public ways and facilities	11,679,361	9,030,077	2,649,284
Community and economic development	8,672,655	7,854,119	818,536
Urban renewal	301,991	639,726	(337,735)
Transit	1,854,022	1,513,048	340,974
Interest on long-term debt	2,936,553	2,864,400	72,153
Total expenses	<u>63,632,053</u>	<u>56,525,254</u>	<u>7,106,799</u>
Revenues over expenses	18,366,107	24,567,263	(6,201,156)
Transfers	(9,980,340)	965,660	(10,946,000)
Increase in net assets	<u>8,385,767</u>	<u>25,532,923</u>	<u>(17,147,156)</u>
Net assets, beginning, as previously reported	261,134,123	235,601,200	25,532,923
Prior period adjustment (see Note 14)	273,306,364	-	273,306,364
Net assets, beginning, as restated	<u>534,440,487</u>	<u>-</u>	<u>298,839,287</u>
Net assets, ending	<u>\$ 542,826,254</u>	<u>\$ 261,134,123</u>	<u>\$ 281,692,131</u>

Total revenues from governmental activities increased by \$905,643 over the prior year. Charges for services increased by \$1.4 million mostly as a result of increases in fines and forfeits, ambulance charges, and full implementation of the business license program. Capital grants and contributions decreased by \$5.5 million (13.5%) from the prior year mainly due to prior year recognition of \$3.6 million related to the Newport Bridge grant and increased developer contributed transportation infrastructure. Taxes increased by \$2.4 million due to new construction and increases in assessed values.

Expenses increased by \$7.1 million mainly due to increases in personnel costs and depreciation expense.

Management's Discussion and Analysis, Continued

	<b>Business-Type Activities</b>		
	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 20,975,307	\$ 20,099,504	\$ 875,803
Capital grants and contributions	20,147,424	17,866,544	2,280,880
General revenues:			
Franchise fees	555,748	175,420	380,328
Investment earnings	1,243,644	810,506	433,138
Total revenues	<u>42,922,123</u>	<u>38,951,974</u>	<u>3,970,149</u>
<b>Expenses</b>			
Airport	689,563	675,344	14,219
Water	11,518,930	8,959,466	2,559,464
Wastewater	10,250,359	8,379,833	1,870,526
Other business activities	1,116,793	846,969	269,824
Total expenses	<u>23,575,645</u>	<u>18,861,612</u>	<u>4,714,033</u>
Revenues over expenses	19,346,478	20,090,362	(743,884)
Transfers	9,980,340	(965,660)	10,946,000
Increase in net assets	29,326,818	19,124,702	10,202,116
Net assets, beginning	167,762,553	148,637,851	19,124,702
Net assets, ending	<u>\$ 197,089,371</u>	<u>\$ 167,762,553</u>	<u>\$ 29,326,818</u>

Total revenues from business-type activities increased by \$4.0 million over the prior year. Capital grants and contributions increased by \$2.3 million as infrastructure contributed by developers was greater in the current year compared to the prior year.

	<b>Total City Net Assets</b>		
	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 42,766,824	\$ 40,537,778	\$ 2,229,046
Operating grants and contributions	10,218,939	8,965,519	1,253,420
Capital grants and contributions	37,161,811	40,380,001	(3,218,190)
General revenues:			
Taxes	24,054,491	21,670,435	2,384,056
Franchise fees	6,200,404	5,193,892	1,006,512
Investment earnings	3,488,847	2,609,230	879,617
Other revenues (loss)	1,028,967	687,636	341,331
Total revenues	<u>124,920,283</u>	<u>120,044,491</u>	<u>4,875,792</u>
<b>Expenses</b>			
General government	14,009,582	12,176,814	1,832,768
Public safety	24,177,889	22,447,070	1,730,819
Public ways and facilities	11,679,361	9,030,077	2,649,284
Community and economic development	8,672,655	7,854,119	818,536
Urban renewal	301,991	639,726	(337,735)
Transit	1,854,022	1,513,048	340,974
Interest on long-term debt	2,936,553	2,864,400	72,153
Airport	689,563	675,344	14,219
Water	11,518,930	8,959,466	2,559,464
Water Reclamation	10,250,359	8,379,833	1,870,526
Other business activities	1,116,793	846,969	269,824
Total expenses	<u>87,207,698</u>	<u>75,386,866</u>	<u>11,820,832</u>
Change in net assets	<u>37,712,585</u>	<u>44,657,625</u>	<u>(6,945,040)</u>
Net assets, beginning, as previously reported	428,896,676	384,239,051	44,657,625
Prior period adjustment (see Note 14)	273,306,364	-	273,306,364
Net assets, beginning, as restated	<u>702,203,040</u>	<u>-</u>	<u>317,963,989</u>
Net assets, ending	<u>\$ 739,915,625</u>	<u>\$ 428,896,676</u>	<u>\$ 311,018,949</u>

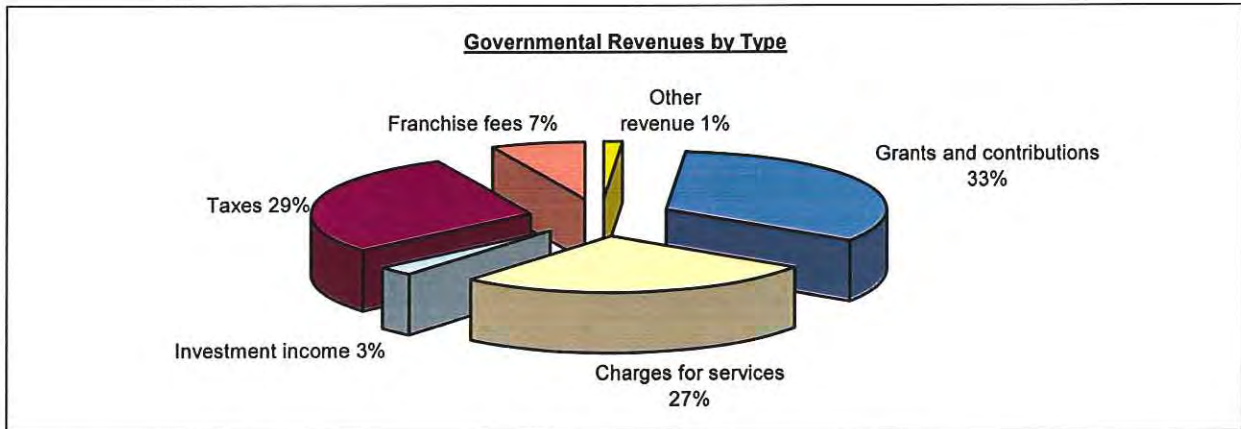


Management's Discussion and Analysis, Continued

Overall net assets increased by \$311.0 million with governmental activities accounting for 91% of the total growth and business-type activities accounting for 9%. The growth in net assets is explained below as well as significant changes in revenues and expenses from the previous year.

**Governmental Activities**

As mentioned above, the retroactive capitalization of governmental infrastructure increased the City's net assets by \$273.3 million. Other governmental activities increased the City's net assets by \$8.4 million with revenues totaling \$82.0 million and expenses totaling \$73.6 million. Revenues consisted primarily of taxes of \$24.1 million, charges for services of \$21.8 million and operating and capital grants and contributions of \$27.2 million.



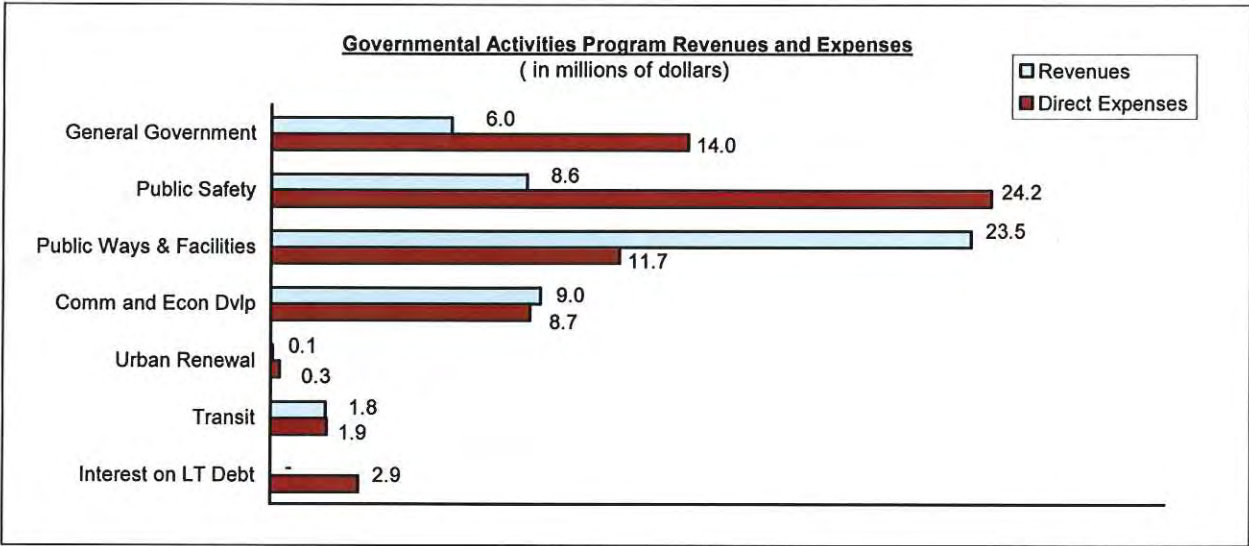
Taxes increased by \$2.4 million (11%) from the prior year with new construction and growth in property tax assessed values accounting for that increase. Charges for services increased by \$1.4 million (7%) from the prior year due to growth in several areas. Fines and forfeits, ambulance charges, and licenses and permits all saw modest growth from the prior year. The City also raised some of its planning fees in the current year. Capital grants and contributions decreased by \$4.2 million (14%) from the prior year mainly due to prior year recognition of \$3.6 million related to the Newport Bridge grant.

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.



Management's Discussion and Analysis, Continued

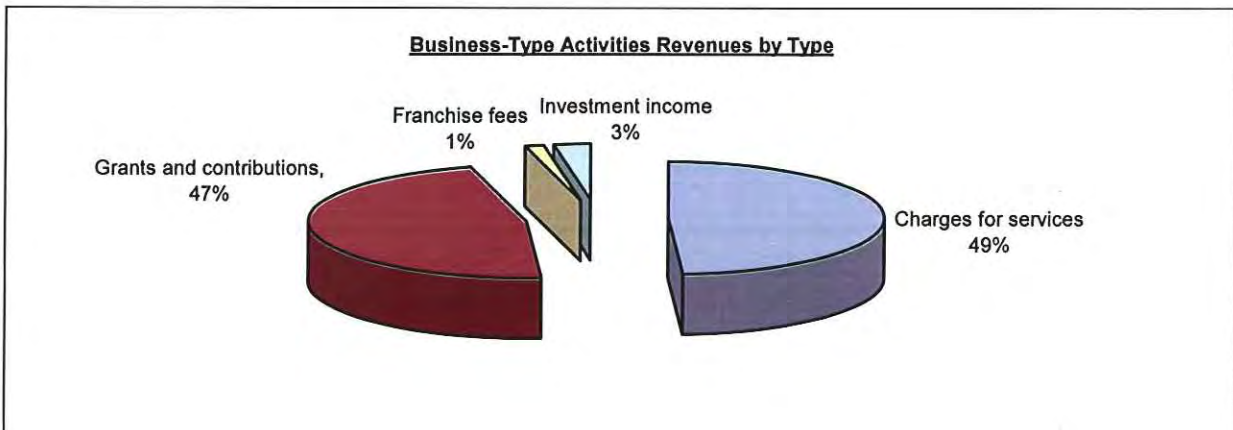


Program revenues generated by public ways and facilities include system development charges of \$5.6 million and developer donated transportation infrastructure of \$9.4 million. Expenses for public ways and facilities increased by \$2.7 million (30%) because of construction of the Newport Bridge and other transportation facilities.

Public safety expenses increased by \$1.7 million (8%) due to an increase of 12 authorized full time equivalents (FTEs). Transit expenses increased by \$0.3 million (23%) with the implementation of fixed route service.

**Business-Type Activities**

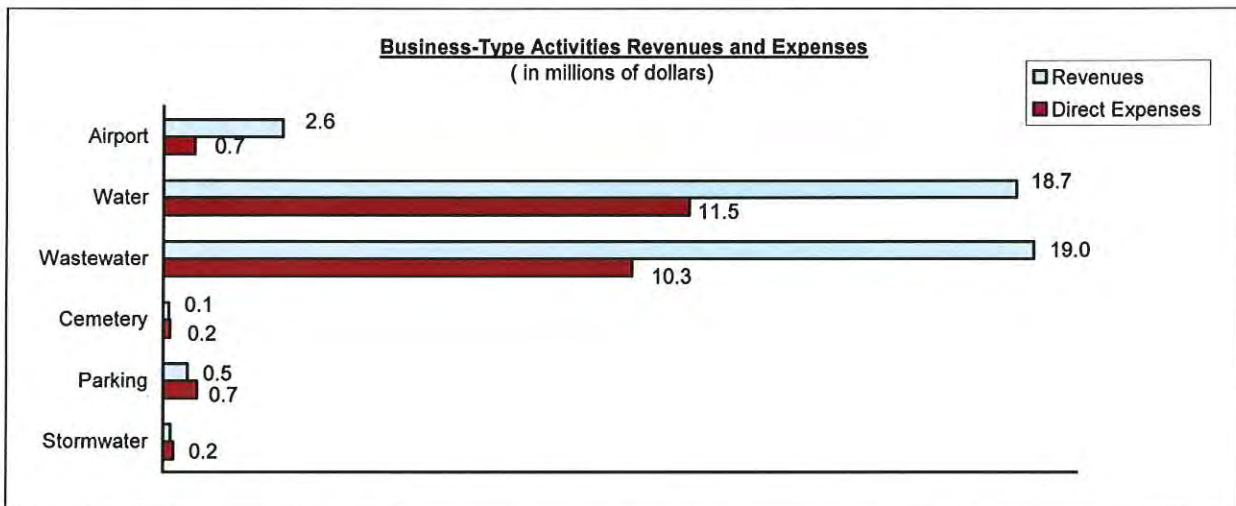
Business-type activities increased the City's net assets by \$29.3 million with revenues totaling \$42.9 million and expenses totaling \$23.6 million. Revenues consisted primarily of charges for services of \$21.0 million and capital grants and contributions of \$20.1 million.



Charges for services comprised mainly of water and water reclamation service charges which increased by \$0.8 million (4%) due to growth in customer base combined with a 5% increase in water rates and a 6% increase in water reclamation rates. Capital grants and contributions which totaled \$20.1 million consisted primarily of water and water reclamation system development charges of \$4.6 million and developer donated infrastructure of \$13.0 million. Capital grants and contributions increased by \$2.3 million (13%) due to developer constructed water and water reclamation infrastructure increases of \$3.0 million from the previous year.

## Management's Discussion and Analysis, Continued

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 and system development charges are recognized as contribution revenues. 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. Stormwater start-up operations are currently funded by general revenues of the City. A stormwater fee was enacted in FY2007-08 to support the City's stormwater operations.

Expenses for the Water and Water Reclamation funds increased due to the write-down of the Juniper Utility asset held in both funds. Business-type program expenses also increased due to increases in personnel costs and various operating expenses as the City's customer base grows.

## 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 \$28.8 million, an increase of \$.8 million (3%) from the prior year's fund balances of \$28.0 million.

Of the combined ending fund balance of \$28.8 million, \$5.5 million was reserved to fund debt service and \$23.3 million was unreserved and available for spending by the City within the purposes specified for the City's funds.

The General Fund is the primary operating fund of the City. At the end of the fiscal year, the unreserved fund balance of the General Fund was \$8.7 million, down \$0.3 million (3%) from the previous year. Unreserved fund balance represents 56% of total General Fund expenditures.

Other major governmental funds include the Transportation Operations Fund, Fire/Emergency Medical Services (EMS) Fund, Transportation System Development Charges (SDC) Fund, and the Building Fund.



## Management's Discussion and Analysis, Continued

Fund balance decreased by \$34,593 in the Transportation SDC Fund due mainly to capital outlay expenditures exceeding current year revenues and other financing sources as planned. Fund balance also decreased in the Building Fund by \$1,335,244 as the slowdown in building activity resulted in lower than anticipated revenues. Fund balance increased by \$2,353,523 in the Fire/EMS Fund due to unspent debt proceeds and \$456,432 in the Transportation Operations Fund due to efficiencies and containment of expenditures.

### 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 \$3.6 million and \$5.7 million respectively. The growth in net assets of the Water Fund and the Water Reclamation Fund was \$5.6 million and \$7.0 million respectively, a slower rate of increase than was seen in the previous year. System development charges generated \$2.3 million and developer contributed infrastructure recognized as contribution revenue totaled \$5.7 million in the Water Fund. In the Water Reclamation Fund, system development charges generated \$2.5 million and developer contributed infrastructure totaled \$7.5 million. System development charges in both funds decreased from last year while contributed infrastructure increased, most notably in the Water Fund.

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**

Differences between the original budget and the final amended budget of the General Fund netted to \$0 change in appropriations. Contingency decreased by \$1,191,000 to support additional nondepartmental expenditures and municipal court. Nondepartmental appropriations increased by \$1,141,000 to fund short-term loans to other funds, matching funds for the Connect Oregon grant, and additional general government expenditures. Municipal Court appropriations increased by \$50,000 to fund an increase in staffing.

Actual franchise fee revenues were \$632,000 greater than budget due to higher than anticipated telecommunications related revenues. During FY06-07 the Police Department spent \$869,000 less than budgeted mainly due to unspent personnel costs as a result of difficulties in recruiting qualified officers.

### **CAPITAL ASSETS**

The City implemented the final provisions of GASB Statement No. 34, related to retroactive capitalization general infrastructure assets. During the transition period, only prospective reporting of general infrastructure assets were included in net assets. Prior year governmental capital assets have been restated to include a net of \$273.3 million in roadways, traffic signals, streetlights, and street signs as a result of implementation.

As of June 30, 2007 the City had invested \$757.7 million in capital assets, net of depreciation as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$307.8 million. Governmental capital assets totaled \$552.8 million while business-type capital assets totaled \$204.9 million.

	Governmental Activities		
	June 30, 2007	June 30, 2006	Change
Land including right-of-way	\$ 151,512,779	\$ 150,686,209	\$ 826,570
Artwork	695,615	695,615	-
Building and building improvements	22,040,020	37,182,571	(15,142,551)
Infrastructure	349,742,253	71,569,694	278,172,559
Vehicles and equipment	7,301,029	6,776,585	524,444
Construction in progress	21,504,754	8,046,308	13,458,446
	<u>\$ 552,796,450</u>	<u>\$ 274,956,982</u>	<u>\$ 277,839,468</u>



Management's Discussion and Analysis, Continued

	<b>Business-Type Activities</b>		
	<b>June 30, 2007</b>	<b>June 30, 2006</b>	<b>Change</b>
Land including right-of-way	\$ 5,190,609	\$ 5,190,609	\$ -
Building and building improvements	18,841,901	4,759,615	14,082,286
Infrastructure	163,063,175	155,279,677	7,783,498
Vehicles and equipment	1,765,911	1,844,661	(78,750)
Construction in progress	16,045,324	7,839,618	8,205,706
	<u>\$ 204,906,920</u>	<u>\$ 174,914,180</u>	<u>\$ 29,992,740</u>
	<b>Total</b>		
	<b>June 30, 2007</b>	<b>June 30, 2006</b>	<b>Change</b>
Land including right-of-way	\$ 156,703,388	\$ 155,876,818	\$ 826,570
Artwork	695,615	695,615	-
Building and building improvements	40,881,921	41,942,186	(1,060,265)
Infrastructure	512,805,428	226,849,371	285,956,057
Vehicles and equipment	9,066,940	8,621,246	445,694
Construction in progress	37,550,078	15,885,926	21,664,152
	<u>\$ 757,703,370</u>	<u>\$ 449,871,162</u>	<u>\$ 307,832,208</u>

Major construction projects affecting capital assets for fiscal year 2006-07 are as follows:

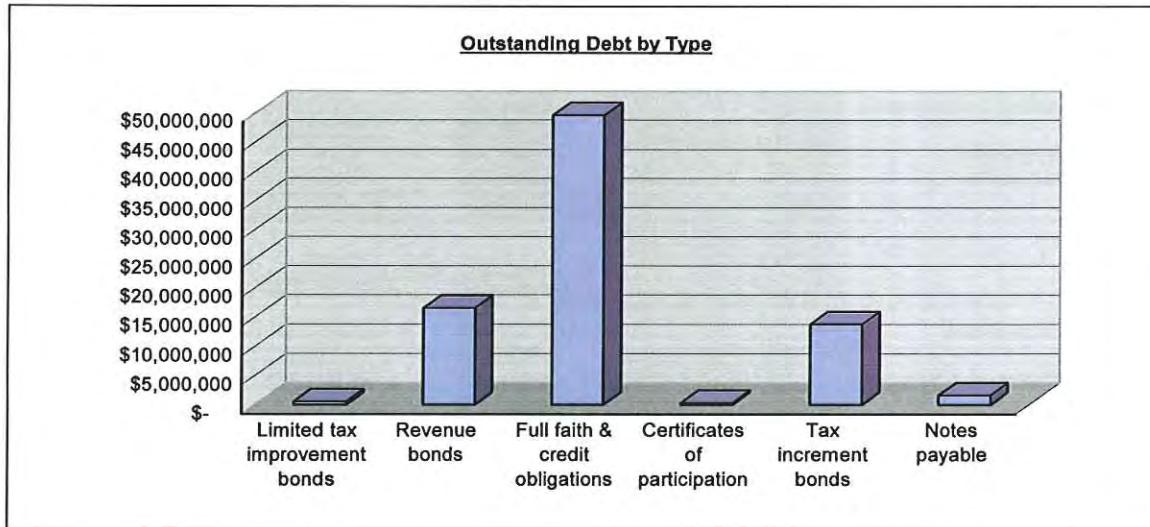
- Street Construction - Construction of various street improvements added \$8.7 million to capital assets. Major projects in various stages included improvements to the 15<sup>th</sup> and Reed Market and Boyd Acres and Empire intersections, widening of 27<sup>th</sup> Street, and the Newport and Mt Washington Bridges. Developer constructed infrastructure totaled \$9.3 million.
- Airport Improvements – The City spent approximately \$2.3 million on the runway relocation project at the airport during fiscal year 2006-07. This project was funded primarily by grants.
- Water Improvements - Improvements to the City's water system added \$4.2 million to capital assets. Major projects included the 15th Street transmission mains and Outback well #6. Developer constructed infrastructure contributed to the City totaled \$5.7 million in the current year. The City also wrote down the value of the Juniper Utility asset in the Water Fund by a net of \$2.2 million to the value set by the court of \$3.2 million, net of depreciation.
- Water Reclamation Improvements - Improvements to the water reclamation system added \$3.6 million to capital assets. Developer constructed infrastructure totaled \$7.5 million. Major projects undertaken by the City included equipment for the Solids Handling building, and preliminary design and engineering for expansion of the Headworks facility. The City also wrote down the value of the Juniper Utility asset in the Water Reclamation Fund by a net of \$1.5 million to the value set by the court of \$2.3 million, net of depreciation.

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 \$82.5 million in long-term debt outstanding compared to \$80.7 million in the previous year. During fiscal year 2006-07, the City issued \$4.95 million in full faith and credit obligations to finance the purchase of ambulances and fire engines, as well as expansion of the City's Police Building. In addition, a promissory note was signed with the State of Oregon Economic and Community Development Department (OECD) for \$0.8 million related to airport infrastructure. 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, 2007</u>	<u>June 30, 2006</u>	<u>Change</u>
Limited tax improvement bonds	\$ 552,000	\$ 904,000	\$ (352,000)
Full faith & credit obligations	48,242,400	44,608,600	3,633,800
Certificates of participation	325,000	625,000	(300,000)
Tax increment bonds	13,800,000	14,865,000	(1,065,000)
	<u>\$ 62,919,400</u>	<u>\$ 61,002,600</u>	<u>\$ 1,916,800</u>
	<b>Business-Type Activities</b>		
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Change</u>
Revenue bonds	\$ 16,580,000	\$ 17,475,000	\$ (895,000)
Full faith & credit obligations	1,382,600	1,461,400	(78,800)
Notes payable	1,640,557	809,001	831,556
	<u>\$ 19,603,157</u>	<u>\$ 19,745,401</u>	<u>\$ (142,244)</u>
	<b>Total</b>		
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Change</u>
Limited tax improvement bonds	\$ 552,000	\$ 904,000	\$ (352,000)
Revenue bonds	16,580,000	17,475,000	(895,000)
Full faith & credit obligations	49,625,000	46,070,000	3,555,000
Certificates of participation	325,000	625,000	(300,000)
Tax increment bonds	13,800,000	14,865,000	(1,065,000)
Notes payable	1,640,557	809,001	831,556
	<u>\$ 82,522,557</u>	<u>\$ 80,748,001</u>	<u>\$ 1,774,556</u>

The City has \$49.6 million of full faith & credit obligations outstanding for airport improvements (\$1.2 million), land acquired (\$4.8 million), street improvements (\$14.5 million), fire and police stations (\$14.4 million), equipment (\$1.0 million) and pension obligation (\$13.7 million). The airport improvement bonds are repaid from 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.

Revenue bonds outstanding total \$16.6 million and are for water infrastructure (\$3.2 million) and sewer infrastructure (\$13.4 million). These bonds are repaid from water and water reclamation service charges and system development charges.



## Management's Discussion and Analysis, Continued

The City has \$552,000 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 \$13.8 million in urban renewal tax increment bonds outstanding that are repaid from tax increment revenues generated from the City's urban renewal district. The remainder of the City's debt, totaling \$2.0 million consists of certificates of participation and notes payable issued for various equipment and 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 2006-07 value, the City's debt limitation is \$386,014,054. The City is well within its debt limitation with an amount of outstanding debt subject to this limitation of \$48,656,156.

The City's 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 10 of the basic financial statements for further detailed information on long-term debt.

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

The City of Bend continued to experience strong growth in population and construction activity during fiscal year 2006-07. The population of the City of Bend as of July 1, 2006, was 75,290, which is 49% of Deschutes County's population of 152,615. Between July 1, 2002 and July 1, 2006, the non-annexation population increase was 30%. With the growth in population, the City experienced significant building activity in both residential and commercial developments. The United States Census Bureau recently ranked Bend as the 4<sup>th</sup> fastest growing Metropolitan Statistical Area in the nation.

The City is dependent on property taxes, charges for services and grants and contributions to support its operations. Property taxes make up approximately 10% 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 and are anticipated to continue doing so.

With the growth in Bend, demands for City services continue to increase. With rising personnel and insurance costs, 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, economic development and providing water and water reclamation services to its citizens.

Highlights for the first year (FY2007-08) of the 2007-2009 Biennial Budget are as follows:

1. Resources total \$274.1 million (revenues of \$232.6 million and working capital carryover of \$41.5 million) and appropriations total \$274.1 million (includes reserves and contingency). There is no unappropriated ending fund balance, included in the FY2007-08 budget.
2. Property and transient room taxes are anticipated to be \$26.1 million, franchise fees expected to be \$5.9 million and revenues from license and permits and charges for services are anticipated to total \$44.2 million. Intergovernmental revenues are expected to generate \$16.8 million and system development charges are expected to total \$14.5 million.
3. Debt issuance included in the fiscal year 2007-08 budget totals \$44.3 million to finance infrastructure projects for transportation, water, water reclamation, and Juniper Ridge, as well as equipment and vehicles for the fire, street and stormwater departments.



## Management's Discussion and Analysis, Continued

4. The capital outlay budget is \$69.6 million which includes \$16.0 million budgeted for transportation projects, \$5.9 million for Juniper Ridge infrastructure, \$10.8 million for water system improvements, \$12.6 million for water reclamation system improvements, \$4.4 million for airport improvements, \$1.2 million for accessibility improvements, \$9.8 million for various facility improvements and the remainder for vehicles and equipment.

### **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, 2007

	<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	\$ 44,131,519	\$ 20,408,220	\$ 64,539,739
Receivables, net	4,258,966	2,428,912	6,687,878
Internal balances	(200,000)	200,000	-
Due from other governments	1,547,774	1,826,242	3,374,016
Restricted cash and investments	1,471,008	897,313	2,368,321
Other assets	87,411	33,694	121,105
Prepaid pension obligation	11,438,559	-	11,438,559
Assessments receivable	642,868	-	642,868
Loans and notes receivable	765,910	243,013	1,008,923
Bond issue costs, net	675,218	914,024	1,589,242
Non-depreciable capital assets	173,713,148	21,235,933	194,949,081
Depreciable capital assets, net	379,083,302	183,670,987	562,754,289
<b>Total Assets</b>	<b>617,615,683</b>	<b>231,858,338</b>	<b>849,474,021</b>
<b><u>Liabilities</u></b>			
Accounts payable	2,595,336	2,901,141	5,496,477
Note payable	1,300,000	1,000,000	2,300,000
Accrued liabilities	4,159,253	10,568,596	14,727,849
Due to developers	1,536,483	346,284	1,882,767
Deposits	2,278,957	349,789	2,628,746
Long-term debt			
Portion due or payable within one year	3,259,800	1,067,781	4,327,581
Portion due or payable after one year	59,659,600	18,535,376	78,194,976
<b>Total Liabilities</b>	<b>74,789,429</b>	<b>34,768,967</b>	<b>109,558,396</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	501,420,430	186,217,787	687,638,217
Restricted for:			
Debt service	5,522,111	843,980	6,366,091
Unrestricted	35,883,713	10,027,604	45,911,317
<b>Total Net Assets</b>	<b>\$ 542,826,254</b>	<b>\$ 197,089,371</b>	<b>\$ 739,915,625</b>

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

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

For the fiscal year ended June 30, 2007

Functions/ Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Direct Expenses	Charges	Operating	Capital	Governmental Activities	Business-	Total
		for Services	Grants and Contributions	Grants and Contributions		Type Activities	
<b>Governmental Activities:</b>							
General government	\$ 14,009,582	\$ 5,874,958	\$ 103,883	\$ 59,898	\$ (7,970,843)	\$ -	\$ (7,970,843)
Public safety	24,177,889	4,303,320	4,262,840	-	(15,611,729)	-	(15,611,729)
Public ways and facilities	11,679,361	3,164,573	3,395,011	16,954,489	11,834,712	-	11,834,712
Community and economic development	8,672,655	8,176,421	845,489	-	349,255	-	349,255
Urban renewal	301,991	64,025	-	-	(237,966)	-	(237,966)
Transit	1,854,022	208,220	1,611,716	-	(34,086)	-	(34,086)
Interest on long-term debt	2,936,553	-	-	-	(2,936,553)	-	(2,936,553)
<b>Total Governmental Activities</b>	<b>63,632,053</b>	<b>21,791,517</b>	<b>10,218,939</b>	<b>17,014,387</b>	<b>(14,607,210)</b>	<b>-</b>	<b>(14,607,210)</b>
<b>Business-Type Activities:</b>							
Airport	689,563	701,637	-	1,910,144	-	1,922,218	1,922,218
Water	11,518,930	10,675,993	-	7,989,588	-	7,146,651	7,146,651
Wastewater	10,250,359	9,099,445	-	9,943,692	-	8,792,778	8,792,778
Other business activities	1,116,793	498,232	-	304,000	-	(314,561)	(314,561)
<b>Total Business-Type Activities</b>	<b>23,575,645</b>	<b>20,975,307</b>	<b>-</b>	<b>20,147,424</b>	<b>-</b>	<b>17,547,086</b>	<b>17,547,086</b>
<b>Total Activities</b>	<b>\$ 87,207,698</b>	<b>\$ 42,766,824</b>	<b>\$ 10,218,939</b>	<b>\$ 37,161,811</b>	<b>(14,607,210)</b>	<b>17,547,086</b>	<b>2,939,876</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes					18,386,825	-	18,386,825
Property taxes, levied for debt service					2,364,924	-	2,364,924
Transient room taxes					3,302,742	-	3,302,742
Franchise fees					5,644,656	555,748	6,200,404
Unrestricted investment income					2,245,203	1,243,644	3,488,847
Gain on sale of capital assets					1,028,967	-	1,028,967
Transfers					(9,980,340)	9,980,340	-
<b>Total General Revenues and Transfers</b>					<b>22,992,977</b>	<b>11,779,732</b>	<b>34,772,709</b>
<b>Change in Net Assets</b>					<b>8,385,767</b>	<b>29,326,818</b>	<b>37,712,585</b>
Net Assets, July 1, 2006, as previously reported					261,134,123	167,762,553	428,896,676
Restatement (see Note 1)					273,306,364	-	273,306,364
Net Assets, July 1, 2006, as restated					534,440,487	167,762,553	702,203,040
<b>Net Assets, June 30, 2007</b>					<b>\$ 542,826,254</b>	<b>\$ 197,089,371</b>	<b>\$ 739,915,625</b>

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

City of Bend, Oregon  
**Balance Sheet**  
 Governmental Funds  
 June 30, 2007

	General	Transportation Operations	Fire / Emergency Medical Services	Transportation System Development Charges	Building	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Pooled cash and investments	\$ 7,151,265	\$ 1,795,503	\$ 2,862,443	\$ 8,914,758	\$ 3,621,455	\$ 6,353,030	\$ 30,698,454
Restricted cash and investments	-	-	-	-	3,327	1,431,918	1,435,245
Receivables:							
Property taxes	923,808	-	-	-	-	125,545	1,049,353
Accounts, net	1,868,092	47,657	666,793	11,944	1,094	123,696	2,719,276
Assessments	-	-	-	27,112	-	700,756	727,868
Loans and notes, net	100,000	-	-	15,560	-	650,350	765,910
Interest	415,681	-	-	-	-	-	415,681
Due from other governments	382,180	283,409	-	-	-	822,287	1,487,876
Due from other funds	510,000	-	-	-	-	-	510,000
<b>Total Assets</b>	<b>\$ 11,351,026</b>	<b>\$ 2,126,569</b>	<b>\$ 3,529,236</b>	<b>\$ 8,969,374</b>	<b>\$ 3,625,876</b>	<b>\$ 10,207,582</b>	<b>\$ 39,809,663</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 177,855	\$ 493,775	\$ 177,706	\$ 452,243	\$ 20,891	\$ 592,253	\$ 1,914,723
Salaries and benefits payable	150,349	26,943	129,740	-	52,315	34,992	394,339
Retainage payable	-	3,209	-	132,722	-	2,792	138,723
Notes payable	-	-	-	-	-	1,300,000	1,300,000
Due to developers	-	-	-	1,536,483	-	-	1,536,483
Other accrued liabilities	824,389	-	-	-	-	-	824,389
Deposits	-	-	-	182,625	76,055	618,742	877,422
Deferred revenues	1,476,245	6,830	433,643	30,020	-	1,401,500	3,348,238
Due to other funds	-	-	-	-	-	710,000	710,000
<b>Total Liabilities</b>	<b>2,628,838</b>	<b>530,757</b>	<b>741,089</b>	<b>2,334,093</b>	<b>149,261</b>	<b>4,660,279</b>	<b>11,044,317</b>
Fund Balances (Deficit):							
Reserved for:							
Debt service	-	-	-	-	-	5,522,111	5,522,111
Unreserved	8,722,188	-	-	-	-	-	8,722,188
Unreserved reported in:							
Special revenue funds	-	1,595,812	2,788,147	6,635,281	3,476,615	1,337,468	15,833,323
Capital projects funds	-	-	-	-	-	(1,312,276)	(1,312,276)
<b>Total Fund Balances</b>	<b>8,722,188</b>	<b>1,595,812</b>	<b>2,788,147</b>	<b>6,635,281</b>	<b>3,476,615</b>	<b>5,547,303</b>	<b>28,765,346</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,351,026</b>	<b>\$ 2,126,569</b>	<b>\$ 3,529,236</b>	<b>\$ 8,969,374</b>	<b>\$ 3,625,876</b>	<b>\$ 10,207,582</b>	<b>\$ 39,809,663</b>

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

City of Bend, Oregon

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

June 30, 2007

<b>Total Fund Balances</b>		\$ 28,765,346
Interest income is reported in governmental funds when received but is accrued in the Statement of Net Assets when earned.		59,050
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	664,360,315	
Accumulated depreciation	<u>(130,976,380)</u>	533,383,935
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.		582,662
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.		11,474,322
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		(319,134)
Accrued compensated absences		(1,741,716)
Long-term debt		(49,022,400)
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.		721,105
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.		1,217,122
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.		1,410,011
Allowance for uncollectible assessments not recorded in governmental funds are recorded as a reduction in the loan receivable in the Statement of Net Assets.		(85,000)
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>16,380,951</u>
<b>Total Net Assets</b>		<u>\$ 542,826,254</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**

Governmental Funds

For the fiscal year ended June 30, 2007

	Fire / Transportation						Total Governmental Funds
	General	Transportation Operations	Emergency Medical Services	System Development Charges	Building	Nonmajor Governmental Funds	
<b>Revenues</b>							
Taxes	\$ 20,432,230	\$ -	\$ -	\$ -	\$ -	\$ 3,423,592	\$ 23,855,822
Franchise fees	5,061,463	477,951	-	105,242	-	-	5,644,656
Intergovernmental	1,756,704	3,881,691	2,287,172	1,081,174	-	2,638,175	11,644,916
Assessments	-	-	-	-	-	332,267	332,267
License and permits	278,286	184,305	-	-	3,642,582	-	4,105,173
Charges for services	257,296	156,400	2,327,919	-	164,053	5,502,394	8,408,062
System development charges	-	-	-	5,616,371	-	-	5,616,371
Contributions	-	-	-	451,225	-	-	451,225
Fines and forfeitures	1,119,302	-	-	-	-	-	1,119,302
Loan repayments	-	-	-	-	-	22,960	22,960
Investment income	479,959	56,525	80,651	497,947	236,592	370,825	1,722,499
Miscellaneous	9,033	10,917	5,325	50,197	11,584	80,201	167,257
<b>Total Revenues</b>	<b>29,394,273</b>	<b>4,767,789</b>	<b>4,701,067</b>	<b>7,802,156</b>	<b>4,054,811</b>	<b>12,370,414</b>	<b>63,090,510</b>
<b>Expenditures</b>							
Current operating:							
General government	481,169	-	-	-	-	-	481,169
Public safety	14,550,933	-	11,875,376	-	-	3,800	26,430,109
Public ways and facilities	-	4,717,232	-	501,001	-	172,276	5,390,509
Community and economic development	-	-	-	-	5,370,609	5,839,064	11,209,673
Urban renewal	-	-	-	-	-	510,536	510,536
Transit	-	-	-	-	-	2,699,843	2,699,843
Debt service:							
Principal	-	249,200	381,200	689,800	-	1,532,000	2,852,200
Interest	-	13,822	65,845	634,078	-	1,596,116	2,309,861
Capital outlay	474,729	1,714,453	228,020	7,013,361	125,171	2,672,036	12,227,770
<b>Total Expenditures</b>	<b>15,506,831</b>	<b>6,694,707</b>	<b>12,550,441</b>	<b>8,838,240</b>	<b>5,495,780</b>	<b>15,025,671</b>	<b>64,111,670</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>13,887,442</b>	<b>(1,926,918)</b>	<b>(7,849,374)</b>	<b>(1,036,084)</b>	<b>(1,440,969)</b>	<b>(2,655,257)</b>	<b>(1,021,160)</b>
<b>Other Financing Sources (Uses)</b>							
Proceeds from sale of assets	245,965	3,350	1,800	188,834	2,525	586,493	1,028,967
Issuance of long-term debt	-	-	1,775,000	-	-	-	1,775,000
Premium on debt issuance	-	-	36,297	-	-	-	36,297
Transfers in	-	2,530,000	8,393,700	812,657	140,000	1,950,825	13,827,182
Transfers out	(14,423,700)	(150,000)	(3,900)	-	(36,800)	(250,000)	(14,864,400)
<b>Total Other Financing Sources (Uses)</b>	<b>(14,177,735)</b>	<b>2,383,350</b>	<b>10,202,897</b>	<b>1,001,491</b>	<b>105,725</b>	<b>2,287,318</b>	<b>1,803,046</b>
Net change in fund balances	(290,293)	456,432	2,353,523	(34,593)	(1,335,244)	(367,939)	781,886
<b>Fund Balance, July 1, 2006</b>	<b>9,012,481</b>	<b>1,139,380</b>	<b>434,624</b>	<b>6,669,874</b>	<b>4,811,859</b>	<b>5,915,242</b>	<b>27,983,460</b>
<b>Fund Balance, June 30, 2007</b>	<b>\$ 8,722,188</b>	<b>\$ 1,595,812</b>	<b>\$ 2,788,147</b>	<b>\$ 6,635,281</b>	<b>\$ 3,476,615</b>	<b>\$ 5,547,303</b>	<b>\$ 28,765,346</b>

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

City of Bend, Oregon

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

For the fiscal year ended June 30, 2007

**Net Change in Fund Balances** \$ 781,886

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	12,227,770	
Depreciation	<u>(6,398,429)</u>	5,829,341

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. 9,363,742

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. (137,499)

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. (14,930,922)

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). 506,991

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. (66,171)

Interest income is recorded when available in governmental funds. In the Statement of Activities, interest is accrued. 12,137

Interest expenditures are recorded when due in governmental funds, whereas in the Statement of Activities, interest is accrued. (114,608)

Issuance of long-term debt is reported as revenues in governmental funds, but is reported as an increase in liabilities in the Statement of Net Assets. (1,775,000)

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. 2,852,200

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. (71,303)

Prepaid pension obligations are not reported in governmental funds but are deferred and amortized in the Statement of Activities. (519,358)

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. (235,773)

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. 6,890,104

**Change in Net Assets** \$ 8,385,767

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

City of Bend, Oregon  
**Statement of Net Assets**  
Proprietary Funds  
June 30, 2007

	Business-Type Activities					Governmental
	Enterprise Funds					Activities
	Airport	Water	Water Reclamation	Nonmajor Enterprise Funds	Total	Internal Service Fund
<b>Assets</b>						
Current assets:						
Pooled cash and investments	\$ 191,856	\$ 9,853,860	\$ 9,372,596	\$ 989,908	\$ 20,408,220	\$ 13,433,065
Receivables:						
Accounts, net	11,952	1,406,410	992,834	10,558	2,421,754	15,606
Interest	-	144	7,014	-	7,158	-
Due from other governments	1,826,242	-	-	-	1,826,242	59,898
Due from other funds	-	-	200,000	-	200,000	-
Inventories	-	8,238	-	-	8,238	36,283
Prepays and deposits	-	16,766	8,690	-	25,456	51,128
Bond issue costs, net	3,031	6,057	69,201	-	78,289	22,092
<b>Total Current Assets</b>	<b>2,033,081</b>	<b>11,291,475</b>	<b>10,650,335</b>	<b>1,000,466</b>	<b>24,975,357</b>	<b>13,618,072</b>
Noncurrent assets:						
Restricted cash and investments	-	322,725	521,255	53,333	897,313	-
Loans and notes receivable	-	22,347	220,666	-	243,013	-
Capital assets, net	10,849,764	74,467,520	104,546,012	15,043,624	204,906,920	19,412,515
Bond issue costs, net	33,884	74,278	727,573	-	835,735	70,464
<b>Total Noncurrent Assets</b>	<b>10,883,648</b>	<b>74,886,870</b>	<b>106,015,506</b>	<b>15,096,957</b>	<b>206,882,981</b>	<b>19,482,979</b>
<b>Total Assets</b>	<b>12,916,729</b>	<b>86,178,345</b>	<b>116,665,841</b>	<b>16,097,423</b>	<b>231,858,338</b>	<b>33,101,051</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	1,008,635	1,137,458	719,053	35,995	2,901,141	680,613
Salaries and benefits payable	2,875	30,660	31,338	4,411	69,284	121,313
Retainage payable	88,728	163,264	47,814	-	299,806	-
Notes payable	1,000,000	-	-	-	1,000,000	-
Due to developers	-	194,704	151,580	-	346,284	-
Other accrued liabilities:						
Compensated absences	459	128,782	80,784	10,184	220,209	429,274
Interest	31,624	40,916	96,150	-	168,690	105,079
Insurance claims	-	-	-	-	-	85,286
Other	-	5,802,664	4,007,943	-	9,810,607	-
Deposits	132,642	217,147	-	-	349,789	1,401,535
Due to other funds	-	-	-	-	-	-
Current portion of long-term debt	125,789	160,000	781,992	-	1,067,781	188,000
<b>Total Current Liabilities</b>	<b>2,390,752</b>	<b>7,875,595</b>	<b>5,916,654</b>	<b>50,590</b>	<b>16,233,591</b>	<b>3,011,100</b>
Noncurrent liabilities:						
Long-term debt, net	2,656,415	3,010,000	12,868,961	-	18,535,376	13,709,000
<b>Total Noncurrent Liabilities</b>	<b>2,656,415</b>	<b>3,010,000</b>	<b>12,868,961</b>	<b>-</b>	<b>18,535,376</b>	<b>13,709,000</b>
<b>Total Liabilities</b>	<b>5,047,167</b>	<b>10,885,595</b>	<b>18,785,615</b>	<b>50,590</b>	<b>34,768,967</b>	<b>16,720,100</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	8,104,475	71,377,855	91,691,833	15,043,624	186,217,787	2,751,233
Restricted for:						
Debt service	-	322,725	521,255	-	843,980	-
Unrestricted	(234,913)	3,592,170	5,667,138	1,003,209	10,027,604	13,629,718
<b>Total Net Assets</b>	<b>\$ 7,869,562</b>	<b>\$ 75,292,750</b>	<b>\$ 97,880,226</b>	<b>\$ 16,046,833</b>	<b>\$ 197,089,371</b>	<b>\$ 16,380,951</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, 2007

	Business-Type Activities					Governmental
	Enterprise Funds				Total	Activities
	Airport	Water	Water Reclamation	Nonmajor Enterprise Funds		Internal Service Fund
<b>Operating Revenues</b>						
Franchise fees	\$ -	296,118	\$ 259,630	\$ -	\$ 555,748	\$ -
License and permits	-	-	-	-	-	73,040
Charges for services	637,150	10,554,949	9,039,084	466,214	20,697,397	25,257,334
Miscellaneous	64,487	121,044	60,361	351	246,243	87,701
<b>Total Operating Revenues</b>	<b>701,637</b>	<b>10,972,111</b>	<b>9,359,075</b>	<b>466,565</b>	<b>21,499,388</b>	<b>25,418,075</b>
<b>Operating Expenses</b>						
Salaries and benefits	120,692	2,315,238	2,094,822	230,809	4,761,561	10,226,016
Materials and supplies	86,685	3,238,902	1,911,239	459,293	5,696,119	4,523,918
Internal services	128,674	1,928,627	1,752,691	133,933	3,943,925	2,146,559
Insurance premiums and claims	-	-	-	-	-	8,045,068
Depreciation	223,180	1,684,271	2,409,341	292,758	4,609,550	587,394
<b>Total Operating Expenses</b>	<b>559,231</b>	<b>9,167,038</b>	<b>8,168,093</b>	<b>1,116,793</b>	<b>19,011,155</b>	<b>25,528,955</b>
<b>Operating income (loss)</b>	<b>142,406</b>	<b>1,805,073</b>	<b>1,190,982</b>	<b>(650,228)</b>	<b>2,488,233</b>	<b>(110,880)</b>
<b>Nonoperating Revenues (Expenses)</b>						
Intergovernmental	-	-	-	-	-	59,898
Investment income	2,977	606,344	575,298	59,025	1,243,644	510,567
Interest expense	(127,301)	(165,428)	(537,120)	-	(829,849)	(512,084)
Capital grants and contributions	1,910,144	-	-	160,000	2,070,144	-
System development charges	-	2,337,688	2,487,254	-	4,824,942	-
Parking improvement fees	-	-	-	144,000	144,000	-
Permanent maintenance fees	-	-	-	31,667	31,667	-
Amortization of bond issue costs	(3,031)	(6,057)	(69,201)	-	(78,289)	(17,515)
Loss on impairment of asset	-	(2,180,407)	(1,475,945)	-	(3,656,352)	-
Gain on sale of asset	-	-	-	-	-	972,318
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,782,789</b>	<b>592,140</b>	<b>980,286</b>	<b>394,692</b>	<b>3,749,907</b>	<b>1,013,184</b>
<b>Income (loss) before contributions and transfers</b>	<b>1,925,195</b>	<b>2,397,213</b>	<b>2,171,268</b>	<b>(255,536)</b>	<b>6,238,140</b>	<b>902,304</b>
<b>Contributions and transfers</b>						
Capital contributions	-	5,651,900	7,456,438	14,930,922	28,039,260	-
Transfers in	90,000	3,500	5,600	330,000	429,100	6,024,600
Transfers out	(9,100)	(2,500,953)	(2,619,629)	(250,000)	(5,379,682)	(36,800)
<b>Total Contributions and Transfers</b>	<b>80,900</b>	<b>3,154,447</b>	<b>4,842,409</b>	<b>15,010,922</b>	<b>23,088,678</b>	<b>5,987,800</b>
<b>Change in net assets</b>	<b>2,006,095</b>	<b>5,551,660</b>	<b>7,013,677</b>	<b>14,755,386</b>	<b>29,326,818</b>	<b>6,890,104</b>
<b>Net Assets, July 1, 2006</b>	<b>5,863,467</b>	<b>69,741,090</b>	<b>90,866,549</b>	<b>1,291,447</b>	<b>167,762,553</b>	<b>9,490,847</b>
<b>Net Assets, June 30, 2007</b>	<b>\$ 7,869,562</b>	<b>75,292,750</b>	<b>\$ 97,880,226</b>	<b>\$ 16,046,833</b>	<b>\$ 197,089,371</b>	<b>\$ 16,380,951</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, 2007

	Business-Type Activities					Governmental
	Enterprise Funds				Total	Activities
	Airport	Water	Water Reclamation	Nonmajor Enterprise Funds		Internal Service Fund
<b>Cash Flows from Operating Activities</b>						
Cash received from customers	\$ 714,727	\$ 11,062,551	\$ 9,542,765	\$ 466,811	\$ 21,786,854	\$ 3,962,135
Cash received from interfund services provided	-	-	-	-	-	21,602,621
Cash paid to employees for services	(120,182)	(2,287,325)	(2,065,029)	(226,545)	(4,699,081)	(10,101,187)
Cash paid to suppliers for goods and services	(80,533)	(2,461,633)	(1,635,783)	(438,286)	(4,616,235)	(12,407,396)
Cash paid for interfund services used	(128,674)	(1,928,627)	(1,752,691)	(133,933)	(3,943,925)	(2,146,559)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>385,338</b>	<b>4,384,966</b>	<b>4,089,262</b>	<b>(331,953)</b>	<b>8,527,613</b>	<b>909,614</b>
<b>Cash Flows from Noncapital Financing Activities</b>						
Advances to other funds	-	-	(200,000)	-	(200,000)	-
Interfund loan repayments	(400,000)	-	210,000	-	(190,000)	-
Transfers from other funds	90,000	-	-	330,000	420,000	6,024,600
Transfers to other funds	(9,100)	(2,500,953)	(2,619,629)	(250,000)	(5,379,682)	(36,800)
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<b>(319,100)</b>	<b>(2,500,953)</b>	<b>(2,609,629)</b>	<b>80,000</b>	<b>(5,349,682)</b>	<b>5,987,800</b>
<b>Cash Flow from Capital and Related Financing Activities</b>						
Issuance of debt	1,120,335	-	-	-	1,120,335	3,214,353
Payment of bond issue costs	-	-	-	-	-	(37,032)
Principal payments on notes, bonds and certificates	(302,657)	(155,000)	(751,922)	-	(1,209,579)	(181,000)
Interest payments on notes, bonds and certificates	(128,249)	(167,193)	(545,271)	-	(840,713)	(444,334)
Capital grants and contributions	595,211	14,458	17,517	160,000	787,186	-
System development charges	-	2,241,035	2,362,933	-	4,603,968	-
Permanent maintenance fees	-	-	-	31,667	31,667	-
Parking improvement fees	-	-	-	144,000	144,000	-
Acquisition and construction of capital assets	(1,227,196)	(4,492,384)	(3,699,879)	(168,635)	(9,588,094)	(4,046,554)
<b>Net Cash Provided By (Used For) Capital and Related Financing Activities</b>	<b>57,444</b>	<b>(2,559,084)</b>	<b>(2,616,622)</b>	<b>167,032</b>	<b>(4,951,230)</b>	<b>(1,494,567)</b>
<b>Cash Flows from Investing Activities</b>						
Investment income	2,977	606,344	575,298	59,025	1,243,644	510,567
<b>Net change in pooled cash and investments</b>	<b>126,659</b>	<b>(68,727)</b>	<b>(561,691)</b>	<b>(25,896)</b>	<b>(529,655)</b>	<b>5,913,414</b>
<b>Pooled Cash and Investments, July 1, 2006</b>	<b>65,197</b>	<b>10,245,312</b>	<b>10,455,542</b>	<b>1,069,137</b>	<b>21,835,188</b>	<b>7,519,651</b>
<b>Pooled Cash and Investments, June 30, 2007</b>	<b>\$ 191,856</b>	<b>\$ 10,176,585</b>	<b>\$ 9,893,851</b>	<b>\$ 1,043,241</b>	<b>\$ 21,305,533</b>	<b>\$ 13,433,065</b>
<b>Reconciliation to Statement of Net Assets</b>						
Pooled cash and investments	\$ 191,856	\$ 9,853,860	\$ 9,372,596	\$ 989,908	\$ 20,408,220	\$ 13,433,065
Restricted cash and investments	-	322,725	521,255	53,333	897,313	-
<b>Pooled Cash and Investments, June 30, 2007</b>	<b>\$ 191,856</b>	<b>\$ 10,176,585</b>	<b>\$ 9,893,851</b>	<b>\$ 1,043,241</b>	<b>\$ 21,305,533</b>	<b>\$ 13,433,065</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, 2007

	Business-Type Activities					Governmental
	Enterprise Funds				Total	Activities
	Airport	Water	Water Reclamation	Nonmajor Enterprise Funds		Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>						
Operating income (loss)	\$ 142,406	\$ 1,805,073	\$ 1,190,982	\$ (650,228)	\$ 2,488,233	\$ (110,880)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	223,180	1,684,271	2,409,341	292,758	4,609,550	587,394
Change in:						
Accounts receivable	1,853	10,035	72,567	246	84,701	(10,312)
Loans and notes receivable	-	38,284	111,123	-	149,407	-
Inventories	-	-	-	-	-	(17,182)
Prepays and deposits	-	(25)	2,803	32,308	35,086	(24,729)
Accounts payable	6,152	590,930	148,410	(11,301)	734,191	187,209
Salaries and benefits payable	1,505	8,385	12,032	2,238	24,160	28,822
Compensated absences payable	(995)	19,528	17,761	2,026	38,320	96,007
Insurance claims payable	-	-	-	-	-	16,292
Other accrued liabilities	-	186,364	124,243	-	310,607	-
Prepays and deposits payable	11,237	42,121	-	-	53,358	144,845
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ 385,338</b>	<b>\$ 4,384,966</b>	<b>\$ 4,089,262</b>	<b>\$ (331,953)</b>	<b>\$ 8,527,613</b>	<b>\$ 897,466</b>

Noncash Capital and Related Financing Activities

The City received donated water and wastewater infrastructure totaling \$5,651,900 and \$7,456,438 respectively in the current year.  
 The Urban Renewal Construction Fund contributed infrastructure to the Downtown Parking Fund with a net book value of \$14,930,922.  
 Acquisition of capital assets financed through accounts payable for the current year totaled \$999,268 in the Airport Fund, \$399,559 in the Water Fund, \$490,114 in the Water Reclamation Fund and \$86,201 in the Internal Service Fund.  
 The net book value of capital assets contributed from other funds in the current year totaled \$54,753 in the Facility Management Division, \$354 in the Engineering Division, and \$16,621 in the Public Works Administration & Support 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, 2007

	<u>Agency Fund</u>
<b><u>Assets</u></b>	
Cash and investments	\$ 321,845
Accounts receivable, net	32
<b>Total Assets</b>	<b>321,877</b>
<b><u>Liabilities</u></b>	
Amounts held for others	321,877
<b>Total Liabilities</b>	<b>321,877</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, 2007

**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.

## CITY OF BEND, OREGON

### Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

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

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

###### Government-wide Financial Statements

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

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

The government-wide financial statements are accounted for using an economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. 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.

For purposes of the government-wide financial statements, 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



CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

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

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

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

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

Special assessments and loan repayments 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.

**Transportation Operations Fund** - This fund accounts for the City's transportation 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.

**Transportation System Development Charges (SDC) Fund** - This fund is used to account for construction of streets, intersections, trails and other transportation infrastructure. Financing is provided by system development charges and developer contributions. Expenditures are used for transportation modernization and expansion projects including right-of-way acquisitions.

**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.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

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

Proprietary Funds

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

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

Additionally, the City reports the following fund types:

**Internal Service Fund** - The Internal Service Fund accounts for those activities and services furnished internally to other departments within the City on a cost reimbursement basis. Charges are made to the various departments to support these activities. The City has one internal service fund comprised of the following divisions: Garage, Information Technology, Facility Management, Engineering, Public Works Administration, 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.

## CITY OF BEND, OREGON

### Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

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

##### 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.

##### Accounting Pronouncements

The City implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* in fiscal year 2002-03. Since fiscal year 2002-03, only prospective reporting of general infrastructure assets was included. During fiscal year 2006-07 the city implemented the final provisions of GASB Statement No. 34 related to retroactive capitalization of general infrastructure assets. As a result of implementation, a restatement of \$273,306,364 was made to the June 30, 2006 net assets to capitalize, net of depreciation, roadways, traffic signals, streetlights and street signs.

The City also adopted Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which establishes accounting and financial reporting standards for pollution remediation obligations. There is no financial impact to the City for the fiscal year ended June 30, 2007 as a result of the implementation of this statement.

##### 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 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, 2007, the City had \$2,311,661 of cash and investments restricted for debt service, and \$56,660 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.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

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

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.

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, 2007.

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



CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

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

Long-term Debt and Bond Issuance Costs (continued)

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, 2007, unreserved fund balances were designated as follows:

- \$1,595,812 – designated for street and right-of-way maintenance
- 2,788,147 – designated for fire protection and emergency medical service operations
- 6,635,281 – designated for construction of transportation infrastructure
- 3,476,615 – designated for building inspection activities
- 1,382,420 – designated for community and economic development activities

At June 30, 2007 the following funds had deficit fund balances:

- the Public Transit Operations Fund had a deficit fund balance of \$36,565,
- the Tourism/Promotion Economic Development Fund had a deficit fund balance of \$8,387,
- the Improvement District Construction Fund had a deficit fund balance of \$158,955, and
- the Juniper Ridge Construction Fund had a deficit fund balance of \$1,264,768.

The Public Transit Operations Fund and the Tourism/Promotion Economic Development Fund deficits 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.

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. 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 fiscal year 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

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

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

Appropriation and Budgetary Controls (continued)

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 2006-07 fiscal year. All appropriations terminate on June 30.

Expenditures in Excess of Appropriations

Oregon law requires disclosure of fund expenditures in excess of appropriations. For the fiscal year ended June 30, 2007, the Accessibility Construction Fund expenditures exceeded appropriations by \$366 due to unanticipated additional construction payments made.

**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, 2007, the City's cash and investments are comprised of the following:

Cash on hand	\$	5,960
Deposits with financial institutions		565,799
Investments:		
Money market account		7,027,139
State of Oregon Local Government Investment Pool		18,531,374
Commercial paper		2,342,985
U.S. and U.S. agency obligations		23,062,908
Obligations of the States of Oregon, California, Idaho and Washington		500,000
Corporate bonds		<u>15,193,740</u>
Total pooled cash and investments	<u>\$</u>	<u>67,229,905</u>

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

	Governmental Activities	Business-Type Activities	Agency Fund	Total
Pooled cash and investments	\$ 44,131,519	\$ 20,408,220	\$ 321,845	\$ 64,861,584
Restricted cash and investments	<u>1,471,008</u>	<u>897,313</u>	<u>-</u>	<u>2,368,321</u>
	<u>\$ 45,602,527</u>	<u>\$ 21,305,533</u>	<u>\$ 321,845</u>	<u>\$ 67,229,905</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

**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 \$9,500,000 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, 2007 maintained by the City was \$7,605,983. Of this amount, \$100,000 was covered by FDIC, \$2,250,000 was collateralized by securities held by financial institutions acting as agents of the City and the remaining \$5,255,983 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, 2007</u>
Less than 30 days	10%	44%
Less than 12 months	50%	89%
Less than 18 months	65%	96%
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, 2007, the City was in compliance with the above policy requirements with commercial paper and corporate bonds totaling less than 27% 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's investments in such obligations made up less than 1% of the portfolio at June 30, 2007.

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, 2007 are categorized by rating as follows:

<u>Investor Service Rating</u>	<u>U.S. and U.S. Agency Obligations</u>	<u>State Obligations</u>	<u>Corporate Bonds</u>
Aaa	\$ 23,062,908	\$ 500,000	\$ 5,365,436
Aa2	-	-	798,993
Aa3	-	-	6,157,709
AA	-	-	2,871,602
	<u>\$ 23,062,908</u>	<u>\$ 500,000</u>	<u>\$ 15,193,740</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, 2007, 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, 2007

**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 6.50% to 7.50%.

Loans and notes receivable consisted of the following at June 30, 2007:

	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% interest	\$ 15,560	\$ 105,967
Promissory notes receivable due from the Bend Community Center in 2008 with interest at 7%	100,000	-
Sewer connection charge assessments, 10 year terms with 5% to 7.25% interest	-	137,046
Community development block grant loans to qualified individuals or organizations, various terms with zero interest	601,379	-
Low interest deferred loans to downtown businesses for urban renewal	48,971	-
	<u>\$ 765,910</u>	<u>\$ 243,013</u>

**Note 4 – Capital Assets**

Capital asset activity for the year ended June 30, 2007 was as follows:

<u>Governmental activities</u>	Restated Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Capital assets not being depreciated:				
Land including right-of-way	\$ 150,686,209	\$ 5,620,944	\$ (4,794,374)	\$ 151,512,779
Artwork	695,615	-	-	695,615
Construction in progress	8,046,308	15,475,453	(2,017,007)	21,504,754
Total capital assets not being depreciated	<u>159,428,132</u>	<u>21,096,397</u>	<u>(6,811,381)</u>	<u>173,713,148</u>
Capital assets being depreciated:				
Buildings and building improvements	40,137,073	11,438,605	(26,143,847)	25,431,831
Infrastructure	462,580,594	10,122,519	(21,555)	472,681,558
Vehicles and equipment	15,392,136	2,152,450	(665,657)	16,878,929
Total capital assets being depreciated	<u>518,109,803</u>	<u>23,713,574</u>	<u>(26,831,059)</u>	<u>514,992,318</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,954,502	437,219	-	3,391,721
Infrastructure	117,704,535	5,234,860	-	122,939,395
Vehicles and equipment	8,615,551	1,313,857	(351,508)	9,577,900
Total accumulated depreciation	<u>129,274,588</u>	<u>6,985,936</u>	<u>(351,508)</u>	<u>135,909,016</u>
Total capital assets being depreciated, net	<u>388,835,215</u>	<u>16,727,638</u>	<u>(26,479,551)</u>	<u>379,083,302</u>
Governmental activities capital assets, net	<u>\$ 548,263,347</u>	<u>\$ 37,824,035</u>	<u>\$ (33,290,932)</u>	<u>\$ 552,796,450</u>

Beginning balances have been restated by a net of \$273,306,364 to account for historical infrastructure.



CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

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

<u>Business-type activities</u>	<u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2007</u>
Capital assets not being depreciated:				
Land including right-of-way	\$ 5,190,609	\$ -	\$ -	\$ 5,190,609
Construction in progress	7,839,618	9,090,543	(884,837)	16,045,324
Total capital assets not being depreciated	13,030,227	9,090,543	(884,837)	21,235,933
Capital assets being depreciated:				
Buildings and building improvements	8,599,163	14,953,609	-	23,552,772
Vehicles and equipment	6,114,088	1,144,389	(161,609)	7,096,868
Water system infrastructure	75,130,300	6,062,194	(2,266,474)	78,926,020
Wastewater system infrastructure	116,379,486	7,856,342	(1,510,982)	122,724,846
Other infrastructure	2,589,209	81,510	-	2,670,719
Total capital assets being depreciated	208,812,246	30,098,044	(3,939,065)	234,971,225
Less accumulated depreciation for:				
Buildings and building improvements	3,839,548	871,323	-	4,710,871
Vehicles and equipment	4,269,427	1,200,719	(139,189)	5,330,957
Water system infrastructure	12,807,448	1,502,453	(86,067)	14,223,834
Wastewater system infrastructure	25,708,322	1,009,345	(35,038)	26,682,629
Other infrastructure	303,548	48,399	-	351,947
Total accumulated depreciation	46,928,293	4,632,239	(260,294)	51,300,238
Total capital assets being depreciated, net	161,883,953	25,465,805	(3,678,771)	183,670,987
Business-type activities capital assets, net	<u>\$ 174,914,180</u>	<u>\$ 34,556,348</u>	<u>\$ (4,563,608)</u>	<u>\$ 204,906,920</u>

Increases to accumulated depreciation for buildings include \$22,687 related to the Parking Garage transferred from Governmental activities.

Depreciation expense was charged to activities as follows:

Governmental activities

General government	\$ 587,507
Public safety	574,931
Public ways and facilities	5,498,590
Community and economic development	110,661
Urban renewal	89,502
Transit	124,745
Governmental activities depreciation expense	<u>\$ 6,985,936</u>

Business-type activities

Airport	\$ 223,180
Water	1,684,271
Wastewater	2,409,341
Parking	274,095
Other business activities	18,663
Business-type activities depreciation expense	<u>\$ 4,609,550</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

**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, 2007 totaled \$232,086. Minimum future lease payments not including annual consumer price index adjustments are \$236,455 each fiscal year from 2008 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 2020. 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, 2007 is \$596,295. Cost of leased assets totaled \$1,912,663 at June 30, 2007 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, the City made the following interfund transfers between its governmental activities and business-type activities:

Amount	Description
\$ 330,000	From the General Fund to the Stormwater Fund for general operations.
90,000	From the General Fund to the Airport Fund for general operations.
14,930,922	From the Urban Renewal Construction Fund to Downtown Parking for transfer of the parking structure.
563,657	From the Water and Water Reclamation Funds to the Transportation SDC Fund for construction.
4,400,000	From the Water and Water Reclamation Funds to the Facilities Fund for purchase of facility.
157,925	From the Water Reclamation Fund to the Improvement District Construction Fund for construction.
250,000	From Downtown Parking to Urban Renewal Construction Fund for construction.

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

The City's Water Reclamation Fund advanced \$200,000 to the Improvement District Construction Fund (a nonmajor Capital Projects Fund) to provide interim financing on sewer local improvement projects. The General Fund advanced \$385,000 to the Transit Fund (a nonmajor Special Revenue Fund) to provide interim financing for operations. The General Fund also advanced \$125,000 to the Tourism/Economic Development Fund (a nonmajor Special Revenue Fund) to provide for cash shortfalls. These advances are non-interest bearing and are repaid in the ensuing year.

**Note 8 – Short-Term Note Payable**

On June 30, 2007 the City's Urban Renewal Agency obtained an unsecured single pay bank loan in the amount of \$1,300,000 to provide interim financing for capital improvements. The note carried an interest rate of 5.25% and was repaid on July 2, 2007.

On June 30, 2007 the City obtained an unsecured single pay bank loan in the amount of \$1,000,000 to provide interim financing for airport projects. The note carried an interest rate of 5.25% and was repaid on July 2, 2007.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

**Note 9 – Compensated Absences**

Change in compensated absences during the fiscal year ended June 30, 2007 was as follows:

	Liability at July 1, 2006	Earned	Used	Liability at June 30 2007
Governmental activities	\$ 1,839,210	\$ 2,682,872	\$ (2,351,091)	\$ 2,170,991
Business-type activities	181,889	270,845	(232,525)	220,209
	<u>\$ 2,021,099</u>	<u>\$ 2,953,717</u>	<u>\$ (2,583,616)</u>	<u>\$ 2,391,200</u>

The City's compensated absences liability is typically used within one year, thus the liability of \$2,391,200 at June 30, 2007 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.

**Note 10 - Long-Term Debt**

During the fiscal year ended June 30, 2007, the following long-term debt transactions occurred:

	Balance at July 1, 2006	Additions	Reductions	Balance at June 30, 2007
<u>Governmental activities:</u>				
Limited tax improvement bonds	\$ 904,000	\$ -	\$ (352,000)	\$ 552,000
Full faith & credit obligations	44,608,600	4,950,000	(1,316,200)	48,242,400
Certificates of participation	625,000	-	(300,000)	325,000
Tax increment bonds	14,865,000	-	(1,065,000)	13,800,000
	<u>\$ 61,002,600</u>	<u>\$ 4,950,000</u>	<u>\$ (3,033,200)</u>	<u>\$ 62,919,400</u>
<u>Business-type activities:</u>				
Full faith & credit obligations	1,461,400	-	(78,800)	1,382,600
Revenue bonds	17,475,000	-	(895,000)	16,580,000
Notes payable	809,001	867,335	(35,779)	1,640,557
	<u>19,745,401</u>	<u>867,335</u>	<u>(1,009,579)</u>	<u>19,603,157</u>
Total long-term debt	<u>\$ 80,748,001</u>	<u>\$ 5,817,335</u>	<u>\$ (4,042,779)</u>	<u>\$ 82,522,557</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 interest rates ranging from 5.00% to 5.75% and maturities through fiscal year 2013.

	Interest Rate	Original Issue	Maturity	Balance at June 30, 2007
Governmental activities				
Series 2002	5.75%	\$ 1,071,000	08/01/11	\$ 100,000
Series 2003	5.00%	1,322,000	12/01/12	452,000
Total limited tax improvement bonds		<u>\$ 2,393,000</u>		<u>\$ 552,000</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

**Note 10 – Long-Term Debt (Continued)**

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

Year ending June 30	Governmental Activities	
	Principal	Interest
2008	179,000	26,014
2009	109,000	17,220
2010	103,000	11,950
2011	109,000	6,725
2012	52,000	1,300
	<u>\$ 552,000</u>	<u>\$ 63,209</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 2031.

On December 21, 2006, the City issued \$4,950,000 in Full Faith and Credit Obligations with interest rates ranging from 3.85% to 4.15% and maturities through 2031. The proceeds of the bonds will be used to finance an expansion of the Police Facility and purchase of Fire/Emergency Medical Services capital assets. Repayment of these bonds will be from property taxes and other revenues of the Fire/Emergency Medical Service Fund and Facilities Management division of the Internal Service Fund.

<u>Governmental activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2007</u>
Fire stations, series 1999	3.80% to 4.85%	\$ 4,275,000	06/01/24	\$ 3,495,000
Transportation system, series 2000	4.35% to 5.30%	6,000,000	09/01/20	4,765,000
Police facility and street equipment, series 2003	4.00% to 5.00%	7,130,000	12/01/26	6,120,000
Transportation, street and fire, series 2003	2.00% to 4.50%	13,050,800	12/01/22	10,407,400
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
		<u>\$ 53,910,800</u>		<u>\$ 48,242,400</u>
<u>Business-type activities</u>				
Airport, series 1999A	5.25% to 5.30%	\$ 840,000	6/1/2019	\$ 840,000
Airport, series 1999B	5.38%	260,000	6/1/2013	260,000
Airport, series 1999C	6.45% to 7.40%	470,000	6/1/2009	95,000
Airport, series 2003	2.00% to 3.70%	279,200	12/1/2013	187,600
		<u>\$ 1,849,200</u>		<u>\$ 1,382,600</u>
Total full faith & credit obligations		<u>\$ 55,760,000</u>		<u>\$ 49,625,000</u>



CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

**Note 10 – Long-Term Debt (Continued)**

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

Year ending June 30	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2008	\$ 1,350,800	\$ 2,351,855	\$ 84,200	\$ 71,186
2009	1,495,100	2,212,225	89,900	66,159
2010	6,269,300	2,154,180	95,700	61,135
2011	1,598,400	1,928,581	96,600	56,455
2012	1,702,400	1,860,386	102,600	51,712
2013-2017	10,081,400	8,095,227	618,600	176,509
2018-2022	12,815,000	5,368,242	295,000	23,585
2023-2027	11,100,000	2,220,358	-	-
2028-2031	1,830,000	154,478	-	-
	<u>\$ 48,242,400</u>	<u>\$ 26,345,532</u>	<u>\$ 1,382,600</u>	<u>\$ 506,741</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, 2007. The outstanding bonds have interest rates ranging from 3.00% to 5.38% and maturities through fiscal year 2023.

<u>Business-type activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2007</u>
Water, series 2000	4.40% to 5.38%	\$ 4,000,000	10/01/20	\$ 3,170,000
Sewer, series 1997	4.25% to 5.00%	4,000,000	02/01/07	-
Sewer, series 2000	4.40% to 5.38%	7,000,000	10/01/10	1,210,000
Sewer, series 2002	3.00% to 4.75%	5,500,000	11/01/22	4,700,000
Sewer, series 2005	3.00% to 4.00%	7,585,000	11/01/20	7,500,000
Total revenue bonds		<u>\$ 28,085,000</u>		<u>\$ 16,580,000</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

**Note 10 – Long-Term Debt (Continued)**

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

Year ending June 30	Business-type activities	
	Principal	Interest
2008	930,000	661,209
2009	960,000	625,503
2010	1,000,000	587,881
2011	1,040,000	547,861
2012	1,065,000	508,779
2013-2017	5,990,000	1,895,645
2017-2021	5,190,000	604,286
2022-2023	405,000	9,618
	<u>\$ 16,580,000</u>	<u>\$ 5,440,782</u>

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, 2007, \$4,345,000 of revenue bonds outstanding are considered defeased.

Certificates of Participation

The City is obligated under certificates of participation issued to finance the City's fire fighting fleet and the acquisition of emergency medical service/rescue vehicles and other equipment. These certificates have interest rates ranging from 5.00% to 5.25% and maturities through fiscal year 2008.

<u>Governmental activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2007</u>
Fire equipment, series 1995	5.00% to 5.25%	<u>\$ 3,000,000</u>	08/01/07	<u>\$ 325,000</u>

Annual debt service requirements to maturity for the certificates of participation are as follows:

Year ending June 30	Governmental activities	
	Principal	Interest
2008	<u>\$ 325,000</u>	<u>\$ 8,531</u>

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, 2007</u>
Tax Increment Bonds:				
Series 1998	3.75% to 4.85%	\$ 7,485,000	6/1/2018	\$ 4,875,000
Series 2004A	5.00%	3,600,000	12/1/2006	2,025,000
Series 2004B	4.25%	<u>6,900,000</u>	12/1/2013	<u>6,900,000</u>
Total tax increment bonds		<u>\$ 17,985,000</u>		<u>\$ 13,800,000</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

**Note 10 – 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
2008	1,205,000	594,818
2009	1,355,000	534,085
2010	1,510,000	469,588
2011	1,650,000	402,063
2012	1,820,000	328,350
2013-2017	5,705,000	631,090
2018	555,000	26,915
	<u>\$ 13,800,000</u>	<u>\$ 2,986,909</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 2031 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.

<u>Business-type activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2007</u>
Notes Payable to OECDD:				
Pacific Aviation	5.01%	\$ 655,000	12/1/2017	\$ 532,269
Woodriver Village	3.00% to 5.00%	300,000	1/1/2022	240,953
Airport Eastside Improvement	4.37%	<u>867,335</u>	12/1/2031	<u>867,335</u>
Total notes payable		<u>\$ 1,822,335</u>		<u>\$ 1,640,557</u>

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

Year ending June 30	Business-type activities	
	Principal	Interest
2008	57,080	61,814
2009	70,699	71,539
2010	76,853	68,522
2011	78,077	65,103
2012	79,355	61,611
2013-2017	497,547	247,214
2018-2022	327,537	140,544
2023-2027	202,150	84,366
2028-2032	251,259	35,261
	<u>\$ 1,640,557</u>	<u>\$ 835,974</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

**Note 11 - 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 \$20,000,000 in the aggregate; automobile liability with coverage up to \$5,000,000 (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>
2004-2005	\$ -	\$ 144,620	\$ (99,464)	\$ 45,156
2005-2006	45,156	158,345	(134,507)	68,994
2006-2007	68,994	167,552	(151,260)	85,286

**Note 12 - 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 2005-06 fiscal year, the City was required by the rules applicable to PERS to contribute 12.63% of covered employees' salaries to the existing PERS plan and contribute 9.77% of covered police and fire salaries and 6.16% 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.



CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

**Note 12 - Participation in Public Employees' Retirement System (Continued)**

Annual Pension Cost

For fiscal year 2006-07, the City's annual pension cost for PERS was equal to the City's required and actual contributions and consisted of \$3,262,127 for the City's required share. The City also paid the employees' contribution of \$1,709,307. 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 2006-07 required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include:

- An underlying long-term assumed rate of inflation of 3.00% compounded annually and an assumed rate of healthcare cost inflation graded from 8.00% in 2005 to 5.00% in 2011, 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 4.00% 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:

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>
2004-2005	\$ 2,158,984	\$ 2,158,984	100%	-
2005-2006	3,027,550	3,027,550	100%	-
2006-2007	3,262,127	3,262,127	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>
12/31/01	\$ 75,476,162	\$ 71,759,891	\$ (3,716,271)	105%	\$ 17,118,775	-22%
12/31/03	73,813,563	85,894,068	12,080,505	86%	19,715,224	61%
12/31/05	105,122,654	100,434,284	(4,688,370)	105%	24,947,421	-19%

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 13- Commitment and Contingencies**

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2007

At June 30, 2007 the City was committed on outstanding construction, engineering, consulting, service and equipment purchase contracts totaling \$8,875,434 in the governmental activities, and \$4,278,293 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, 2007, amounts collected and due to developers totaled \$1,882,767 and are recorded as a liability in the Transportation System Development Charges, Water, and Water Reclamation funds respectively.

The City is currently negotiating a Disposition and Development Agreement with the master developer of the Juniper Ridge Development. A Memorandum of Understanding with the master developer dated September 6, 2006 provides for reimbursement of 75% of the developer's preliminary master planning, design and legal expenses up to a maximum of \$2.5 million. The City has not accrued a liability for the reimbursement as the amount to be reimbursed is not estimable at this time.

The City is a defendant in a lawsuit alleging breach of contract and tortious interference relating to the City's condemnation of the Juniper Utility Company. A \$9.5 million estimated liability and capital asset related to this action were previously recorded in the Water and Water Reclamation funds. The General Judgment has since set the value of the asset at \$5,722,544. The overstatement of the asset value of \$3,656,352 has been expensed in the current year. In addition, the estimated liability for severance damages, attorney fees and interest on the judgment has been increased by \$310,607 recorded in the Water and Water Reclamation funds as part of program costs. 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.

## **GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS**

### General Fund

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

### Transportation Operations Fund

This fund accounts for the City's street maintenance 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.

### Transportation System Development Charges (SDC) Fund

This fund accounts for the construction of streets, bridges and trails that are paid from transportation system development charges, interest earnings and the issuance of debt.

### Building Fund (Previously Community Development 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, 2007

	<u>Budget</u>		<u>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>				
Property taxes:				
Current year's property tax levy	\$ 17,590,000	\$ 17,590,000	\$ 17,714,499	\$ 124,499
Delinquent property taxes	566,700	566,700	382,573	(184,127)
Transient room taxes	2,431,500	2,431,500	2,335,158	(96,342)
Franchise fees	4,428,500	4,428,500	5,061,463	632,963
Intergovernmental	1,603,200	1,603,200	1,756,704	153,504
Licenses and permits	352,600	352,600	278,286	(74,314)
Charges for services:				
Charges to others	138,200	138,200	248,296	110,096
Charges to other City funds	9,000	9,000	9,000	-
Fines and forfeitures	878,500	878,500	1,119,302	240,802
Investment income	310,000	310,000	479,959	169,959
Miscellaneous	116,300	116,300	9,033	(107,267)
<b>Total Revenues</b>	<b>28,424,500</b>	<b>28,424,500</b>	<b>29,394,273</b>	<b>969,773</b>
<b>Expenditures</b>				
Municipal court	340,695	390,695	358,652	32,043
Police	15,894,532	15,894,532	15,025,662	868,870
Nondepartmental	178,200	188,200	122,517	65,683
Contingency	1,728,473	537,473	-	537,473
Unappropriated ending fund balance	5,210,000	5,210,000	-	5,210,000
<b>Total Expenditures</b>	<b>23,351,900</b>	<b>22,220,900</b>	<b>15,506,831</b>	<b>6,714,069</b>
<b>Excess of revenues over expenditures</b>	<b>5,072,600</b>	<b>6,203,600</b>	<b>13,887,442</b>	<b>7,683,842</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	1,006,900	1,006,900	245,965	(760,935)
Advances to other governments	(100,000)	(50,000)	(50,000)	-
Repayments from other governments	80,000	80,000	30,000	(50,000)
Advances to other funds	(100,000)	(580,000)	(510,000)	70,000
Interfund loan repayments	1,020,000	1,020,000	1,000,921	(19,079)
Transfers out	(13,589,700)	(14,290,700)	(14,423,700)	(133,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,682,800)</b>	<b>(12,813,800)</b>	<b>(13,706,814)</b>	<b>(893,014)</b>
<b>Net change in fund balance</b>	<b>(6,610,200)</b>	<b>(6,610,200)</b>	<b>180,628</b>	<b>6,790,828</b>
Fund Balance, July 1, 2006	6,610,200	6,610,200	7,999,481	1,389,281
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,180,109</b>	<b>\$ 8,180,109</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, 2007

**Reconciliation of Budgetary basis to GAAP basis**

Other Financing Sources (Uses) - Budgetary Basis	\$ (13,706,814)
Repayments from other governments reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis	(30,000)
Repayments from other funds reported as other financing sources on the budgetary basis are reported as reduction of receivable on the GAAP basis	(1,000,921)
Advances to other funds reported as other financing uses on the budgetary basis are reported as assets on the GAAP basis	510,000
Advances to other governments reported as other financing uses on the budgetary basis are reported as receivables on the GAAP basis	50,000
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<u>\$ (14,177,735)</u>

City of Bend, Oregon

**Transportation Operations Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Franchise fees	\$ 465,300	\$ 465,300	\$ 477,951	\$ 12,651
Intergovernmental:				
State highway fund apportionment	3,500,000	3,500,000	3,395,011	(104,989)
Grants and agreements	486,700	486,700	486,680	(20)
Licenses and permits	164,400	164,400	184,305	19,905
Charges to other City funds	157,000	157,000	156,400	(600)
Investment income	32,000	32,000	56,525	24,525
Miscellaneous	20,000	20,000	10,917	(9,083)
<b>Total Revenues</b>	<b>4,825,400</b>	<b>4,825,400</b>	<b>4,767,789</b>	<b>(57,611)</b>
<b>Expenditures</b>				
Current:				
Personal services	2,389,372	2,389,372	2,222,000	167,372
Materials and services	1,775,000	1,715,000	1,226,735	488,265
Interfund charges	1,310,500	1,310,500	1,268,497	42,003
Capital outlay	1,730,000	1,720,000	1,714,453	5,547
Debt service	264,200	264,200	263,022	1,178
Contingency	405,328	325,328	-	325,328
<b>Total Expenditures</b>	<b>7,874,400</b>	<b>7,724,400</b>	<b>6,694,707</b>	<b>1,029,693</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,049,000)</b>	<b>(2,899,000)</b>	<b>(1,926,918)</b>	<b>972,082</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	-	-	3,350	3,350
Transfers in	2,530,000	2,530,000	2,530,000	-
Transfers out	-	(150,000)	(150,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>2,530,000</b>	<b>2,380,000</b>	<b>2,383,350</b>	<b>3,350</b>
<b>Net change in fund balance</b>	<b>(519,000)</b>	<b>(519,000)</b>	<b>456,432</b>	<b>975,432</b>
Fund Balance, July 1, 2006	519,000	519,000	1,139,380	620,380
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,595,812</b>	<b>\$ 1,595,812</b>

City of Bend, Oregon

**Fire / Emergency Medical Services Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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>				
Intergovernmental	\$ 2,111,200	\$ 2,238,700	\$ 2,287,172	\$ 48,472
Charges for services:				
Charges to others	1,763,900	1,763,900	1,965,819	201,919
Charges to other City funds	362,100	362,100	362,100	-
Investment income	5,000	5,000	80,651	75,651
Miscellaneous	2,000	2,000	5,325	3,325
<b>Total Revenues</b>	<b>4,244,200</b>	<b>4,371,700</b>	<b>4,701,067</b>	<b>329,367</b>
<b>Expenditures</b>				
Current:				
Personal services	9,777,153	9,891,153	9,595,441	295,712
Materials and services	1,182,500	1,156,000	1,093,442	62,558
Interfund charges	1,141,600	1,181,600	1,186,493	(4,893)
Capital outlay	1,913,000	1,913,000	228,020	1,684,980
Debt service	447,200	447,200	447,045	155
Contingency	271,047	271,047	-	271,047
Maintenance reserves	50,000	50,000	-	50,000
<b>Total Expenditures</b>	<b>14,782,500</b>	<b>14,910,000</b>	<b>12,550,441</b>	<b>2,359,559</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(10,538,300)</b>	<b>(10,538,300)</b>	<b>(7,849,374)</b>	<b>2,688,926</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	-	-	1,800	1,800
Issuance of long-term debt	1,830,000	1,830,000	1,775,000	(55,000)
Premium on debt issuance	-	-	36,297	-
Transfers in	8,393,700	8,393,700	8,393,700	-
Transfers out	(3,900)	(3,900)	(3,900)	-
<b>Total Other Financing Sources (Uses)</b>	<b>10,219,800</b>	<b>10,219,800</b>	<b>10,202,897</b>	<b>(53,200)</b>
Net change in fund balance	(318,500)	(318,500)	2,353,523	2,672,023
Fund Balance, July 1, 2006	318,500	318,500	434,624	116,124
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,788,147</b>	<b>\$ 2,788,147</b>

City of Bend, Oregon

**Transportation System Development Charges Fund**

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

For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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>				
Franchise fees	\$ 51,000	\$ 51,000	\$ 105,242	\$ 54,242
Intergovernmental revenues	2,509,800	2,509,800	1,081,174	(1,428,626)
Charges for services:				
System development charges	7,416,000	7,416,000	5,616,371	(1,799,629)
Contributions	-	-	451,225	451,225
Investment income	417,000	417,000	497,947	80,947
Miscellaneous	32,400	32,400	50,197	17,797
<b>Total Revenues</b>	<b>10,426,200</b>	<b>10,426,200</b>	<b>7,802,156</b>	<b>(2,624,044)</b>
<b>Expenditures</b>				
Current:				
Materials and services	2,200	12,200	9,396	2,804
Interfund charges	490,300	490,300	491,605	(1,305)
Capital outlay	12,090,100	12,080,100	7,013,361	5,066,739
Debt service	1,324,800	1,324,800	1,323,878	922
Contingency	3,469,400	3,469,400	-	3,469,400
<b>Total Expenditures</b>	<b>17,376,800</b>	<b>17,376,800</b>	<b>8,838,240</b>	<b>8,538,560</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(6,950,600)</b>	<b>(6,950,600)</b>	<b>(1,036,084)</b>	<b>5,914,516</b>
<b>Other Financing Sources</b>				
Proceeds from sale of assets	-	-	188,834	188,834
Transfers in	813,700	813,700	812,657	(1,043)
<b>Total Other Financing Sources</b>	<b>813,700</b>	<b>813,700</b>	<b>1,001,491</b>	<b>187,791</b>
Net change in fund balance	(6,136,900)	(6,136,900)	(34,593)	6,102,307
Fund Balance, July 1, 2006	6,136,900	6,136,900	6,669,874	532,974
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,635,281</b>	<b>\$ 6,635,281</b>



City of Bend, Oregon

**Building Fund (Previously Community Development Fund)**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the fiscal year ended June 30, 2007

	Budget		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 7,384,700	\$ 7,384,700	\$ 3,642,582	\$ (3,742,118)
Charges for services	28,200	28,200	164,053	135,853
Investment income	202,500	202,500	236,592	34,092
Miscellaneous	2,100	2,100	11,584	9,484
<b>Total Revenues</b>	<b>7,617,500</b>	<b>7,617,500</b>	<b>4,054,811</b>	<b>(3,562,689)</b>
<b>Expenditures</b>				
Current:				
Personal services	5,483,378	5,483,378	3,696,346	1,787,032
Materials and services	600,500	600,500	182,783	417,717
Interfund charges	1,534,200	1,534,200	1,491,480	42,720
Capital outlay	250,000	250,000	125,171	124,829
Contingency	548,622	548,622	-	548,622
Facility reserves	2,540,000	2,540,000	-	2,540,000
Unappropriated ending fund balance	1,590,000	1,590,000	-	1,590,000
<b>Total Expenditures</b>	<b>12,546,700</b>	<b>12,546,700</b>	<b>5,495,780</b>	<b>7,050,920</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,929,200)</b>	<b>(4,929,200)</b>	<b>(1,440,969)</b>	<b>3,488,231</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	-	-	2,525	2,525
Transfer In	140,000	140,000	140,000	-
Transfer Out	(36,800)	(36,800)	(36,800)	-
<b>Total Other Financing Sources (Uses)</b>	<b>103,200</b>	<b>103,200</b>	<b>105,725</b>	<b>2,525</b>
Net change in fund balance	(4,826,000)	(4,826,000)	(1,335,244)	3,490,756
Fund Balance, July 1, 2006	4,826,000	4,826,000	4,811,859	(14,141)
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,476,615</b>	<b>\$ 3,476,615</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, 2007

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>General Fund</u></b>			
Municipal court	\$ 390,695	\$ 358,652	\$ 32,043
Police	15,894,532	15,025,662	868,870
Nondepartmental	15,108,900	15,106,217	2,683
Contingency	537,473	-	537,473
Unappropriated ending fund balance	5,210,000	-	5,210,000
	<b>\$ 37,141,600</b>	<b>\$ 30,490,531</b>	<b>\$ 6,651,069</b>
<b><u>Transportation Operations Fund</u></b>			
Expenditures	\$ 7,549,072	\$ 6,844,707	\$ 704,365
Contingency	325,328	-	325,328
	<b>\$ 7,874,400</b>	<b>\$ 6,844,707</b>	<b>\$ 1,029,693</b>
<b><u>Fire/ Emergency Medical Services Fund</u></b>			
Expenditures	\$ 14,592,853	\$ 12,554,341	\$ 2,038,512
Contingency	271,047	-	271,047
Other requirements	50,000	-	50,000
	<b>\$ 14,913,900</b>	<b>\$ 12,554,341</b>	<b>\$ 2,359,559</b>
<b><u>Transportation System Development Charges Fund</u></b>			
Expenditures	\$ 13,907,400	\$ 8,838,240	\$ 5,069,160
Contingency	3,469,400	-	3,469,400
	<b>\$ 17,376,800</b>	<b>\$ 8,838,240</b>	<b>\$ 8,538,560</b>
<b><u>Building Fund</u></b>			
Expenditures	\$ 7,904,878	\$ 5,532,580	\$ 2,372,298
Contingency	548,622	-	548,622
Other requirements	2,540,000	-	2,540,000
Unappropriated fund balance	1,590,000	-	1,590,000
	<b>\$ 12,583,500</b>	<b>\$ 5,532,580</b>	<b>\$ 7,050,920</b>

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## 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 (previously Wastewater Fund)

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



City of Bend, Oregon

**Airport Fund**

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

For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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>				
Intergovernmental	\$ 3,800,000	\$ 3,800,000	\$ 1,910,144	\$ (1,889,856)
Charges for services	567,300	567,300	637,150	69,850
Investment income	(19,900)	(19,900)	2,977	22,877
Miscellaneous	60,500	60,500	64,487	3,987
<b>Total Revenues</b>	<b>4,407,900</b>	<b>4,407,900</b>	<b>2,614,758</b>	<b>(1,793,142)</b>
<b>Expenditures</b>				
Current:				
Personal services	121,942	121,942	120,692	1,250
Materials and services	111,000	111,000	86,685	24,315
Interfund charges	155,900	155,900	128,674	27,226
Capital outlay	3,807,500	3,807,500	2,298,068	1,509,432
Debt service	507,800	507,800	429,958	77,842
Contingency	14,958	14,958	-	14,958
<b>Total Expenditures</b>	<b>4,719,100</b>	<b>4,719,100</b>	<b>3,064,077</b>	<b>1,655,023</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(311,200)</b>	<b>(311,200)</b>	<b>(449,319)</b>	<b>(138,119)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from short-term notes payable	500,000	500,000	1,000,000	500,000
Advance from other funds	100,000	100,000	-	(100,000)
Interfund loan repayment	(470,000)	(470,000)	(400,000)	70,000
Issuance of long-term debt	-	-	120,335	120,335
Transfers in	90,000	90,000	90,000	-
Transfers out	(9,100)	(9,100)	(9,100)	-
<b>Total Other Financing Sources (Uses)</b>	<b>210,900</b>	<b>210,900</b>	<b>801,235</b>	<b>590,335</b>
<b>Net change in fund balance</b>	<b>(100,300)</b>	<b>(100,300)</b>	<b>351,916</b>	<b>452,216</b>
<b>Total Fund Balance, July 1, 2006</b>	<b>100,300</b>	<b>100,300</b>	<b>438,718</b>	<b>338,418</b>
<b>Total Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 790,634</b>	<b>\$ 790,634</b>

City of Bend, Oregon

**Airport Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)  
For the fiscal year ended June 30, 2007

**Reconciliation of Budgetary basis to GAAP basis**

Expenditures - Budgetary Basis	\$ 3,064,077
Capital expenditures reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(2,298,068)
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	(302,657)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>223,180</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 689,563</u></b>
Other Financing Sources - Budgetary Basis	\$ 801,235
Proceeds from short-term notes payable reported as other financing sources on the budgetary basis are reported as a liability on the GAAP basis	(1,000,000)
Proceeds from debt issuance reported as other financing source on the budgetary basis are reported as a liability on the GAAP basis	(120,335)
Interfund loan repayments reported as other financing sources on the budgetary basis are reported as reduction of the related notes receivable on the GAAP basis	<u>400,000</u>
<b>Other Financing Sources - GAAP Basis</b>	<b><u>\$ 80,900</u></b>

City of Bend, Oregon

**Water Fund**

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

For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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>				
Franchise fees	\$ 290,300	\$ 290,300	\$ 296,118	\$ 5,818
Charges for services	10,751,400	10,751,400	10,554,949	(196,451)
System development charges	3,712,000	3,712,000	2,337,688	(1,374,312)
Investment income	284,100	284,100	606,344	322,244
Miscellaneous	45,600	45,600	121,044	75,444
<b>Total Revenues</b>	<b>15,083,400</b>	<b>15,083,400</b>	<b>13,916,143</b>	<b>(1,167,257)</b>
<b>Expenditures</b>				
Current:				
Personal services	2,247,023	2,287,023	2,315,238	(28,215)
Materials and services	3,480,700	3,557,349	3,238,902	318,447
Interfund charges	1,968,000	1,968,000	1,928,627	39,373
Capital outlay	7,741,500	6,774,851	4,188,060	2,586,791
Debt service	323,000	323,000	320,428	2,572
Contingency	667,077	77	-	77
Debt service reserved	323,000	323,000	-	323,000
Construction reserves	687,200	4,200	-	4,200
<b>Total Expenditures</b>	<b>17,437,500</b>	<b>15,237,500</b>	<b>11,991,255</b>	<b>3,246,245</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(2,354,100)</b>	<b>(154,100)</b>	<b>1,924,888</b>	<b>2,078,988</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,500	3,500	3,500	-
Transfers out	(290,300)	(2,490,300)	(2,500,953)	(10,653)
<b>Total Other Financing Sources (Uses)</b>	<b>(286,800)</b>	<b>(2,486,800)</b>	<b>(2,497,453)</b>	<b>(10,653)</b>
<b>Net change in fund balance</b>	<b>(2,640,900)</b>	<b>(2,640,900)</b>	<b>(572,565)</b>	<b>2,068,335</b>
<b>Total Fund Balance, July 1, 2006</b>	<b>2,640,900</b>	<b>2,640,900</b>	<b>4,594,526</b>	<b>1,953,626</b>
<b>Total Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,021,961</b>	<b>\$ 4,021,961</b>

City of Bend, Oregon

**Water Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)  
For the fiscal year ended June 30, 2007

**Reconciliation of Budgetary basis to GAAP basis**

Total Revenues - Budgetary Basis	\$ 13,916,143
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>5,651,900</u>
<b>Total Revenues - GAAP Basis</b>	<b><u>\$ 19,568,043</u></b>
Expenditures - Budgetary Basis	\$ 11,991,255
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(4,188,060)
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	(155,000)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>1,684,271</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 9,338,523</u></b>
Total Other Financing Sources (Uses) - Budgetary Basis	\$ (2,497,453)
Loss on asset impairment not reported on the budgetary basis is reported as an other financing use on the GAAP basis	<u>(2,180,407)</u>
<b>Total Other Financing Sources (Uses) - GAAP Basis</b>	<b><u>\$ (4,677,860)</u></b>



City of Bend, Oregon

**Water Reclamation Fund (Previously Wastewater Fund)**

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

For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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>				
Franchise fees	\$ 273,400	\$ 273,400	\$ 259,630	\$ (13,770)
Charges for services	9,168,400	9,168,400	9,039,084	(129,316)
System development charges	3,182,000	3,182,000	2,487,254	(694,746)
Investment income	300,500	300,500	575,298	274,798
Miscellaneous	34,000	34,000	60,361	26,361
<b>Total Revenues</b>	<b>12,958,300</b>	<b>12,958,300</b>	<b>12,421,627</b>	<b>(536,673)</b>
<b>Expenditures</b>				
Current:				
Personal services	2,182,016	2,182,016	2,094,822	87,194
Materials and services	2,163,600	2,263,600	1,911,239	352,361
Interfund charges	1,765,200	1,765,200	1,752,691	12,509
Capital outlay	10,991,000	8,691,000	3,612,148	5,078,852
Debt service	1,300,000	1,300,000	1,289,042	10,958
Contingency	369,584	369,584	-	369,584
Debt service reserves	521,500	521,500	-	521,500
<b>Total Expenditures</b>	<b>19,292,900</b>	<b>17,092,900</b>	<b>10,659,942</b>	<b>6,432,958</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(6,334,600)</b>	<b>(4,134,600)</b>	<b>1,761,685</b>	<b>5,896,285</b>
<b>Other Financing Sources (Uses)</b>				
Issuance of long-term debt	2,334,700	2,334,700	-	(2,334,700)
Interfund loan repayment	210,000	210,000	210,000	-
Advances to other funds	(599,100)	(599,100)	(200,000)	399,100
Transfers in	5,600	5,600	5,600	-
Transfers out	(273,400)	(2,473,400)	(2,619,629)	(146,229)
Loss due to capital asset impairment				
<b>Total Other Financing Sources (Uses)</b>	<b>1,677,800</b>	<b>(522,200)</b>	<b>(2,604,029)</b>	<b>(2,081,829)</b>
<b>Net change in fund balance</b>	<b>(4,656,800)</b>	<b>(4,656,800)</b>	<b>(842,344)</b>	<b>3,814,456</b>
<b>Total Fund Balance, July 1, 2006</b>	<b>4,656,800</b>	<b>4,656,800</b>	<b>6,984,251</b>	<b>2,327,451</b>
<b>Total Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,141,907</b>	<b>\$ 6,141,907</b>

City of Bend, Oregon

**Water Reclamation Fund (Previously Wastewater Fund)**

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

For the fiscal year ended June 30, 2007

**Reconciliation of Budgetary basis to GAAP basis**

Total Revenues - Budgetary Basis	\$ 12,421,627
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>7,456,438</u>
<b>Total Revenues - GAAP Basis</b>	<b><u>\$ 19,878,065</u></b>
Expenditures - Budgetary Basis	\$ 10,659,942
Capitalized amounts reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(3,612,148)
Amortization of bond issue costs is not reported on the budgetary basis but is reported as an expense on the GAAP basis	69,201
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(751,922)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>2,409,341</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 8,774,414</u></b>
Other Financing Sources (Uses) - Budgetary Basis	\$ (2,604,029)
Interfund loan repayments reported as other financing sources on the budgetary basis are reported as reduction of the related notes receivable on the GAAP basis	(210,000)
Advances to other funds reported as other financing uses on the budgetary basis are reported as note receivables on the GAAP basis	200,000
Loss on asset impairment not reported on the budgetary basis is reported as an other financing use on the GAAP basis	<u>(1,475,945)</u>
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<b><u>\$ (4,089,974)</u></b>

City of Bend, Oregon

**Other Major Funds**

Schedule of Expenditures by Appropriation Levels

For the fiscal year ended June 30, 2007

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Airport Fund</u></b>			
Expenditures	\$ 5,183,242	\$ 3,473,177	\$ 1,710,065
Contingency	14,958	-	14,958
	<u>\$ 5,198,200</u>	<u>\$ 3,473,177</u>	<u>\$ 1,725,023</u>
<b><u>Water Fund</u></b>			
Expenditures	\$ 17,400,523	\$ 14,492,208	\$ 2,908,315
Contingency	77	-	-
Other requirements	327,200	-	327,200
	<u>\$ 17,727,800</u>	<u>\$ 14,492,208</u>	<u>\$ 3,235,515</u>
<b><u>Water Reclamation Fund</u></b>			
Expenditures	\$ 19,274,316	\$ 13,479,571	\$ 5,794,745
Contingency	369,584	-	-
Other requirements	521,500	-	521,500
	<u>\$ 20,165,400</u>	<u>\$ 13,479,571</u>	<u>\$ 6,316,245</u>

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**NONMAJOR GOVERNMENTAL AND  
ENTERPRISE FUNDS**

City of Bend, Oregon  
**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital</u>	<u>Total</u>
	<u>Funds</u>	<u>Funds</u>	<u>Projects</u>	
			<u>Funds</u>	
<b>Assets</b>				
Pooled cash and investments	\$ 1,454,239	\$ 4,050,407	\$ 848,384	\$ 6,353,030
Restricted cash and investments	-	1,431,918	-	1,431,918
Receivables:				
Property taxes	-	125,545	-	125,545
Accounts, net	123,196	500	-	123,696
Assessments	25,610	675,146	-	700,756
Loans and notes	601,379	-	48,971	650,350
Due from other governments	822,287	-	-	822,287
<b>Total Assets</b>	<b>\$ 3,026,711</b>	<b>\$ 6,283,516</b>	<b>\$ 897,355</b>	<b>\$ 10,207,582</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 289,374	\$ -	\$ 302,879	\$ 592,253
Salaries and benefits payable	33,207	-	1,785	34,992
Retainage payable	-	-	2,792	2,792
Notes payable	-	-	1,300,000	1,300,000
Deposits	216,567	-	402,175	618,742
Deferred revenues	640,095	761,405	-	1,401,500
Due to other funds	510,000	-	200,000	710,000
<b>Total Liabilities</b>	<b>1,689,243</b>	<b>761,405</b>	<b>2,209,631</b>	<b>4,660,279</b>
Fund balances (deficit):				
Reserved for debt service	-	5,522,111	-	5,522,111
Unreserved:				
Designated	1,382,420	-	-	1,382,420
Undesignated	(44,952)	-	(1,312,276)	(1,357,228)
<b>Total Fund Balances (Deficit)</b>	<b>1,337,468</b>	<b>5,522,111</b>	<b>(1,312,276)</b>	<b>5,547,303</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,026,711</b>	<b>\$ 6,283,516</b>	<b>\$ 897,355</b>	<b>\$ 10,207,582</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, 2007

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
<b>Revenues</b>				
Property taxes	\$ -	\$ 2,456,008	\$ -	\$ 2,456,008
Transient room taxes	967,584	-	-	967,584
Intergovernmental	2,379,488	258,687	-	2,638,175
Assessments	88,387	243,880	-	332,267
Charges for services	4,450,453	1,051,941	-	5,502,394
Loan repayments	22,960	-	-	22,960
Investment income	54,948	283,206	32,671	370,825
Miscellaneous	16,176	-	64,025	80,201
<b>Total Revenues</b>	<b>7,979,996</b>	<b>4,293,722</b>	<b>96,696</b>	<b>12,370,414</b>
<b>Expenditures</b>				
Current:				
Public safety	-	3,800	-	3,800
Public ways and facilities	-	66,500	105,776	172,276
Community and economic development	5,839,064	-	-	5,839,064
Urban renewal	-	-	510,536	510,536
Transit	2,699,843	-	-	2,699,843
Debt service:				
Principal	-	1,532,000	-	1,532,000
Interest	-	1,578,194	17,922	1,596,116
Capital outlay	530,290	-	2,141,746	2,672,036
<b>Total Expenditures</b>	<b>9,069,197</b>	<b>3,180,494</b>	<b>2,775,980</b>	<b>15,025,671</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,089,201)</b>	<b>1,113,228</b>	<b>(2,679,284)</b>	<b>(2,655,257)</b>
<b>Other Financing Sources</b>				
Proceeds from sale of asset	-	-	586,493	586,493
Transfers in	1,269,000	3,900	677,925	1,950,825
Transfers out	-	-	(250,000)	(250,000)
<b>Total Other Financing Sources</b>	<b>1,269,000</b>	<b>3,900</b>	<b>1,014,418</b>	<b>2,287,318</b>
<b>Net change in fund balances</b>	<b>179,799</b>	<b>1,117,128</b>	<b>(1,664,866)</b>	<b>(367,939)</b>
<b>Fund Balances, July 1, 2006</b>	<b>1,157,669</b>	<b>4,404,983</b>	<b>352,590</b>	<b>5,915,242</b>
<b>Fund Balances (Deficit), June 30, 2007</b>	<b>\$ 1,337,468</b>	<b>\$ 5,522,111</b>	<b>\$ (1,312,276)</b>	<b>\$ 5,547,303</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.

### 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.

### 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 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, 2007

	Planning Fund	Community Development Block Grant Fund	Affordable Housing Fund	Public Transit Operations Fund	Tourist Promotion/ Economic Development Fund	Economic Improvement District Fund	Total
<b>Assets</b>							
Pooled cash and investments	\$ 693,819	\$ 24,100	\$ 624,253	\$ 70,101	\$ 5,937	\$ 36,029	\$ 1,454,239
Receivables:							
Accounts, net	200	10,026	185	2,013	110,772	-	123,196
Assessments	-	-	-	-	-	25,610	25,610
Loans and notes	-	601,379	-	-	-	-	601,379
Due from other governments	75,803	243,690	-	502,794	-	-	822,287
<b>Total Assets</b>	<b>\$ 769,822</b>	<b>\$ 879,195</b>	<b>\$ 624,438</b>	<b>\$ 574,908</b>	<b>\$ 116,709</b>	<b>\$ 61,639</b>	<b>\$ 3,026,711</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 74,501	\$ 23,501	\$ 1,008	\$ 189,845	\$ 96	\$ 423	\$ 289,374
Salaries and benefits payable	30,304	763	763	1,377	-	-	33,207
Deposits	216,567	-	-	-	-	-	216,567
Deferred revenues	-	601,378	-	35,251	-	3,466	640,095
Due to other funds	-	-	-	385,000	125,000	-	510,000
<b>Total Liabilities</b>	<b>321,372</b>	<b>625,642</b>	<b>1,771</b>	<b>611,473</b>	<b>125,096</b>	<b>3,889</b>	<b>1,689,243</b>
Fund balances (deficits):							
Unreserved - designated	448,450	253,553	622,667	-	-	57,750	1,382,420
Unreserved - undesignated	-	-	-	(36,565)	(8,387)	-	(44,952)
<b>Total Fund Balances (Deficits)</b>	<b>448,450</b>	<b>253,553</b>	<b>622,667</b>	<b>(36,565)</b>	<b>(8,387)</b>	<b>57,750</b>	<b>1,337,468</b>
<b>Total Liabilities and Fund Balances</b>							
(Deficits)	\$ 769,822	\$ 879,195	\$ 624,438	\$ 574,908	\$ 116,709	\$ 61,639	\$ 3,026,711

City of Bend, Oregon

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

Nonmajor Special Revenue Funds

For the fiscal year ended June 30, 2007

	Planning	Community	Affordable	Public	Tourist	Economic	Total
	Fund	Development	Housing	Transit	Promotion/	Improvement	
		Block Grant	Fund	Operations	Economic	District	
		Fund		Fund	Development	Fund	
					Fund		
<b>Revenues</b>							
Transient room taxes	\$ -	\$ -	\$ -	\$ -	\$ 967,584	\$ -	\$ 967,584
Intergovernmental	46,855	720,917	-	1,611,716	-	-	2,379,488
Charges for services	3,616,785	-	675,889	157,779	-	-	4,450,453
Assessments	-	-	-	-	-	88,387	88,387
Loan repayments	-	22,960	-	-	-	-	22,960
Investment income	54,358	(629)	13,190	(10,293)	(2,962)	1,284	54,948
Miscellaneous	986	-	-	15,190	-	-	16,176
<b>Total Revenues</b>	<b>3,718,984</b>	<b>743,248</b>	<b>689,079</b>	<b>1,774,392</b>	<b>964,622</b>	<b>89,671</b>	<b>7,979,996</b>
<b>Expenditures</b>							
Current:							
Community and economic development	4,164,639	484,257	117,412	-	1,027,441	45,315	5,839,064
Transit	-	-	-	2,699,843	-	-	2,699,843
Capital outlay	67,032	-	-	463,258	-	-	530,290
<b>Total Expenditures</b>	<b>4,231,671</b>	<b>484,257</b>	<b>117,412</b>	<b>3,163,101</b>	<b>1,027,441</b>	<b>45,315</b>	<b>9,069,197</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(512,687)</b>	<b>258,991</b>	<b>571,667</b>	<b>(1,388,709)</b>	<b>(62,819)</b>	<b>44,356</b>	<b>(1,089,201)</b>
<b>Other Financing Sources</b>							
Transfers in	-	-	51,000	1,218,000	-	-	1,269,000
<b>Net change in fund balance</b>	<b>(512,687)</b>	<b>258,991</b>	<b>622,667</b>	<b>(170,709)</b>	<b>(62,819)</b>	<b>44,356</b>	<b>179,799</b>
<b>Fund Balances (Deficit), July 1, 2006</b>	<b>961,137</b>	<b>(5,438)</b>	<b>-</b>	<b>134,144</b>	<b>54,432</b>	<b>13,394</b>	<b>1,157,669</b>
<b>Fund Balances (Deficit), June 30, 2007</b>	<b>\$ 448,450</b>	<b>\$ 253,553</b>	<b>\$ 622,667</b>	<b>\$ (36,565)</b>	<b>\$ (8,387)</b>	<b>\$ 57,750</b>	<b>\$ 1,337,468</b>

City of Bend, Oregon

**Planning Fund**

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

For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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><u>Revenues</u></b>				
Intergovernmental	\$ 72,600	\$ 72,600	\$ 46,855	\$ (25,745)
Charges for services:				
Charges to others	3,840,100	3,840,100	3,355,285	(484,815)
Charges to other City funds	285,600	285,600	261,500	(24,100)
Investment income	15,000	15,000	54,358	39,358
Miscellaneous	3,100	3,100	986	(2,114)
<b>Total Revenues</b>	<b>4,216,400</b>	<b>4,216,400</b>	<b>3,718,984</b>	<b>(497,416)</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	2,604,172	2,604,172	2,218,584	385,588
Materials and services	1,103,600	1,103,600	834,097	269,503
Interfund charges	1,114,100	1,114,100	1,111,958	2,142
Capital outlay	30,000	30,000	67,032	(37,032)
Contingency	140,828	140,828	-	140,828
<b>Total Expenditures</b>	<b>4,992,700</b>	<b>4,992,700</b>	<b>4,231,671</b>	<b>761,029</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(776,300)</b>	<b>(776,300)</b>	<b>(512,687)</b>	<b>263,613</b>
Fund Balance, July 1, 2006	776,300	776,300	961,137	184,837
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 448,450</b>	<b>\$ 448,450</b>

City of Bend, Oregon

**Community Development Block Grant Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Intergovernmental	\$ 429,900	\$ 429,900	\$ 720,917	\$ 291,017
Loan repayments	38,500	38,500	22,960	(15,540)
Investment income	-	-	(629)	(629)
<b>Total Revenues</b>	<b>468,400</b>	<b>468,400</b>	<b>743,248</b>	<b>274,848</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	111,917	106,917	60,931	45,986
Materials and services	349,800	349,800	356,370	(6,570)
Interfund charges	64,300	69,300	66,956	2,344
Contingency	22,883	22,883	-	22,883
<b>Total Expenditures</b>	<b>548,900</b>	<b>548,900</b>	<b>484,257</b>	<b>64,643</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(80,500)</b>	<b>(80,500)</b>	<b>258,991</b>	<b>339,491</b>
<b>Fund Balance (Deficit), July 1, 2006</b>	<b>80,500</b>	<b>80,500</b>	<b>(5,438)</b>	<b>(85,938)</b>
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 253,553</b>	<b>\$ 253,553</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, 2007

	<u>Budget</u>		<u>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><u>Revenues</u></b>				
Charges for services	\$ -	\$ 780,000	\$ 675,889	\$ (104,111)
Investment income	-	-	13,190	13,190
<b>Total Revenues</b>	<b>-</b>	<b>780,000</b>	<b>689,079</b>	<b>(90,921)</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	-	51,000	51,763	(763)
Materials and services	-	728,500	65,512	662,988
Interfund charges	-	500	137	363
<b>Total Expenditures</b>	<b>-</b>	<b>780,000</b>	<b>117,412</b>	<b>662,588</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>571,667</b>	<b>571,667</b>
<b><u>Other Financing Sources</u></b>				
Transfers in	-	-	51,000	51,000
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>622,667</b>	<b>622,667</b>
Fund Balance, July 1, 2006	-	-	-	-
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 622,667</b>	<b>\$ 622,667</b>

City of Bend, Oregon

**Public Transit Operations Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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>				
Intergovernmental	\$ 1,283,300	\$ 1,599,700	\$ 1,611,716	\$ 12,016
Charges for services	82,000	233,000	157,779	(75,221)
Investment income	7,000	7,000	(10,293)	(17,293)
Miscellaneous	-	-	15,190	15,190
<b>Total Revenues</b>	<b>1,372,300</b>	<b>1,839,700</b>	<b>1,774,392</b>	<b>(65,308)</b>
<b>Expenditures</b>				
Current:				
Personal services	95,895	95,895	94,010	1,885
Materials and services	1,421,000	1,638,900	1,635,267	3,633
Interfund charges	687,800	990,900	970,566	20,334
Capital outlay	375,100	664,200	463,258	200,942
Contingency	73,405	10,705	-	10,705
<b>Total Expenditures</b>	<b>2,653,200</b>	<b>3,400,600</b>	<b>3,163,101</b>	<b>237,499</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(1,280,900)</b>	<b>(1,560,900)</b>	<b>(1,388,709)</b>	<b>172,191</b>
<b>Other Financing Sources</b>				
Advances from other funds	-	-	385,000	385,000
Transfers in	1,138,000	1,418,000	1,218,000	(200,000)
<b>Total Other Financing Sources</b>	<b>1,138,000</b>	<b>1,418,000</b>	<b>1,603,000</b>	<b>185,000</b>
Net change in fund balance	(142,900)	(142,900)	214,291	357,191
Fund Balance, July 1, 2006	142,900	142,900	134,144	(8,756)
<b>Fund Balance (Deficit), June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 348,435</b>	<b>\$ 348,435</b>

**Reconciliation of Budgetary basis to GAAP basis**

Other Financing Sources - Budgetary Basis	\$ 1,603,000
Advance from other funds reported as other financing source on the budgetary basis is reported as a liability on the GAAP basis	<u>(385,000)</u>
<b>Other Financing Sources - GAAP Basis</b>	<b><u>\$ 1,218,000</u></b>

City of Bend, Oregon

**Tourist Promotion / Economic Development Fund**

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

For the fiscal year ended June 30, 2007

	Budget		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Transient room taxes	\$ 1,012,700	\$ 1,012,700	\$ 967,584	\$ (45,116)
Investment income	3,000	3,000	(2,962)	(5,962)
<b>Total Revenues</b>	<b>1,015,700</b>	<b>1,015,700</b>	<b>964,622</b>	<b>(51,078)</b>
<b>Expenditures</b>				
Current:				
Materials and services	1,009,500	998,500	1,009,741	(11,241)
Interfund charges	17,700	28,700	17,700	11,000
Contingency	6,100	6,100	-	6,100
<b>Total Expenditures</b>	<b>1,033,300</b>	<b>1,033,300</b>	<b>1,027,441</b>	<b>5,859</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(17,600)</b>	<b>(17,600)</b>	<b>(62,819)</b>	<b>(45,219)</b>
<b>Other Financing Sources (Uses)</b>				
Advance from other funds	-	33,000	125,000	92,000
Interfund loan repayment	-	(33,000)	(33,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>92,000</b>	<b>92,000</b>
Net change in fund balance	(17,600)	(17,600)	29,181	46,781
Fund Balance, July 1, 2006	17,600	17,600	87,432	69,832
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 116,613</b>	<b>\$ 116,613</b>

**Reconciliation of Budgetary basis to GAAP basis**

Other Financing Sources (Uses) - Budgetary Basis	\$ 92,000
Advance from other funds reported as other financing source on the budgetary basis is reported as a liability on the GAAP basis	(125,000)
Repayment of interfund loan reported as other financing use on the budgetary basis is reported as a reduction of liabilities on the GAAP basis	33,000
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<b>\$ -</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, 2007

	Budget		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Assessments	\$ 102,400	\$ 102,400	\$ 88,387	\$ (14,013)
Investment income	800	800	1,284	484
<b>Total Revenues</b>	<b>103,200</b>	<b>103,200</b>	<b>89,671</b>	<b>(13,529)</b>
<b>Expenditures</b>				
Current:				
Materials and services	98,500	98,500	43,049	55,451
Interfund charges	5,200	5,200	2,266	2,934
<b>Total Expenditures</b>	<b>103,700</b>	<b>103,700</b>	<b>45,315</b>	<b>58,385</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(500)</b>	<b>(500)</b>	<b>44,356</b>	<b>44,856</b>
Fund Balance, July 1, 2006	500	500	13,394	12,894
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,750</b>	<b>\$ 57,750</b>

City of Bend, Oregon  
**Nonmajor Special Revenue Funds**  
 Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2007

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Planning Fund</u></b>			
Expenditures	\$ 4,851,872	\$ 4,231,671	\$ 620,201
Contingency	140,828	-	140,828
	<u>\$ 4,992,700</u>	<u>\$ 4,231,671</u>	<u>\$ 761,029</u>
<b><u>Community Development Block Grant</u></b>			
Expenditures	\$ 526,017	\$ 484,257	\$ 41,760
Contingency	22,883	-	22,883
	<u>\$ 548,900</u>	<u>\$ 484,257</u>	<u>\$ 64,643</u>
<b><u>Affordable Housing</u></b>			
Expenditures	\$ 780,000	\$ 117,412	\$ 662,588
Contingency	-	-	-
	<u>\$ 780,000</u>	<u>\$ 117,412</u>	<u>\$ 662,588</u>
<b><u>Public Transit</u></b>			
Expenditures	\$ 3,389,895	\$ 3,163,101	\$ 226,794
Contingency	10,705	-	10,705
	<u>\$ 3,400,600</u>	<u>\$ 3,163,101</u>	<u>\$ 237,499</u>
<b><u>Tourism/Economic Development</u></b>			
Expenditures	\$ 1,060,200	\$ 1,060,441	\$ (241)
Contingency	6,100	-	6,100
	<u>\$ 1,066,300</u>	<u>\$ 1,060,441</u>	<u>\$ 5,859</u>
<b><u>Economic Improvement District</u></b>			
Expenditures	\$ 103,700	\$ 88,364	\$ 15,336
	<u>\$ 103,700</u>	<u>\$ 88,364</u>	<u>\$ 15,336</u>



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## **NONMAJOR DEBT SERVICE FUNDS**

### Improvement District Debt Service Fund

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

### 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, 2007

	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>Assets</b>						
Pooled cash and investments	\$ 946,384	\$ 2,088,231	\$ 5,400	\$ 893,560	\$ 116,832	\$ 4,050,407
Restricted cash and investments	-	1,431,918	-	-	-	1,431,918
Receivables:						
Property taxes	-	120,802	-	-	4,743	125,545
Accounts, net	500	-	-	-	-	500
Assessments	675,146	-	-	-	-	675,146
<b>Total Assets</b>	<b>\$ 1,622,030</b>	<b>\$ 3,640,951</b>	<b>\$ 5,400</b>	<b>\$ 893,560</b>	<b>\$ 121,575</b>	<b>\$ 6,283,516</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Deferred revenues	\$ 675,146	\$ 83,162	\$ -	\$ -	\$ 3,097	\$ 761,405
<b>Total Liabilities</b>	<b>675,146</b>	<b>83,162</b>	<b>-</b>	<b>-</b>	<b>3,097</b>	<b>761,405</b>
Fund balances:						
Reserved for debt service	946,884	3,557,789	5,400	893,560	118,478	5,522,111
<b>Total Fund Balances</b>	<b>946,884</b>	<b>3,557,789</b>	<b>5,400</b>	<b>893,560</b>	<b>118,478</b>	<b>5,522,111</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,622,030</b>	<b>\$ 3,640,951</b>	<b>\$ 5,400</b>	<b>\$ 893,560</b>	<b>\$ 121,575</b>	<b>\$ 6,283,516</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, 2007

	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	\$ -	\$ 2,341,135	\$ -	\$ -	\$ 114,873	\$ 2,456,008
Intergovernmental	-	-	258,687	-	-	258,687
Assessments	243,880	-	-	-	-	243,880
Charges for services	56,850	-	-	995,091	-	1,051,941
Investment income	55,136	180,436	1,028	43,001	3,605	283,206
<b>Total Revenues</b>	<b>355,866</b>	<b>2,521,571</b>	<b>259,715</b>	<b>1,038,092</b>	<b>118,478</b>	<b>4,293,722</b>
<b>Expenditures</b>						
Current:						
Public safety	-	-	3,800	-	-	3,800
Public ways and facilities	66,500	-	-	-	-	66,500
Debt service:						
Principal	352,000	1,065,000	115,000	-	-	1,532,000
Interest	44,989	648,032	143,687	741,486	-	1,578,194
<b>Total Expenditures</b>	<b>463,489</b>	<b>1,713,032</b>	<b>262,487</b>	<b>741,486</b>	<b>-</b>	<b>3,180,494</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(107,623)</b>	<b>808,539</b>	<b>(2,772)</b>	<b>296,606</b>	<b>118,478</b>	<b>1,113,228</b>
<b>Other Financing Sources</b>						
Transfers in	-	-	3,900	-	-	3,900
<b>Net change in fund balances</b>	<b>(107,623)</b>	<b>808,539</b>	<b>1,128</b>	<b>296,606</b>	<b>118,478</b>	<b>1,117,128</b>
Fund Balances, July 1, 2006	1,054,507	2,749,250	4,272	596,954	-	4,404,983
<b>Fund Balances, June 30, 2007</b>	<b>\$ 946,884</b>	<b>\$ 3,557,789</b>	<b>\$ 5,400</b>	<b>\$ 893,560</b>	<b>\$ 118,478</b>	<b>\$ 5,522,111</b>

City of Bend, Oregon

**Improvement District Debt Service Fund**

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

For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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><u>Revenues</u></b>				
Charges for services	\$ 65,000	\$ 65,000	\$ 56,850	\$ (8,150)
Assessment loan repayments	182,000	182,000	243,880	61,880
Investment income	35,000	35,000	55,136	20,136
<b>Total Revenues</b>	<b>282,000</b>	<b>282,000</b>	<b>355,866</b>	<b>73,866</b>
<b><u>Expenditures</u></b>				
Current:				
Interfund charges	66,500	66,500	66,500	-
Debt service	413,000	413,000	396,989	16,011
Contingency	749,700	749,700	-	749,700
<b>Total Expenditures</b>	<b>1,229,200</b>	<b>1,229,200</b>	<b>463,489</b>	<b>765,711</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(947,200)</b>	<b>(947,200)</b>	<b>(107,623)</b>	<b>839,577</b>
Fund Balance, July 1, 2006	947,200	947,200	1,054,507	107,307
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 946,884</b>	<b>\$ 946,884</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, 2007

	<u>Budget</u>		<u>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><u>Revenues</u></b>				
Property taxes	\$ 2,447,000	\$ 2,447,000	\$ 2,341,135	\$ (105,865)
Investment income	95,000	95,000	180,436	85,436
<b>Total Revenues</b>	<b>2,542,000</b>	<b>2,542,000</b>	<b>2,521,571</b>	<b>(20,429)</b>
<b><u>Expenditures</u></b>				
Debt service	1,714,000	1,714,000	1,713,032	968
Contingency	2,095,400	2,095,400	-	2,095,400
Debt service reserve	1,431,900	1,431,900	-	1,431,900
<b>Total Expenditures</b>	<b>5,241,300</b>	<b>5,241,300</b>	<b>1,713,032</b>	<b>3,528,268</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,699,300)</b>	<b>(2,699,300)</b>	<b>808,539</b>	<b>3,507,839</b>
Fund Balance, July 1, 2006	2,699,300	2,699,300	2,749,250	49,950
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,557,789</b>	<b>\$ 3,557,789</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, 2007

	<u>Budget</u>		<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 259,000	\$ 259,000	\$ 258,687	\$ (313)
Investment income	600	600	1,028	428
<b>Total Revenues</b>	<b>259,600</b>	<b>259,600</b>	<b>259,715</b>	<b>115</b>
<b>Expenditures</b>				
Current:				
Materials and services	700	700	600	100
Interfund charges	3,200	3,200	3,200	-
Debt service	259,000	259,000	258,687	313
Contingency	4,600	4,600	-	4,600
<b>Total Expenditures</b>	<b>267,500</b>	<b>267,500</b>	<b>262,487</b>	<b>5,013</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(7,900)</b>	<b>(7,900)</b>	<b>(2,772)</b>	<b>5,128</b>
<b>Other Financing Sources</b>				
Transfers in	3,900	3,900	3,900	-
<b>Total Other Financing Sources</b>	<b>3,900</b>	<b>3,900</b>	<b>3,900</b>	<b>-</b>
Net change in fund balance	(4,000)	(4,000)	1,128	5,128
Fund Balance, July 1, 2006	4,000	4,000	4,272	272
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,400</b>	<b>\$ 5,400</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, 2007

	<u>Budget</u>		<u>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 to other City funds	\$ 1,062,100	\$ 1,062,100	\$ 995,091	\$ (67,009)
Investment income	40,000	40,000	43,001	3,001
<b>Total Revenues</b>	<b>1,102,100</b>	<b>1,102,100</b>	<b>1,038,092</b>	<b>(64,008)</b>
<b>Expenditures</b>				
Debt service	820,800	820,800	741,486	79,314
Contingency	89,300	89,300	-	89,300
Debt service reserve	693,300	693,300	-	693,300
<b>Total Expenditures</b>	<b>1,603,400</b>	<b>1,603,400</b>	<b>741,486</b>	<b>861,914</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(501,300)</b>	<b>(501,300)</b>	<b>296,606</b>	<b>797,906</b>
<b>Fund Balance, July 1, 2006</b>	<b>501,300</b>	<b>501,300</b>	<b>596,954</b>	<b>95,654</b>
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 893,560</b>	<b>\$ 893,560</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, 2007

	<u>Budget</u>		<u>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><u>Revenues</u></b>				
Property taxes	\$ 153,000	\$ 153,000	\$ 114,873	\$ (38,127)
Investment income	-	-	3,605	3,605
<b>Total Revenues</b>	<b>153,000</b>	<b>153,000</b>	<b>118,478</b>	<b>(34,522)</b>
<b><u>Expenditures</u></b>				
Debt service	153,000	153,000	-	153,000
<b>Total Expenditures</b>	<b>153,000</b>	<b>153,000</b>	<b>-</b>	<b>153,000</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>118,478</b>	<b>118,478</b>
Fund Balance, July 1, 2006	-	-	-	-
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 118,478</b>	<b>\$ 118,478</b>

City of Bend, Oregon  
**Nonmajor Debt Service Funds**  
 Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2007

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Improvement District Debt Service Fund</u></b>			
Expenditures	\$ 479,500	\$ 463,489	\$ 16,011
Contingency	749,700	-	749,700
	<u>\$ 1,229,200</u>	<u>\$ 463,489</u>	<u>\$ 765,711</u>
<b><u>Urban Renewal Debt Service Fund</u></b>			
Expenditures	\$ 1,714,000	\$ 1,713,032	\$ 968
Contingency	2,095,400	-	2,095,400
Reserves	1,431,900	-	1,431,900
	<u>\$ 5,241,300</u>	<u>\$ 1,713,032</u>	<u>\$ 3,528,268</u>
<b><u>Fire Station Debt Service Fund</u></b>			
Expenditures	\$ 262,900	\$ 262,487	\$ 413
Contingency	4,600	-	4,600
	<u>\$ 267,500</u>	<u>\$ 262,487</u>	<u>\$ 5,013</u>
<b><u>PERS Debt Service Fund</u></b>			
Expenditures	\$ 820,800	\$ 741,486	\$ 79,314
Contingency	89,300	-	89,300
Reserves	693,300	-	693,300
	<u>\$ 1,603,400</u>	<u>\$ 741,486</u>	<u>\$ 861,914</u>
<b><u>Juniper Ridge Urban Renewal Debt Service Fund</u></b>			
Expenditures	\$ 153,000	-	\$ 153,000
Contingency	-	-	-
Reserves	-	-	-
	<u>\$ 153,000</u>	<u>\$ -</u>	<u>\$ 153,000</u>



## **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.

### **Juniper Ridge Urban Renewal Construction Fund**

This fund accounts for the expenditures of the Juniper Ridge urban renewal district.

### **Accessibility Construction Fund**

This fund accounts for the cost of construction related to improving accessibility.

City of Bend, Oregon  
**Combining Balance Sheet**  
 Nonmajor Capital Projects Funds  
 June 30, 2007

	Improvement District Construction <u>Fund</u>	Urban Renewal Construction <u>Fund</u>	Juniper Ridge Urban Renewal Construction <u>Fund</u>	Accessibility Construction <u>Fund</u>	<u>Total</u>
<b>Assets</b>					
Pooled cash and investments	\$ 48,245	\$ 494,469	\$ 237,985	\$ 67,685	\$ 848,384
Loans and notes receivable	-	48,971	-	-	48,971
<b>Total Assets</b>	<b>\$ 48,245</b>	<b>\$ 543,440</b>	<b>\$ 237,985</b>	<b>\$ 67,685</b>	<b>\$ 897,355</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 7,200	\$ 30,530	\$ 201,196	\$ 63,953	\$ 302,879
Retainage payable	-	1,149	-	1,643	2,792
Notes payable	-	-	1,300,000	-	1,300,000
Salaries and benefits payable	-	228	1,557	-	1,785
Deposits	-	402,175	-	-	402,175
Due to other funds	200,000	-	-	-	200,000
<b>Total Liabilities</b>	<b>207,200</b>	<b>434,082</b>	<b>1,502,753</b>	<b>65,596</b>	<b>2,209,631</b>
Fund deficits:					
Unreserved:					
Undesignated	(158,955)	109,358	(1,264,768)	2,089	(1,312,276)
<b>Total Fund Balances (Deficits)</b>	<b>(158,955)</b>	<b>109,358</b>	<b>(1,264,768)</b>	<b>2,089</b>	<b>(1,312,276)</b>
<b>Total Liabilities and Fund Balances (Deficits)</b>	<b>\$ 48,245</b>	<b>\$ 543,440</b>	<b>\$ 237,985</b>	<b>\$ 67,685</b>	<b>\$ 897,355</b>

City of Bend, Oregon

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

Nonmajor Capital Projects Funds

For the fiscal year ended June 30, 2007

	Improvement District Construction Fund	Urban Renewal Construction Fund	Juniper Ridge Urban Renewal Construction Fund	Accessibility Construction Fund	Total
<b>Revenues</b>					
Rental Income	\$ -	\$ 64,025	\$ -	\$ -	\$ 64,025
Investment income	(6,399)	36,454	161	2,455	32,671
<b>Total Revenues</b>	<b>(6,399)</b>	<b>100,479</b>	<b>161</b>	<b>2,455</b>	<b>96,696</b>
<b>Expenditures</b>					
Current:					
Public ways and facilities	105,776	-	-	-	105,776
Urban renewal	-	356,948	153,588	-	510,536
Debt Service	-	-	17,922	-	17,922
Capital outlay	48,392	1,110,620	712,368	270,366	2,141,746
<b>Total Expenditures</b>	<b>154,168</b>	<b>1,467,568</b>	<b>883,878</b>	<b>270,366</b>	<b>2,775,980</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(160,567)</b>	<b>(1,367,089)</b>	<b>(883,717)</b>	<b>(267,911)</b>	<b>(2,679,284)</b>
<b>Other Financing Sources</b>					
Proceeds from sale of asset	-	586,493	-	-	586,493
Transfers in	157,925	250,000	-	270,000	677,925
Transfers out	-	(250,000)	-	-	(250,000)
<b>Total Other Financing Sources</b>	<b>157,925</b>	<b>586,493</b>	<b>-</b>	<b>270,000</b>	<b>1,014,418</b>
Net change in fund balance	(2,642)	(780,596)	(883,717)	2,089	(1,664,866)
Fund Balance (Deficits), July 1, 2006	(156,313)	889,954	(381,051)	-	352,590
<b>Fund Balance (Deficits), June 30, 2007</b>	<b>\$ (158,955)</b>	<b>\$ 109,358</b>	<b>\$ (1,264,768)</b>	<b>\$ 2,089</b>	<b>\$ (1,312,276)</b>

City of Bend, Oregon

**Improvement District Construction Fund**

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

For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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>				
Investment income	\$ -	\$ -	\$ (6,399)	\$ (6,399)
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>(6,399)</b>	<b>(6,399)</b>
<b>Expenditures</b>				
Current:				
Materials and services	-	-	13,476	(13,476)
Interfund charges	92,300	92,300	92,300	-
Capital outlay	300,000	300,000	48,392	251,608
<b>Total Expenditures</b>	<b>392,300</b>	<b>392,300</b>	<b>154,168</b>	<b>238,132</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(392,300)</b>	<b>(392,300)</b>	<b>(160,567)</b>	<b>231,733</b>
<b>Other Financing Sources (Uses)</b>				
Interfund loan repayment	(210,000)	(210,000)	(210,000)	-
Advance from other funds	599,100	599,100	200,000	(399,100)
Transfers in	-	-	157,925	157,925
<b>Total Other Financing Sources (Uses)</b>	<b>389,100</b>	<b>389,100</b>	<b>147,925</b>	<b>(241,175)</b>
Net change in fund balance	(3,200)	(3,200)	(12,642)	(9,442)
Fund Balance, July 1, 2006	3,200	3,200	53,687	50,487
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,045</b>	<b>\$ 41,045</b>

**Reconciliation of Budgetary basis to GAAP basis**

Other Financing Sources (Uses) - Budgetary Basis	\$ 147,925
Repayment of interfund loan reported as other financing use on the budgetary basis is reported as a reduction of liabilities on the GAAP basis	210,000
Advance from other funds reported as other financing source on the budgetary basis is reported as a liability on the GAAP basis	<u>(200,000)</u>
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<b><u>\$ 157,925</u></b>

City of Bend, Oregon

**Urban Renewal Construction Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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>				
Rental income	\$ 167,600	\$ 167,600	\$ 64,025	\$ (103,575)
Investment income	35,500	35,500	36,454	954
<b>Total Revenues</b>	<b>203,100</b>	<b>203,100</b>	<b>100,479</b>	<b>(102,621)</b>
<b>Expenditures</b>				
Current:				
Personal services	37,159	42,159	40,613	1,546
Materials and services	555,800	55,800	25,898	29,902
Interfund charges	297,800	297,800	290,437	7,363
Capital outlay	300,000	1,171,041	1,110,620	60,421
Contingency	376,041	-	-	-
<b>Total Expenditures</b>	<b>1,566,800</b>	<b>1,566,800</b>	<b>1,467,568</b>	<b>99,232</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(1,363,700)</b>	<b>(1,363,700)</b>	<b>(1,367,089)</b>	<b>(3,389)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	683,000	683,000	586,493	(96,507)
Transfers in	-	-	250,000	250,000
Transfers out	(250,000)	(250,000)	(250,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>433,000</b>	<b>433,000</b>	<b>586,493</b>	<b>153,493</b>
Net change in fund balance	(930,700)	(930,700)	(780,596)	150,104
Fund Balance, July 1, 2006	930,700	930,700	840,983	(89,717)
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,387</b>	<b>\$ 60,387</b>



City of Bend, Oregon

**Juniper Ridge Urban Renewal Construction Fund**

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

For the fiscal year ended June 30, 2007

	Budget		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions	\$ 470,000	\$ 470,000	\$ -	\$ (470,000)
Investment income	20,000	20,000	161	(19,839)
<b>Total Revenues</b>	<b>490,000</b>	<b>490,000</b>	<b>161</b>	<b>(489,839)</b>
<b>Expenditures</b>				
Current:				
Personal services	107,105	110,105	107,979	2,126
Materials and services	451,000	448,000	13,117	434,883
Interfund charges	35,100	35,100	32,492	2,608
Debt Service:				
Interest	-	-	17,922	(17,922)
Capital outlay	3,435,000	3,435,000	712,368	2,722,632
Contingency	361,395	361,395	-	361,395
Construction reserves	2,800,000	2,800,000	-	2,800,000
<b>Total Expenditures</b>	<b>7,189,600</b>	<b>7,189,600</b>	<b>883,878</b>	<b>6,305,722</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(6,699,600)</b>	<b>(6,699,600)</b>	<b>(883,717)</b>	<b>5,815,883</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from short-term notes	152,900	152,900	1,300,000	1,147,100
Issuance of long-term debt	7,000,000	7,000,000	-	(7,000,000)
Interfund loan repayment	(550,000)	(550,000)	(550,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>6,602,900</b>	<b>6,602,900</b>	<b>750,000</b>	<b>(5,852,900)</b>
Net change in fund balance	(96,700)	(96,700)	(133,717)	(37,017)
Fund Balance, July 1, 2006	96,700	96,700	168,949	72,249
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 35,232</b>	<b>\$ 35,232</b>

**Reconciliation of Budgetary basis to GAAP basis**

Other Financing Sources - Budgetary Basis	\$ 750,000
Proceeds from short-term notes payable reported as other financing source on the budgetary basis are reported as a liability on the GAAP basis	\$ (1,300,000)
Repayment of interfund loan reported as other financing use on the budgetary basis is reported as a reduction of liabilities on the GAAP basis	550,000
<b>Other Financing Sources - GAAP Basis</b>	<b>\$ -</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, 2007

	<u>Budget</u>		<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Investment income	\$ -	\$ -	\$ 2,455	\$ 2,455
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>2,455</b>	<b>2,455</b>
<b><u>Expenditures</u></b>				
Capital outlay	-	270,000	270,366	(366)
<b>Total Expenditures</b>	<b>-</b>	<b>270,000</b>	<b>270,366</b>	<b>(366)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>(270,000)</b>	<b>(267,911)</b>	<b>2,089</b>
<b><u>Other Financing Sources</u></b>				
Transfers in	-	270,000	270,000	-
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>2,089</b>	<b>2,089</b>
Fund Balance, July 1, 2006	-	-	-	-
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,089</b>	<b>\$ 2,089</b>

City of Bend, Oregon  
**Nonmajor Capital Projects Funds**  
 Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2007

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Improvement District Construction Fund</u></b>			
Expenditures	\$ 602,300	\$ 364,168	\$ 238,132
Contingency	-	-	-
	<u>\$ 602,300</u>	<u>\$ 364,168</u>	<u>\$ 238,132</u>
<b><u>Urban Renewal Construction Fund</u></b>			
Expenditures	\$ 1,566,800	\$ 1,467,568	\$ 99,232
Contingency	-	-	-
	<u>\$ 1,566,800</u>	<u>\$ 1,467,568</u>	<u>\$ 99,232</u>
<b><u>Juniper Ridge Urban Renewal Construction Fund</u></b>			
Expenditures	\$ 4,578,205	\$ 1,433,878	\$ 3,144,327
Contingency	361,395	-	361,395
Reserves	2,800,000		
	<u>\$ 4,939,600</u>	<u>\$ 1,433,878</u>	<u>\$ 3,505,722</u>
<b><u>Accessibility Construction Fund</u></b>			
Expenditures	\$ 270,000	\$ 270,366	\$ (366)
Contingency	-	-	-
	<u>\$ 270,000</u>	<u>\$ 270,366</u>	<u>\$ (366)</u>

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## 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.

### Stormwater Fund

This fund accounts for the operation of the City's stormwater facilities. Revenue will be generated by user fees.



City of Bend, Oregon  
**Combining Statement of Net Assets**  
 Nonmajor Enterprise Funds  
 June 30, 2007

	<u>Cemetery Fund</u>	<u>Downtown Parking Fund</u>	<u>Stormwater Fund</u>	<u>Total</u>
<b><u>Assets</u></b>				
Current assets:				
Pooled cash and investments	\$ 452,440	\$ 247,791	\$ 289,677	\$ 989,908
Accounts receivable, net	-	10,558	-	10,558
<b>Total Current Assets</b>	<b>452,440</b>	<b>258,349</b>	<b>289,677</b>	<b>1,000,466</b>
Noncurrent assets:				
Restricted cash	-	-	53,333	53,333
Capital assets, net	233,566	14,670,252	139,806	15,043,624
<b>Total Noncurrent Assets</b>	<b>233,566</b>	<b>14,670,252</b>	<b>193,139</b>	<b>15,096,957</b>
<b>Total Assets</b>	<b>686,006</b>	<b>14,928,601</b>	<b>482,816</b>	<b>16,097,423</b>
<b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable	3,215	8,551	24,229	35,995
Salaries and benefits payable	908	1,292	2,211	4,411
Compensated absences	6,365	-	3,819	10,184
<b>Total Liabilities</b>	<b>10,488</b>	<b>9,843</b>	<b>30,259</b>	<b>50,590</b>
<b><u>Net Assets</u></b>				
Invested in capital assets, net of related debt	233,566	14,670,252	139,806	15,043,624
Unrestricted	441,952	248,506	312,751	1,003,209
<b>Total Net Assets</b>	<b>\$ 675,518</b>	<b>\$ 14,918,758</b>	<b>\$ 452,557</b>	<b>\$ 16,046,833</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, 2007

	Cemetery Fund	Downtown Parking Fund	Stormwater Fund	Total
<b><u>Operating Revenues</u></b>				
Charges for services	\$ 79,627	\$ 386,587	\$ -	\$ 466,214
Miscellaneous	71	-	280	351
<b>Total Operating Revenues</b>	<b>79,698</b>	<b>386,587</b>	<b>280</b>	<b>466,565</b>
<b><u>Operating Expenses</u></b>				
Salaries and benefits	78,666	62,183	89,960	230,809
Materials and supplies	28,065	325,778	105,450	459,293
Internal services	25,515	81,718	26,700	133,933
Depreciation	18,473	274,095	190	292,758
<b>Total Operating Expenses</b>	<b>150,719</b>	<b>743,774</b>	<b>222,300</b>	<b>1,116,793</b>
<b>Operating loss</b>	<b>(71,021)</b>	<b>(357,187)</b>	<b>(222,020)</b>	<b>(650,228)</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment income	24,214	21,748	13,063	59,025
Capital grants and contributions	-	-	160,000	160,000
Permanent maintenance fees	31,667	-	-	31,667
Parking improvement fees	-	144,000	-	144,000
<b>Total Nonoperating Revenues (Expenses)</b>	<b>55,881</b>	<b>165,748</b>	<b>173,063</b>	<b>394,692</b>
<b>Income (loss) before contributions and transfers</b>	<b>(15,140)</b>	<b>(191,439)</b>	<b>(48,957)</b>	<b>(255,536)</b>
<b><u>Contributions and transfers</u></b>				
Contributions	-	14,930,922	-	14,930,922
Transfers in	-	-	330,000	330,000
Transfers out	-	(250,000)	-	(250,000)
<b>Total Contributions and Transfers</b>	<b>-</b>	<b>14,680,922</b>	<b>330,000</b>	<b>15,010,922</b>
<b>Change in net assets</b>	<b>(15,140)</b>	<b>14,489,483</b>	<b>281,043</b>	<b>14,755,386</b>
<b>Net Assets, July 1, 2005</b>	<b>690,658</b>	<b>429,275</b>	<b>171,514</b>	<b>1,291,447</b>
<b>Net Assets, June 30, 2006</b>	<b>\$ 675,518</b>	<b>\$ 14,918,758</b>	<b>\$ 452,557</b>	<b>\$ 16,046,833</b>

City of Bend, Oregon  
**Combining Statement of Cash Flows**  
 Nonmajor Enterprise Funds  
 For the fiscal year ended June 30, 2007

	Cemetery Fund	Downtown Parking Fund	Stormwater Fund	Total
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 79,698	\$ 386,833	\$ 280	\$ 466,811
Cash paid to employees for services	(76,162)	(61,379)	(89,004)	(226,545)
Cash paid to suppliers for goods and services	(26,441)	(320,439)	(91,406)	(438,286)
Cash paid for interfund services used	(25,515)	(81,718)	(26,700)	(133,933)
<b>Net Cash Used In Operating Activities</b>	<b>(48,420)</b>	<b>(76,703)</b>	<b>(206,830)</b>	<b>(331,953)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfer from other funds	-	-	330,000	330,000
Transfers to other funds	-	(250,000)	-	(250,000)
<b>Net Cash Provided by (Used In) Noncapital Financing Activities</b>	<b>-</b>	<b>(250,000)</b>	<b>330,000</b>	<b>80,000</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Permanent maintenance fees	31,667	-	-	31,667
Collection of loans and notes receivable	-	144,000	-	144,000
Capital contributions	-	-	160,000	160,000
Acquisition and construction of capital assets	(31,520)	(13,425)	(123,690)	(168,635)
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b>147</b>	<b>130,575</b>	<b>36,310</b>	<b>167,032</b>
<b>Cash Flows from Investing Activities</b>				
Investment income	24,214	21,748	13,063	59,025
Net change in pooled cash and investments	(24,059)	(174,380)	172,543	(25,896)
Pooled Cash and Investments, July 1, 2006	476,499	422,171	170,467	1,069,137
<b>Pooled Cash and Investments, June 30, 2007</b>	<b>\$ 452,440</b>	<b>\$ 247,791</b>	<b>\$ 343,010</b>	<b>\$ 1,043,241</b>
<b>Reconciliation to Statement of Net Assets</b>				
Pooled cash and investments	\$ 452,440	\$ 247,791	\$ 289,677	\$ 989,908
Restricted cash and investments	-	-	53,333	53,333
<b>Pooled Cash and Investments, June 30, 2007</b>	<b>\$ 452,440</b>	<b>\$ 247,791</b>	<b>\$ 343,010</b>	<b>\$ 1,043,241</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used In) Operating Activities</b>				
Operating loss	\$ (71,021)	\$ (357,187)	\$ (222,020)	\$ (650,228)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation	18,473	274,095	190	292,758
Change in:				
Accounts receivable	-	246	-	246
Prepays and deposits	-	-	32,308	32,308
Accounts payable	1,624	5,339	(18,264)	(11,301)
Salaries and benefits payable	150	804	1,284	2,238
Compensated absences payable	2,354	-	(328)	2,026
<b>Net Cash Used In Operating Activities</b>	<b>\$ (48,420)</b>	<b>\$ (76,703)</b>	<b>\$ (206,830)</b>	<b>\$ (331,953)</b>

Noncash Capital and Related Financing Activities

The Urban Renewal Construction Fund contributed infrastructure to the Downtown Parking Fund with a net book value of \$14,930,922.  
 Acquisition of capital assets financed through accounts payable for the current year totaled \$6,869 in the Stormwater Fund.

City of Bend, Oregon  
**Cemetery Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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>				
Burial and lot fees	\$ 71,600	\$ 71,600	\$ 79,627	\$ 8,027
Permanent maintenance fees	18,500	18,500	31,667	13,167
Investment income	19,000	19,000	24,214	5,214
Miscellaneous	-	-	71	71
<b>Total Revenues</b>	<b>109,100</b>	<b>109,100</b>	<b>135,579</b>	<b>26,479</b>
<b>Expenditures</b>				
Current:				
Personal services	77,270	77,270	78,666	(1,396)
Materials and services	44,200	44,200	28,065	16,135
Interfund charges	34,100	34,100	25,515	8,585
Capital outlay	35,000	35,000	31,519	3,481
Permanent maintenance reserve	377,430	377,430	-	377,430
<b>Total Expenditures</b>	<b>568,000</b>	<b>568,000</b>	<b>163,765</b>	<b>404,235</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(458,900)</b>	<b>(458,900)</b>	<b>(28,186)</b>	<b>430,714</b>
Total Fund Balance, July 1, 2006	458,900	458,900	470,135	11,235
<b>Total Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 441,949</b>	<b>\$ 441,949</b>

**Reconciliation of Budgetary basis to GAAP basis**

Expenditures - Budgetary Basis	\$ 163,765
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(31,519)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	18,473
<b>Expenses - GAAP Basis</b>	<u><u>\$ 150,719</u></u>



City of Bend, Oregon

**Downtown Parking Fund**

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

For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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	\$ 520,000	\$ 520,000	\$ 386,587	\$ (133,413)
Parking improvement fees	300,000	300,000	144,000	(156,000)
Investment income	12,300	12,300	21,748	9,448
<b>Total Revenues</b>	<b>832,300</b>	<b>832,300</b>	<b>552,335</b>	<b>(279,965)</b>
<b>Expenditures</b>				
Current:				
Personal services	55,740	65,740	62,183	3,557
Materials and services	444,100	429,100	325,778	103,322
Interfund charges	71,300	76,300	81,718	(5,418)
Capital outlay	-	100,000	13,426	86,574
Contingency	834,360	484,360	-	484,360
Construction reserves	281,800	281,800	-	281,800
<b>Total Expenditures</b>	<b>1,687,300</b>	<b>1,437,300</b>	<b>483,105</b>	<b>954,195</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(855,000)</b>	<b>(605,000)</b>	<b>69,230</b>	<b>674,230</b>
<b>Other Financing Sources (Uses)</b>				
Contributions	-	-	-	-
Transfers out	-	(250,000)	(250,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(250,000)</b>	<b>(250,000)</b>	<b>-</b>
Net change in fund balance	(855,000)	(855,000)	(180,770)	674,230
Total Fund Balance, July 1, 2006	855,000	855,000	429,275	(425,725)
<b>Total Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 248,505</b>	<b>\$ 248,505</b>

**Reconciliation of Budgetary basis to GAAP basis**

Expenditures - Budgetary Basis	\$ 483,105
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(13,426)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	274,095
<b>Expenses - GAAP Basis</b>	<b>\$ 743,774</b>
Other Financing Sources - Budgetary Basis	\$ (250,000)
Contributions of capital assets not reported on the budgetary basis are reported as revenue on the GAAP basis	14,930,922
<b>Other Financing Sources - GAAP Basis</b>	<b>\$ 14,680,922</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, 2007

	<u>Budget</u>		<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Contributions	\$ -	\$ -	\$ 160,000	\$ (160,000)
Investment income	1,100	1,100	13,063	(11,963)
Miscellaneous	-	-	280	(280)
<b>Total Revenues</b>	<b>1,100</b>	<b>1,100</b>	<b>173,343</b>	<b>(172,243)</b>
<b>Expenditures</b>				
Current:				
Personal services	92,500	92,500	89,960	2,540
Materials and services	118,800	128,800	105,450	23,350
Interfund charges	26,700	26,700	26,700	-
Capital outlay	161,500	151,500	130,559	20,941
<b>Total Expenditures</b>	<b>399,500</b>	<b>399,500</b>	<b>352,669</b>	<b>46,831</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(398,400)</b>	<b>(398,400)</b>	<b>(179,326)</b>	<b>219,074</b>
<b>Other Financing Sources</b>				
Transfers in	330,000	330,000	330,000	-
Net change in fund balance	(68,400)	(68,400)	150,674	219,074
Total Fund Balance, July 1, 2006	68,400	68,400	162,077	93,677
<b>Total Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 312,751</b>	<b>\$ 312,751</b>

**Reconciliation of Budgetary basis to GAAP basis**

Expenditures - Budgetary Basis	\$ 352,669
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(130,559)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	190
<b>Expenses - GAAP Basis</b>	<u><u>\$ 222,300</u></u>

City of Bend, Oregon  
**Nonmajor Enterprise Funds**  
 Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2007

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>Cemetery Fund</u></b>			
Expenditures	\$ 190,570	\$ 163,765	\$ 26,805
Other requirements	377,430	-	377,430
	<u>\$ 568,000</u>	<u>\$ 163,765</u>	<u>\$ 404,235</u>
<b><u>Downtown Parking Fund</u></b>			
Expenditures	\$ 921,140	\$ 733,105	\$ 188,035
Contingency	484,360	-	484,360
Other requirements	281,800	-	281,800
	<u>\$ 1,687,300</u>	<u>\$ 733,105</u>	<u>\$ 954,195</u>
<b><u>Stormwater Fund</u></b>			
Expenditures	\$ 399,500	\$ 352,669	\$ 46,831
Contingency	-	-	-
	<u>\$ 399,500</u>	<u>\$ 352,669</u>	<u>\$ 46,831</u>

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## **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, 2007

	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>Assets</b>										
Current assets:										
Pooled cash and investments	\$ 243,235	\$ 763,137	\$ 7,654,471	\$ 1,347,911	\$ 831,250	\$ 1,669,765	\$ 597,646	\$ 77,429	\$ 248,221	\$ 13,433,065
Accounts receivable, net	-	-	-	-	-	12,548	115	2,943	-	15,606
Due from other governments	-	-	59,898	-	-	-	-	-	-	59,898
Inventories	36,283	-	-	-	-	-	-	-	-	36,283
Prepays and deposits	-	33,425	-	1,190	-	-	16,513	-	-	51,128
Bond issue costs, net	-	-	22,092	-	-	-	-	-	-	22,092
<b>Total Current Assets</b>	<b>279,518</b>	<b>796,562</b>	<b>7,736,461</b>	<b>1,349,101</b>	<b>831,250</b>	<b>1,682,313</b>	<b>614,274</b>	<b>80,372</b>	<b>248,221</b>	<b>13,618,072</b>
Noncurrent assets:										
Capital assets, net	37,442	653,193	18,492,371	127,641	101,868	-	-	-	-	19,412,515
Bond issue costs, net	-	-	70,464	-	-	-	-	-	-	70,464
<b>Total Noncurrent Assets</b>	<b>37,442</b>	<b>653,193</b>	<b>18,562,835</b>	<b>127,641</b>	<b>101,868</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,482,979</b>
<b>Total Assets</b>	<b>316,960</b>	<b>1,449,755</b>	<b>26,299,296</b>	<b>1,476,742</b>	<b>933,118</b>	<b>1,682,313</b>	<b>614,274</b>	<b>80,372</b>	<b>248,221</b>	<b>33,101,051</b>
<b>Liabilities</b>										
Current liabilities:										
Accounts payable	130,611	89,298	182,786	49,053	28,200	65,308	92,598	554	42,205	680,613
Salaries and benefits payable	7,488	7,498	3,569	35,984	18,042	-	34,839	4,817	9,076	121,313
Other accrued liabilities:										
Compensated absences	34,680	36,249	14,108	102,978	108,848	-	103,611	23,388	5,412	429,274
Interest	-	-	105,079	-	-	-	-	-	-	105,079
Insurance claims	-	-	-	-	-	85,286	-	-	-	85,286
Deposits	-	-	-	848,909	-	552,626	-	-	-	1,401,535
Current portion of long-term debt	-	-	188,000	-	-	-	-	-	-	188,000
<b>Total Current Liabilities</b>	<b>172,779</b>	<b>133,045</b>	<b>493,542</b>	<b>1,036,924</b>	<b>155,090</b>	<b>703,220</b>	<b>231,048</b>	<b>28,759</b>	<b>56,693</b>	<b>3,011,100</b>
Noncurrent liabilities:										
Long-term debt, net	-	-	13,709,000	-	-	-	-	-	-	13,709,000
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>13,709,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,709,000</b>
<b>Total Liabilities</b>	<b>172,779</b>	<b>133,045</b>	<b>14,202,542</b>	<b>1,036,924</b>	<b>155,090</b>	<b>703,220</b>	<b>231,048</b>	<b>28,759</b>	<b>56,693</b>	<b>16,720,100</b>
<b>Net Assets</b>										
Invested in capital assets, net of related debt	37,442	653,193	1,831,089	127,641	101,868	-	-	-	-	2,751,233
Unrestricted	106,739	653,517	10,265,665	312,177	676,160	979,093	383,226	51,613	191,528	13,629,718
<b>Total Net Assets</b>	<b>\$ 144,181</b>	<b>\$ 1,316,710</b>	<b>\$ 12,096,754</b>	<b>\$ 439,818</b>	<b>\$ 778,028</b>	<b>\$ 979,093</b>	<b>\$ 383,226</b>	<b>\$ 51,613</b>	<b>\$ 191,528</b>	<b>\$ 16,380,951</b>



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City of Bend, Oregon  
**Combining Statement of Revenues, Expenses,  
and Changes in Net Assets**  
Internal Service Fund

For the fiscal year ended June 30, 2007

	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>Operating Revenues</b>										
License and permits	\$ -	\$ -	\$ -	\$ 73,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,040
Charges for services	2,455,134	1,653,000	-	3,432,967	2,636,600	8,091,519	3,943,164	422,869	835,578	23,470,831
Rental income	-	-	1,786,503	-	-	-	-	-	-	1,786,503
Insurance settlement and refunds	-	-	-	-	-	50,135	-	-	-	50,135
Miscellaneous	7,190	1,406	6,229	2,604	16,949	-	734	-	2,454	37,566
<b>Total Operating Revenues</b>	<b>2,462,324</b>	<b>1,654,406</b>	<b>1,792,732</b>	<b>3,508,611</b>	<b>2,653,549</b>	<b>8,141,654</b>	<b>3,943,898</b>	<b>422,869</b>	<b>838,032</b>	<b>25,418,075</b>
<b>Operating Expenses</b>										
Salaries and benefits	508,512	610,028	239,619	3,097,092	2,059,594	-	2,789,862	359,695	561,614	10,226,016
Materials and supplies	1,457,950	723,610	558,724	344,295	281,773	-	1,090,147	14,146	73,273	4,523,918
Internal services	337,300	62,718	102,404	802,178	293,533	-	408,439	49,600	90,387	2,146,559
Insurance premiums and claims	-	-	-	-	-	8,045,068	-	-	-	8,045,068
Depreciation	17,216	167,251	318,852	46,368	37,707	-	-	-	-	587,394
<b>Total Operating Expenses</b>	<b>2,320,978</b>	<b>1,563,607</b>	<b>1,219,599</b>	<b>4,289,933</b>	<b>2,652,607</b>	<b>8,045,068</b>	<b>4,288,448</b>	<b>423,441</b>	<b>725,274</b>	<b>25,528,955</b>
<b>Operating income (loss)</b>	<b>141,346</b>	<b>90,799</b>	<b>573,133</b>	<b>(781,322)</b>	<b>942</b>	<b>96,586</b>	<b>(344,550)</b>	<b>(572)</b>	<b>112,758</b>	<b>(110,880)</b>
<b>Nonoperating Revenues (Expenses)</b>										
Intergovernmental	-	-	59,898	-	-	-	-	-	-	59,898
Investment income	3,169	28,958	268,028	78,859	40,076	53,974	30,614	1,719	5,170	510,567
Interest expense	-	-	(512,084)	-	-	-	-	-	-	(512,084)
Amortization of bond issue costs	-	-	(17,515)	-	-	-	-	-	-	(17,515)
Gain on disposal of assets	-	-	972,590	-	(272)	-	-	-	-	972,318
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,169</b>	<b>28,958</b>	<b>770,917</b>	<b>78,859</b>	<b>39,804</b>	<b>53,974</b>	<b>30,614</b>	<b>1,719</b>	<b>5,170</b>	<b>1,013,184</b>
<b>Income (loss) before contributions and transfers</b>	<b>144,515</b>	<b>119,757</b>	<b>1,344,050</b>	<b>(702,463)</b>	<b>40,746</b>	<b>150,560</b>	<b>(313,936)</b>	<b>1,147</b>	<b>117,928</b>	<b>902,304</b>
<b>Transfers</b>										
Transfers in	-	-	5,777,000	-	-	-	160,000	14,000	73,600	6,024,600
Transfers out	-	-	-	(36,800)	-	-	-	-	-	(36,800)
<b>Total Transfers</b>	<b>-</b>	<b>-</b>	<b>5,777,000</b>	<b>(36,800)</b>	<b>-</b>	<b>-</b>	<b>160,000</b>	<b>14,000</b>	<b>73,600</b>	<b>5,987,800</b>
<b>Change in net assets</b>	<b>144,515</b>	<b>119,757</b>	<b>7,121,050</b>	<b>(739,263)</b>	<b>40,746</b>	<b>150,560</b>	<b>(153,936)</b>	<b>15,147</b>	<b>191,528</b>	<b>6,890,104</b>
<b>Net Assets (Deficits), July 1, 2006</b>	<b>(334)</b>	<b>1,196,953</b>	<b>4,975,704</b>	<b>1,179,081</b>	<b>737,282</b>	<b>828,533</b>	<b>537,162</b>	<b>36,466</b>	<b>-</b>	<b>9,490,847</b>
<b>Net Assets, June 30, 2007</b>	<b>\$ 144,181</b>	<b>\$ 1,316,710</b>	<b>\$ 12,096,754</b>	<b>\$ 439,818</b>	<b>\$ 778,028</b>	<b>\$ 979,093</b>	<b>\$ 383,226</b>	<b>\$ 51,613</b>	<b>\$ 191,528</b>	<b>\$ 16,380,951</b>

City of Bend, Oregon  
**Combining Statement of Cash Flows**

Internal Service Fund

For the fiscal year ended June 30, 2007

	Garage		Information Technology		Facility Management		Engineering		Public Works Administration		Risk Management		Administration & Financial Services		Economic Development		Community Development		Total
	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	Division	
<b>Cash Flows from Operating Activities</b>																			
Cash received from customers	\$ 11,184	\$ 1,406	\$ 6,229	\$ 2,668,652	\$ 16,949	\$ 1,171,312	\$ 86,892	\$ 2,454	\$ 3,962,135										
Cash received from interfund services provided	2,452,245	1,653,000	1,786,503	914,579	2,636,600	7,031,933	3,868,314	423,869	835,578	21,602,621									
Cash paid to employees for services	(495,742)	(600,505)	(231,273)	(3,067,426)	(2,033,647)	-	(2,773,472)	(351,996)	(547,126)	(10,101,187)									
Cash paid to suppliers for goods and services	(1,437,794)	(823,747)	(442,231)	(337,911)	(257,744)	(7,963,468)	(1,097,162)	(16,271)	(31,068)	(12,407,396)									
Cash paid for interfund services used	(337,300)	(62,718)	(102,404)	(802,178)	(293,533)	-	(408,439)	(49,600)	(90,387)	(2,146,559)									
Net Cash Provided By (Used For) Operating Activities	192,593	167,436	1,016,824	(624,284)	68,625	239,777	(323,867)	3,059	169,451	909,614									
<b>Cash Flows from Noncapital Financing Activities</b>																			
Transfers from other funds	-	-	5,777,000	-	-	-	160,000	14,000	73,600	6,024,600									
Transfers to other funds	-	-	-	(36,800)	-	-	-	-	-	(36,800)									
Net Cash Provided By (Used For) Noncapital Financing Activities	-	-	5,777,000	(36,800)	-	-	160,000	14,000	73,600	5,987,800									
<b>Cash Flows from Capital and Related Financing Activities</b>																			
Issuance of long-term debt	-	-	3,214,353	-	-	-	-	-	-	3,214,353									
Payment of bond issuance costs	-	-	(37,032)	-	-	-	-	-	-	(37,032)									
Principal payments on bonds and certificates	-	-	(181,000)	-	-	-	-	-	-	(181,000)									
Interest payments on bonds and certificates	-	-	(444,334)	-	-	-	-	-	-	(444,334)									
Acquisition and construction of capital assets	-	(124,066)	(3,819,688)	(77,669)	(25,131)	-	-	-	-	(4,046,554)									
Net Cash Used For Capital and Related Financing Activities	-	(124,066)	(1,267,701)	(77,669)	(25,131)	-	-	-	-	(1,494,567)									
<b>Cash Flows from Investing Activities</b>																			
Investment income	3,169	28,958	268,028	78,859	40,076	53,974	30,614	1,719	5,170	510,567									
Net change in pooled cash and investments	195,762	72,328	5,794,151	(659,894)	83,570	293,751	(133,253)	18,778	248,221	5,913,414									
Pooled Cash and Investments, July 1, 2006	47,473	690,809	1,860,320	2,007,805	747,680	1,376,014	730,899	58,651	-	7,519,651									
<b>Pooled Cash and Investments, June 30, 2007</b>	\$ 243,235	\$ 763,137	\$ 7,654,471	\$ 1,347,911	\$ 831,250	\$ 1,669,765	\$ 597,646	\$ 77,429	\$ 248,221	\$ 13,433,065									

City of Bend, Oregon  
**Combining Statement of Cash Flows (Continued)**  
 Internal Service Fund

For the fiscal year ended June 30, 2007

	Garage Division	Information Technology Division	Facility Management Division	Engineering Division	Public Works Administration & Support Division	Risk Management Division	Administration & Financial Services Division	Economic Development Administration Services Division	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities									
Operating income (loss)	\$ 141,346	\$ 90,799	\$ 573,133	\$ (781,322)	\$ 942	\$ 96,586	\$ (344,550)	\$ (572)	\$ (112,758)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:									
Depreciation	17,216	167,251	318,852	46,368	37,707	-	-	-	587,394
Change in:									
Accounts receivable	1,105	-	-	455	-	(9,089)	160	(2,943)	(10,312)
Due from other funds	-	-	-	-	-	-	11,148	1,000	12,148
Inventories	(17,182)	-	-	-	-	-	-	-	(17,182)
Prepays and deposits	-	(19,076)	-	(1,190)	-	-	(4,463)	-	(24,729)
Accounts payable	37,338	(81,061)	116,493	7,574	4,029	65,308	(2,552)	(2,125)	187,209
Salaries and benefits payable	2,083	(1,352)	1,571	7,281	708	-	8,270	1,185	28,822
Compensated absences payable	10,687	10,875	6,775	22,385	25,239	-	8,120	6,514	96,007
Insurance claims payable	-	-	-	-	-	16,292	-	-	16,292
Prepays and deposits payable	-	-	-	74,165	-	70,680	-	-	144,845
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>\$ 192,593</b>	<b>\$ 167,436</b>	<b>\$ 1,016,824</b>	<b>\$ (624,284)</b>	<b>\$ 68,625</b>	<b>\$ 239,777</b>	<b>\$ (323,867)</b>	<b>\$ 3,059</b>	<b>\$ 169,451</b>

**Noncash Capital and Related Financing Activities**

The net book value of capital assets contributed from other funds in the current year totaled \$54,753 in the Facility Management Division, \$354 in the Engineering Division, and \$16,621 in the Public Works Administration & Support Division.  
 Acquisition of capital assets financed through accounts payable for the current year totaled \$41,715 in the Information Technology Division and \$37,617 in the Facility Management Division.



City of Bend, Oregon  
**Garage Division**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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	\$ 5,000	\$ 5,000	\$ 2,889	\$ (2,111)
Charges to other City funds	2,275,300	2,415,300	2,452,245	36,945
Investment income	-	-	3,169	3,169
Miscellaneous	3,500	3,500	7,190	3,690
<b>Total Revenues</b>	<b>2,283,800</b>	<b>2,423,800</b>	<b>2,465,493</b>	<b>41,693</b>
<b>Expenditures</b>				
Current:				
Personal services	513,876	513,876	508,512	5,364
Materials and services	1,429,100	1,569,100	1,457,950	111,150
Interfund charges	337,300	337,300	337,300	-
Contingency	33,624	33,624	-	33,624
<b>Total Expenditures</b>	<b>2,313,900</b>	<b>2,453,900</b>	<b>2,303,762</b>	<b>150,138</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(30,100)</b>	<b>(30,100)</b>	<b>161,731</b>	<b>191,831</b>
Fund Balance, July 1, 2006	30,100	30,100	(31,059)	(61,159)
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 130,672</b>	<b>\$ 130,672</b>

**Reconciliation of Budgetary basis to GAAP basis**

Expenditures - Budgetary Basis	\$ 2,303,762
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>17,216</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 2,320,978</u></b>



City of Bend, Oregon  
**Information Technology Division**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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	\$ 1,694,800	\$ 1,694,800	\$ 1,653,000	\$ (41,800)
Investment income	9,000	9,000	28,958	19,958
Miscellaneous	900	900	1,406	506
<b>Total Revenues</b>	<b>1,704,700</b>	<b>1,704,700</b>	<b>1,683,364</b>	<b>(21,336)</b>
<b>Expenditures</b>				
Current:				
Personal services	632,658	632,658	610,028	22,630
Materials and services	874,900	874,900	723,610	151,290
Interfund charges	63,900	63,900	62,718	1,182
Capital outlay	546,500	546,500	107,448	439,052
Contingency	5,042	5,042	-	5,042
<b>Total Expenditures</b>	<b>2,123,000</b>	<b>2,123,000</b>	<b>1,503,804</b>	<b>619,196</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(418,300)</b>	<b>(418,300)</b>	<b>179,560</b>	<b>597,860</b>
Fund Balance, July 1, 2006	418,300	418,300	509,220	90,920
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 688,780</b>	<b>\$ 688,780</b>

**Reconciliation of Budgetary basis to GAAP basis**

Expenditures - Budgetary Basis	\$ 1,503,804
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(107,448)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>167,250</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 1,563,606</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, 2007

	<u>Budget</u>		<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 500,000	\$ 59,898	\$ (440,102)
Rental income	1,679,300	1,679,300	1,786,503	107,203
Investment income	36,900	36,900	268,028	231,128
Miscellaneous	-	-	429	429
<b>Total Revenues</b>	<b>1,716,200</b>	<b>2,216,200</b>	<b>2,114,858</b>	<b>(101,342)</b>
<b>Expenditures</b>				
Current:				
Personal services	191,544	246,544	239,619	6,925
Materials and services	653,200	718,200	584,297	133,903
Interfund charges	144,600	154,600	102,404	52,196
Capital outlay	5,643,100	10,523,100	4,797,422	5,725,678
Debt service	759,000	759,000	693,084	65,916
Contingency	127,356	467,356	-	467,356
Construction reserves	1,038,200	1,038,200	-	1,038,200
Major maintenance reserves	60,000	60,000	-	60,000
<b>Total Expenditures</b>	<b>8,617,000</b>	<b>13,967,000</b>	<b>6,416,826</b>	<b>7,550,174</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(6,900,800)</b>	<b>(11,750,800)</b>	<b>(4,301,968)</b>	<b>7,448,832</b>
<b>Other Financing Sources</b>				
Issuance of long-term debt	3,136,000	3,136,000	3,175,000	39,000
Premium on debt issuance	-	-	64,926	64,926
Proceeds from sale of assets	974,200	974,200	972,590	(1,610)
Advances from other funds	300,000	300,000	-	(300,000)
Transfers in	927,000	5,777,000	5,777,000	-
<b>Total Other Financing Sources</b>	<b>5,337,200</b>	<b>10,187,200</b>	<b>9,989,516</b>	<b>(197,684)</b>
Net change in fund balance	(1,563,600)	(1,563,600)	5,687,548	7,251,148
Fund Balance, July 1, 2006	1,563,600	1,563,600	1,746,741	183,141
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,434,289</b>	<b>\$ 7,434,289</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, 2007

**Reconciliation of Budgetary basis to GAAP basis**

Revenues - Budgetary Basis	\$ 2,114,858
Contributions of capital assets not reported on the budgetary basis are reported as revenue on the GAAP basis	<u>5,800</u>
<b>Revenues - GAAP Basis</b>	<u><u>2,120,658</u></u>
Expenditures - Budgetary Basis	\$ 6,416,826
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(4,797,422)
Amortization of bond issue costs not reported on the budgetary basis are reported as an expense on the GAAP basis	17,515
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(181,000)
Bond issue costs reported as expenditures on the budgetary basis are reported as an asset on the GAAP basis	(25,573)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>318,852</u>
<b>Expenses - GAAP Basis</b>	<u><u>\$ 1,749,198</u></u>
Other Financing Sources - Budgetary Basis	\$ 9,989,516
Proceeds from bond issuance reported as other financing sources on the budgetary basis are reported as bond payable liability on the GAAP basis	(3,175,000)
Premium from bond issuance reported as other financing source on the budgetary basis is reported net of issuance costs	<u>(64,926)</u>
<b>Other Financing Sources - GAAP Basis</b>	<u><u>\$ 6,749,590</u></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, 2007

	<u>Budget</u>		<u>Actual Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
License and permits	\$ 89,400	\$ 89,400	\$ 73,040	\$ (16,360)
Charges for services:				
Charges to others	2,566,500	2,566,500	2,518,388	(48,112)
Charges to other City funds	1,640,800	1,640,800	914,579	(726,221)
Investment income	60,000	60,000	78,859	18,859
Miscellaneous	-	-	2,251	2,251
<b>Total Revenues</b>	<b>4,356,700</b>	<b>4,356,700</b>	<b>3,587,117</b>	<b>(769,583)</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	3,276,500	3,276,500	3,097,092	179,408
Materials and services	437,800	437,800	344,295	93,505
Interfund charges	793,000	793,000	802,178	(9,178)
Capital Outlay	80,000	80,000	61,315	18,685
Contingency	260,800	260,800	-	260,800
Construction reserves	200,000	200,000	-	200,000
<b>Total Expenditures</b>	<b>5,048,100</b>	<b>5,048,100</b>	<b>4,304,880</b>	<b>743,220</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(691,400)</b>	<b>(691,400)</b>	<b>(717,763)</b>	<b>(26,363)</b>
<b><u>Other Financing Uses</u></b>				
Advance to other funds	(300,000)	(300,000)	-	300,000
Transfers out	(36,800)	(36,800)	(36,800)	-
<b>Total Other Financing Uses</b>	<b>(336,800)</b>	<b>(336,800)</b>	<b>(36,800)</b>	<b>300,000</b>
Net change in fund balance	(1,028,200)	(1,028,200)	(754,563)	273,637
Fund Balance, July 1, 2006	1,028,200	1,028,200	1,087,389	59,189
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 332,826</b>	<b>\$ 332,826</b>

**Reconciliation of Budgetary basis to GAAP basis**

Revenues - Budgetary Basis	\$ 3,587,117
Contributions of capital assets not reported on the budgetary basis are reported as revenue on the GAAP basis	<u>353</u>
<b>Revenues - GAAP Basis</b>	<b><u>3,587,470</u></b>
Expenditures - Budgetary Basis	\$ 4,304,880
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(61,315)
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>46,368</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 4,289,933</u></b>

City of Bend, Oregon

**Public Works Administration Division**

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

For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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	\$ 2,636,600	\$ 2,636,600	\$ 2,636,600	\$ -
Investment income	5,000	5,000	40,076	35,076
Miscellaneous	2,100	2,100	328	(1,772)
<b>Total Revenues</b>	<b>2,643,700</b>	<b>2,643,700</b>	<b>2,677,004</b>	<b>33,304</b>
<b>Expenditures</b>				
Current:				
Personal services	2,186,975	2,186,975	2,059,594	127,381
Materials and services	412,000	412,000	261,773	150,227
Interfund charges	363,300	363,300	293,533	69,767
Capital outlay	-	24,400	8,510	15,890
Contingency	220,325	195,925	-	195,925
<b>Total Expenditures</b>	<b>3,182,600</b>	<b>3,182,600</b>	<b>2,623,410</b>	<b>559,190</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(538,900)</b>	<b>(538,900)</b>	<b>53,594</b>	<b>592,494</b>
Fund Balance, July 1, 2006	538,900	538,900	678,914	140,014
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 732,508</b>	<b>\$ 732,508</b>

**Reconciliation of Budgetary basis to GAAP basis**

Revenues - Budgetary Basis	\$ 2,677,004
Contributions of capital assets not reported on the budgetary basis are reported as revenue on the GAAP basis	<u>16,621</u>
<b>Revenues - GAAP Basis</b>	<b><u>2,693,625</u></b>
Expenditures - Budgetary Basis	\$ 2,623,410
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(8,510)
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	272
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>37,707</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 2,652,879</u></b>



City of Bend, Oregon

**Risk Management Division**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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	\$ 1,233,104	\$ 1,233,104	\$ 1,059,586	\$ (173,518)
Charges to other City funds	7,734,496	7,734,496	7,031,933	(702,563)
Insurance settlements and refunds	-	-	50,135	50,135
Investment income	45,800	45,800	53,974	8,174
<b>Total Revenues</b>	<b>9,013,400</b>	<b>9,013,400</b>	<b>8,195,628</b>	<b>(817,772)</b>
<b>Expenditures</b>				
Current:				
Materials and services	8,358,800	8,358,800	8,045,068	313,732
Contingency	2,060,400	2,060,400	-	2,060,400
<b>Total Expenditures</b>	<b>10,419,200</b>	<b>10,419,200</b>	<b>8,045,068</b>	<b>2,374,132</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,405,800)</b>	<b>(1,405,800)</b>	<b>150,560</b>	<b>1,556,360</b>
Fund Balance, July 1, 2006	1,405,800	1,405,800	1,417,054	11,254
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,567,614</b>	<b>\$ 1,567,614</b>

City of Bend, Oregon

**Administration and Financial Services Division**

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

For the fiscal year ended June 30, 2007

	Budget		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services:				
Charges to others	\$ 71,000	\$ 71,000	\$ 85,998	\$ 14,998
Charges to other City funds	3,759,300	3,759,300	3,857,166	97,866
Investment income	10,000	10,000	30,614	20,614
Miscellaneous	300	300	734	434
<b>Total Revenues</b>	<b>3,840,600</b>	<b>3,840,600</b>	<b>3,974,512</b>	<b>133,912</b>
<b>Expenditures</b>				
Current:				
Personal services	2,864,166	2,922,536	2,789,862	132,674
Materials and services	1,182,413	1,231,743	1,090,147	141,596
Interfund charges	365,900	365,900	408,439	(42,539)
Contingency	196,821	89,121	-	89,121
<b>Total Expenditures</b>	<b>4,609,300</b>	<b>4,609,300</b>	<b>4,288,448</b>	<b>320,852</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(768,700)</b>	<b>(768,700)</b>	<b>(313,936)</b>	<b>454,764</b>
<b>Other Financing Sources</b>				
Transfers in	160,000	160,000	160,000	-
<b>Net change in fund balance</b>	<b>(608,700)</b>	<b>(608,700)</b>	<b>(153,936)</b>	<b>454,764</b>
Fund Balance, July 1, 2006	608,700	608,700	600,659	(8,041)
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 446,723</b>	<b>\$ 446,723</b>

City of Bend, Oregon

**Economic Development Administration Division**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the fiscal year ended June 30, 2007

	Budget		Actual Budget Basis	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Charges to other City funds	\$ 455,800	\$ 455,800	\$ 422,869	\$ (32,931)
Investment income	-	-	1,719	1,719
<b>Total Revenues</b>	<b>455,800</b>	<b>455,800</b>	<b>424,588</b>	<b>(31,212)</b>
<b>Expenditures</b>				
Current:				
Personal services	369,902	369,902	359,695	10,207
Materials and services	35,800	35,800	14,146	21,654
Interfund charges	49,600	49,600	49,600	-
Contingency	38,398	38,398	-	38,398
<b>Total Expenditures</b>	<b>493,700</b>	<b>493,700</b>	<b>423,441</b>	<b>70,259</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(37,900)</b>	<b>(37,900)</b>	<b>1,147</b>	<b>39,047</b>
<b>Other Financing Sources</b>				
Transfers in	14,000	14,000	14,000	-
<b>Net change in fund balance</b>	<b>(23,900)</b>	<b>(23,900)</b>	<b>15,147</b>	<b>39,047</b>
Fund Balance, July 1, 2006	23,900	23,900	36,466	12,566
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,613</b>	<b>\$ 51,613</b>

City of Bend, Oregon

**Community Development Administration Division**

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

For the fiscal year ended June 30, 2007

	<u>Budget</u>		<u>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:				
Charges to others	\$ -	\$ 250,000	\$ 126,203	\$ (123,797)
Charges to other City funds	746,200	746,200	709,375	(36,825)
Investment income	-	-	5,170	5,170
Miscellaneous	-	-	2,454	2,454
<b>Total Revenues</b>	<b>746,200</b>	<b>996,200</b>	<b>843,202</b>	<b>(152,998)</b>
<b>Expenditures</b>				
Current:				
Personal services	643,336	686,336	561,614	124,722
Materials and services	84,800	300,300	73,273	227,027
Interfund charges	89,200	91,700	90,387	1,313
Contingency	2,464	2,464	-	2,464
<b>Total Expenditures</b>	<b>819,800</b>	<b>1,080,800</b>	<b>725,274</b>	<b>355,526</b>
<b>Excess (deficiency) of revenues</b>				
<b>over expenditures</b>	<b>(73,600)</b>	<b>(84,600)</b>	<b>117,928</b>	<b>202,528</b>
<b>Other Financing Sources</b>				
Transfers in	73,600	84,600	73,600	(11,000)
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>191,528</b>	<b>191,528</b>
Fund Balance, July 1, 2006	-	-	-	-
<b>Fund Balance, June 30, 2007</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 191,528</b>	<b>\$ 191,528</b>

City of Bend, Oregon

**Internal Service Fund**

Schedule of Expenditures by Appropriation Levels  
For the fiscal year ended June 30, 2007

	<u>Appropriation</u>	<u>Actual</u> <u>Expenditures</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Garage division	\$ 2,420,276	\$ 2,303,762	\$ 116,514
Information technology division	2,117,958	1,503,804	614,154
Facility management division	12,401,444	6,416,826	5,984,618
Engineering division	4,924,100	4,341,680	582,420
Public works administration division	2,986,675	2,623,410	363,265
Risk management division	8,358,800	8,045,068	313,732
Administration and financial services division	4,520,179	4,288,448	231,731
Economic development administration division	455,302	423,441	31,861
Community development administration division	1,078,336	725,274	353,062
Contingency	3,153,130	-	3,153,130
Other requirements	1,298,200	-	1,298,200
	<u>\$ 43,714,400</u>	<u>\$ 30,671,713</u>	<u>\$ 13,042,687</u>



## **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, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b><u>Assets</u></b>				
Cash and investments	\$ 731,250	\$ 3,511,110	\$ (3,920,515)	\$ 321,845
Accounts receivable, net	105	134	(207)	32
<b>Total Assets</b>	<b>\$ 731,355</b>	<b>\$ 3,511,244</b>	<b>\$ (3,920,722)</b>	<b>\$ 321,877</b>
<b><u>Liabilities</u></b>				
Amounts held for others	\$ 731,355	\$ 3,645,325	\$ (4,054,803)	\$ 321,877
<b>Total Liabilities</b>	<b>\$ 731,355</b>	<b>\$ 3,645,325</b>	<b>\$ (4,054,803)</b>	<b>\$ 321,877</b>

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City of Bend, Oregon  
**Schedule of Property Tax Transactions**  
For the fiscal year ended June 30, 2007

<u>Fiscal Year</u>	<u>Uncollected Balances July 1, 2006</u>	<u>Current Year's Levy</u>	<u>Adjustments, Interest and Discounts</u>	<u>Net Collections</u>	<u>Uncollected Balances June 30, 2007</u>
Prior	\$ 995	\$ -	\$ 337	\$ (984)	348
1997-98	225	-	27	(242)	10
1998-99	317	-	8	(235)	90
1999-00	691	-	114	(516)	289
2000-01	2,415	-	269	(1,347)	1,337
2001-02	4,681	-	604	(2,735)	2,550
2002-03	27,081	-	3,260	(24,881)	5,460
2003-04	57,240	-	5,506	(38,079)	24,667
2004-05	116,747	-	5,520	(68,327)	53,940
2005-06	599,540	-	9,273	(387,651)	221,162
2006-07	-	21,198,076	(486,030)	(19,972,546)	739,500
<b>Totals</b>	<b>\$ 809,932</b>	<b>\$ 21,198,076</b>	<b>\$ (461,112)</b>	<b>\$ (20,497,543)</b>	<b>1,049,353</b>

Reconciliation to revenues:

Collections	\$ 20,497,543
Change in property tax receivable	239,421
Change in deferred property taxes	(195,572)
Other	14,786
<b>Total Property Tax Revenues</b>	<b>\$ 20,556,178</b>

<u>Summary by fund:</u>	<u>Revenues</u>	<u>Property Tax Receivable</u>
General Fund	\$ 18,097,072	\$ 923,808
Urban Renewal Debt Service Fund	2,341,135	120,802
Juniper Ridge Urban Renewal Debt Service Fund	117,971	4,743
<b>Totals</b>	<b>\$ 20,556,178</b>	<b>\$ 1,049,353</b>

City of Bend, Oregon  
**Schedule of Long-Term Debt Transactions - Principal**  
For the fiscal year ended June 30, 2007

Series	Issue Date	Final Maturity Date	Amount of Original Issue	Unmatured and Outstanding July 1, 2006	Bonds Issued	Bonds Called and Matured	Unmatured and Outstanding June 30, 2007
<b>Limited Tax Improvement Bonds:</b>							
Series 2002	07/25/02	08/01/11	\$ 1,071,000	\$ 266,000	\$ -	\$ (166,000)	\$ 100,000
Series 2003	01/10/03	12/01/12	1,322,000	638,000	-	(186,000)	452,000
Total Limited Tax Improvement				904,000	-	(352,000)	552,000
<b>Revenue Bonds:</b>							
<b>Water:</b>							
Series 2000	10/01/00	10/01/20	4,000,000	3,325,000	-	(155,000)	3,170,000
<b>Sewer:</b>							
Series 1997	12/01/97	02/01/07	4,000,000	180,000	-	(180,000)	-
Series 2000	10/01/00	10/01/10	7,000,000	1,480,000	-	(270,000)	1,210,000
Series 2002	11/15/02	11/01/22	5,500,000	4,905,000	-	(205,000)	4,700,000
Series 2005	09/29/05	11/01/20	7,585,000	7,585,000	-	(85,000)	7,500,000
Total Revenue Bonds				17,475,000	-	(895,000)	16,580,000
<b>Full Faith &amp; Credit Obligation Bonds:</b>							
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	150,000	-	(55,000)	95,000
Airport, series 2003	04/01/03	12/01/13	279,200	211,400	-	(23,800)	187,600
Fire stations, series 1999	05/01/99	06/01/24	4,275,000	3,620,000	-	(125,000)	3,495,000
<b>Transportation system</b>							
series 2000	09/01/00	09/01/20	6,000,000	4,995,000	-	(230,000)	4,765,000
Police facility, series 2002	06/01/02	12/01/26	7,130,000	6,385,000	-	(265,000)	6,120,000
Transportation system, fire and street equipment, series 2003	04/01/03	12/01/22	13,050,800	11,103,600	-	(696,200)	10,407,400
<b>Pension obligation bonds,</b>							
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 2006	12/21/06	12/01/31	4,950,000	-	4,950,000	-	4,950,000
Total Full Faith & Credit Obligation Bonds:				46,070,000	4,950,000	(1,395,000)	49,625,000
<b>Certificates of Participation:</b>							
Fire/EMS equipment, series 1995	08/01/95	08/01/07	3,000,000	625,000	-	(300,000)	325,000
Total Certificates of Participation				625,000	-	(300,000)	325,000
<b>Tax Increment Bonds</b>							
<b>Urban renewal advance refunding</b>							
bonds series 1998	11/01/98	06/01/18	7,485,000	5,215,000	-	(340,000)	4,875,000
Series 2004A	06/21/04	12/01/06	3,600,000	2,750,000	-	(725,000)	2,025,000
Series 2004B	06/21/04	12/01/13	6,900,000	6,900,000	-	-	6,900,000
Total Tax Increment Bonds				14,865,000	-	(1,065,000)	13,800,000
<b>Notes Payable:</b>							
<b>Oregon Economic &amp; Community Development Department:</b>							
Pacific Aviation Composites	10/15/97	12/01/17	655,000	556,126	-	(23,857)	532,269
Woodrider Village sewer	01/23/02	01/01/22	300,000	252,875	-	(11,922)	240,953
Airport Eastside Improvements	05/01/07	12/01/31	867,335	-	867,335	-	867,335
Total Notes Payable				809,001	867,335	(35,779)	1,640,557
<b>Total Long-Term Debt</b>				<b>\$ 80,748,001</b>	<b>\$ 5,817,335</b>	<b>\$ (4,042,779)</b>	<b>\$ 82,522,557</b>



City of Bend, Oregon

## Schedule of Long-Term Debt Transactions - Interest

For the fiscal year ended June 30, 2007

Series	Interest Rates on Outstanding Balances	Unmatured and Outstanding July 1, 2006	Bonds Issued	Coupons Called and Matured	Unmatured and Outstanding June 30, 2007
<b>Limited Tax Improvement Bonds:</b>					
Series 2002	5.75%	\$ 28,005	\$ -	\$ (23,146)	\$ 4,859
Series 2003	5.00%	115,025	-	(56,675)	58,350
<b>Total Limited Tax Improvement</b>		<b>143,030</b>	<b>-</b>	<b>(79,821)</b>	<b>63,209</b>
<b>Revenue Bonds:</b>					
<b>Water:</b>					
Series 2000	4.40% - 5.38%	1,479,862	-	(167,192)	1,312,670
<b>Sewer:</b>					
Series 1997	4.25% - 5.00%	8,190	-	(8,190)	-
Series 2000	4.40% - 5.38%	181,494	-	(63,065)	118,429
Series 2002	3.00% - 4.75%	2,112,528	-	(202,936)	1,909,592
Series 2005	3.00% - 4.00%	2,359,596	-	(259,505)	2,100,091
<b>Total Revenue Bonds</b>		<b>6,141,670</b>	<b>-</b>	<b>(700,888)</b>	<b>5,440,782</b>
<b>Full Faith &amp; Credit Obligation Bonds:</b>					
Airport, series 1999A	5.25% - 5.30%	463,013	-	(44,315)	418,698
Airport, series 1999B	5.38%	68,531	-	(13,975)	54,556
Airport, series 1999C	6.45% - 7.40%	20,375	-	(10,845)	9,530
Airport, series 2003	2.00% - 3.70%	30,673	-	(6,437)	24,236
Fire stations, series 1999	3.80% - 4.85%	1,879,440	-	(168,627)	1,710,813
Transportation system, series 2000	4.35% - 5.30%	2,202,653	-	(250,910)	1,951,743
Police facility, series 2002	4.00% - 5.00%	3,641,191	-	(290,613)	3,350,578
Transportation system, fire and street equipment series 2003	2.00% - 4.50%	4,032,920	-	(404,156)	3,628,764
Pension obligation bonds, series 2004	6.16%	13,504,430	-	(820,741)	12,683,689
Land, series 2005	3.40%	650,080	-	(162,520)	487,560
Police expansion/Ambulance 2006		-	2,532,106	-	2,532,106
<b>Total Full Faith &amp; Credit Obligation Bonds:</b>		<b>26,493,306</b>	<b>2,532,106</b>	<b>(2,173,139)</b>	<b>26,852,273</b>
<b>Certificates of Participation:</b>					
Fire/EMS equipment, series 1995	5.00% - 5.25%	33,469	-	(24,938)	8,531
<b>Total Certificates of Participation</b>		<b>33,469</b>	<b>-</b>	<b>(24,938)</b>	<b>8,531</b>
<b>Tax Increment Bonds</b>					
Urban renewal advance refunding bonds series 1998	3.75% - 4.85%	1,702,779	-	(235,508)	1,467,271
Series 2004A	5.00%	238,000	-	(119,375)	118,625
Series 2004B	4.25%	1,694,263	-	(293,250)	1,401,013
<b>Total Tax Increment Bonds</b>		<b>3,635,042</b>	<b>-</b>	<b>(648,133)</b>	<b>2,986,909</b>
<b>Notes Payable:</b>					
<b>Oregon Economic &amp; Community Development Department:</b>					
Pacific Aviation Composites	5.01%	208,390	-	(27,650)	180,740
Woodriver Village sewer	3.00% - 5.00%	113,611	-	(11,575)	102,036
Airport Eastside Improvements	1.66%	-	572,478	(24,940)	547,538
<b>Total Notes Payable</b>		<b>322,001</b>	<b>572,478</b>	<b>(64,165)</b>	<b>830,314</b>
<b>Total Long-Term Debt</b>		<b>\$ 36,768,518</b>	<b>\$ 3,104,584</b>	<b>\$ (3,691,084)</b>	<b>\$ 36,182,018</b>

City of Bend, Oregon

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

June 30, 2007

<u>Fiscal Year</u>	<u>Total Requirements</u>			<u>Series 2002</u>		<u>Series 2003</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007-08	\$ 179,000	\$ 26,014	\$ 205,014	\$ 88,000	\$ 4,514	\$ 91,000	\$ 21,500
2008-09	109,000	17,220	126,220	12,000	345	97,000	16,875
2009-10	103,000	11,950	114,950	-	-	103,000	11,950
2010-11	109,000	6,725	115,725	-	-	109,000	6,725
2011-12	52,000	1,300	53,300	-	-	52,000	1,300
	<u>\$ 552,000</u>	<u>\$ 63,209</u>	<u>\$ 615,209</u>	<u>\$ 100,000</u>	<u>\$ 4,859</u>	<u>\$ 452,000</u>	<u>\$ 58,350</u>

**Schedule of Future Debt Service Requirements of Revenue Bonds**

June 30, 2007

**Water Revenue Bonds**

Fiscal Year	Series 2000		
	Principal	Interest	Total
2007-08	\$ 160,000	\$ 159,986	\$ 319,986
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>\$ 3,170,000</b>	<b>\$ 1,312,670</b>	<b>\$ 4,482,670</b>

**Sewer Revenue Bonds**

Fiscal Year	Total Requirements			Series 2000		Series 2002		Series 2005	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2007-08	\$ 770,000	\$ 501,223	\$ 1,271,223	\$ 280,000	\$ 50,482	\$ 215,000	\$ 196,636	\$ 275,000	\$ 254,105
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>\$ 13,410,000</b>	<b>\$ 4,128,112</b>	<b>\$ 17,538,112</b>	<b>\$ 1,210,000</b>	<b>\$ 118,429</b>	<b>\$ 4,700,000</b>	<b>\$ 1,909,592</b>	<b>\$ 7,500,000</b>	<b>\$ 2,100,091</b>

City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
 Full Faith & Credit Obligations**  
 June 30, 2007

Fiscal Year	Total Requirements			Airport Series 1999		Fire Stations Series 1999		Transportation System Series 2000	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2007-08	\$ 1,435,000	\$ 2,423,041	\$ 3,858,041	\$ 60,000	\$ 65,230	\$ 130,000	\$ 163,502	\$ 240,000	\$ 240,275
2008-09	1,585,000	2,278,384	3,863,384	65,000	60,880	140,000	158,107	250,000	229,065
2009-10	6,365,000	2,215,315	8,580,315	70,000	56,677	145,000	152,227	265,000	216,027
2010-11	1,695,000	1,985,036	3,680,036	70,000	52,915	155,000	146,065	280,000	201,040
2011-12	1,805,000	1,912,098	3,717,098	75,000	49,152	160,000	139,400	295,000	186,260
2012-13	1,940,000	1,836,005	3,776,005	85,000	45,121	170,000	132,360	305,000	171,707
2013-14	1,985,000	1,752,793	3,737,793	85,000	40,640	180,000	124,795	325,000	156,110
2014-15	2,105,000	1,663,766	3,768,766	125,000	36,177	185,000	116,605	340,000	139,315
2015-16	2,260,000	1,565,133	3,825,133	130,000	29,615	200,000	107,725	360,000	121,105
2016-17	2,410,000	1,454,039	3,864,039	135,000	22,790	210,000	98,125	375,000	101,627
2017-18	2,430,000	1,336,520	3,766,520	145,000	15,635	220,000	88,045	400,000	81,090
2018-19	2,605,000	1,214,897	3,819,897	150,000	7,952	230,000	77,485	420,000	59,360
2019-20	2,655,000	1,082,502	3,737,502	-	-	245,000	66,445	445,000	36,437
2020-21	2,845,000	946,404	3,791,404	-	-	260,000	54,562	465,000	12,325
2021-22	2,575,000	811,504	3,386,504	-	-	275,000	41,952	-	-
2022-23	2,705,000	679,199	3,384,199	-	-	285,000	28,615	-	-
2023-24	2,055,000	556,919	2,611,919	-	-	305,000	14,798	-	-
2024-25	1,925,000	442,078	2,367,078	-	-	-	-	-	-
2025-26	2,110,000	331,736	2,441,736	-	-	-	-	-	-
2026-27	2,305,000	210,426	2,515,426	-	-	-	-	-	-
2027-28	1,065,000	89,612	1,154,612	-	-	-	-	-	-
2028-29	180,000	27,844	207,844	-	-	-	-	-	-
2029-30	185,000	20,316	205,316	-	-	-	-	-	-
2030-31	195,000	12,478	207,478	-	-	-	-	-	-
2030-32	205,000	4,228	209,228	-	-	-	-	-	-
	<b>\$ 49,625,000</b>	<b>\$ 26,852,273</b>	<b>\$ 76,477,273</b>	<b>\$ 1,195,000</b>	<b>\$ 482,784</b>	<b>\$ 3,495,000</b>	<b>\$ 1,710,813</b>	<b>\$ 4,765,000</b>	<b>\$ 1,951,743</b>

City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
 Full Faith & Credit Obligations (Continued)**  
 June 30, 2007

Fiscal Year	Police Facility and Street Equipment Series 2002		Transportation System, Fire, Airport and Street Equipment Series 2003		Pension Obligation Bonds Series 2004		Land Series 2005		Police Facility Expansion/Ambulance Series 2006	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2007-08	\$ 275,000	\$ 279,813	\$ 730,000	\$ 396,093	\$ -	\$ 820,741	\$ -	\$ 162,520	\$ -
2008-09	285,000	268,613	570,000	378,818	50,000	820,741	-	162,520	225,000	199,640
2009-10	200,000	258,913	585,000	360,068	85,000	818,443	4,780,000	162,520	235,000	190,440
2010-11	210,000	250,713	610,000	339,093	130,000	814,270	-	-	240,000	180,940
2011-12	220,000	241,976	630,000	316,656	175,000	807,514	-	-	250,000	171,140
2012-13	230,000	232,695	655,000	294,956	230,000	798,326	-	-	265,000	160,840
2013-14	240,000	222,701	595,000	272,486	285,000	786,021	-	-	275,000	150,040
2014-15	250,000	211,982	580,000	250,603	345,000	770,144	-	-	280,000	138,940
2015-16	260,000	200,663	605,000	228,006	410,000	750,579	-	-	295,000	127,440
2016-17	275,000	188,454	620,000	203,885	485,000	726,918	-	-	310,000	112,240
2017-18	290,000	175,207	650,000	178,160	565,000	698,443	-	-	160,000	99,940
2018-19	305,000	161,000	680,000	150,555	650,000	664,877	-	-	170,000	93,668
2019-20	320,000	145,840	720,000	120,975	750,000	625,779	-	-	175,000	87,026
2020-21	335,000	129,625	750,000	89,175	850,000	580,667	-	-	185,000	80,050
2021-22	355,000	112,375	790,000	54,900	965,000	529,539	-	-	190,000	72,738
2022-23	370,000	94,250	825,000	18,571	1,085,000	471,495	-	-	140,000	66,268
2023-24	390,000	75,250	-	-	1,215,000	406,232	-	-	145,000	60,639
2024-25	415,000	55,125	-	-	1,360,000	332,178	-	-	150,000	54,775
2025-26	435,000	33,875	-	-	1,515,000	249,286	-	-	160,000	48,575
2026-27	460,000	11,508	-	-	1,680,000	156,946	-	-	165,000	41,972
2027-28	-	-	-	-	895,000	54,550	-	-	170,000	35,062
2028-29	-	-	-	-	-	-	-	-	180,000	27,844
2029-30	-	-	-	-	-	-	-	-	185,000	20,316
2030-31	-	-	-	-	-	-	-	-	195,000	12,478
2031-32	-	-	-	-	-	-	-	-	205,000	4,228
	\$ 6,120,000	\$ 3,350,578	\$ 10,595,000	\$ 3,653,000	\$ 13,725,000	\$ 12,683,689	\$ 4,780,000	\$ 487,560	\$ 4,950,000	\$ 2,532,106



City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
 Certificates of Participation**  
 June 30, 2007

<u>Fiscal Year</u>	<u>Fire/EMS Equipment Series 1995</u>	
	<u>Principal</u>	<u>Interest</u>
2007-08	\$ 325,000	\$ 8,531
	\$ 325,000	\$ 8,531

City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
Tax Increment Bonds**  
June 30, 2007

**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>
2007-08	\$ 1,205,000	\$ 594,818	\$ 1,799,818	\$ 355,000	\$ 221,568	\$ 850,000	\$ 373,250
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>\$ 13,800,000</b>	<b>\$ 2,986,909</b>	<b>\$ 16,786,909</b>	<b>\$ 4,875,000</b>	<b>\$ 1,467,271</b>	<b>\$ 8,925,000</b>	<b>\$ 1,519,638</b>

City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
Notes Payable**  
June 30, 2007

Oregon Economic & Community Development Department

Fiscal Year	Total Requirements			Pacific Aviation Composites		Woodriver Village Sewer		Airport Eastside Improvements	
	Principal	Interest	Total	1998		2002		2007	
				Principal	Interest	Principal	Interest	Principal	Interest
2007-08	\$ 53,581	\$ 62,050	\$ 115,631	\$ 23,950	\$ 26,564	\$ 11,992	\$ 11,140	\$ 17,639	\$ 24,346
2008-09	72,460	71,947	144,407	36,732	25,450	12,068	10,684	23,660	35,813
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>\$ 1,640,557</b>	<b>\$ 830,314</b>	<b>\$ 2,470,871</b>	<b>\$ 532,269</b>	<b>\$ 180,740</b>	<b>\$ 240,953</b>	<b>\$ 102,036</b>	<b>\$ 867,335</b>	<b>\$ 547,538</b>

## 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 129 to 133)

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 134 to 137)

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

### Debt Capacity (pages 138 to 143)

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 144 to 146)

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 147 to 149)

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 four fiscal years

(accrual basis of accounting; amounts expressed in thousands)

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

Historical transportation infrastructure of \$273.3 was recorded in 2007 in accordance with the provisions of Governmental Accounting Standards Board Statement No. 34.



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

Last four fiscal years

(accrual basis of accounting; amounts expressed in thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 10,305	\$ 10,706	\$ 12,177	\$ 14,010
Public safety	18,646	20,007	22,447	24,178
Public ways and facilities	7,716	7,624	9,030	11,679
Community and economic development	5,061	6,527	7,854	8,673
Urban renewal	797	578	640	302
Transit	1,245	1,622	1,513	1,854
Interest on long-term debt	1,729	2,875	2,864	2,936
<b>Total governmental activities expenses</b>	<b>45,499</b>	<b>49,939</b>	<b>56,525</b>	<b>63,632</b>
Business-type activities:				
Airport	428	516	675	690
Water	8,811	8,082	8,960	11,519
Water reclamation	7,390	7,580	8,380	10,250
Other business activities	403	488	847	1,117
<b>Total business-type activities expenses</b>	<b>17,032</b>	<b>16,666</b>	<b>18,862</b>	<b>23,576</b>
<b>Total primary government expenses</b>	<b>\$ 62,531</b>	<b>\$ 66,605</b>	<b>\$ 75,387</b>	<b>\$ 87,208</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 4,683	\$ 5,032	\$ 5,678	\$ 5,875
Public safety	2,130	2,713	3,265	4,303
Public ways and facilities	2,724	2,607	3,204	3,165
Community and economic development	4,997	6,896	8,110	8,177
Urban renewal	108	67	71	64
Transit	76	257	110	208
Operating grants and contributions	7,897	8,019	8,966	10,219
Capital grants and contributions	10,098	19,179	22,513	17,014
<b>Total governmental activities program revenues</b>	<b>32,713</b>	<b>44,770</b>	<b>51,917</b>	<b>49,025</b>
Business-type activities:				
Charges for services:				
Airport	449	467	557	702
Water Reclamation	8,079	8,767	10,405	10,676
Water Reclamation	6,594	7,824	8,718	9,099
Other business activities	428	478	420	498
Capital grants and contributions	10,847	20,758	17,867	20,148
<b>Total business-type activities program revenues</b>	<b>26,397</b>	<b>38,294</b>	<b>37,967</b>	<b>41,123</b>
<b>Total primary government program revenues</b>	<b>\$ 59,110</b>	<b>\$ 83,064</b>	<b>\$ 89,884</b>	<b>\$ 90,148</b>
<b>Net Revenues (Expense)</b>				
Governmental activities	\$ (12,786)	\$ (5,169)	\$ (4,608)	\$ (14,607)
Business-type activities	9,365	21,628	19,105	21,203
<b>Total primary government net revenues (expense)</b>	<b>\$ (3,421)</b>	<b>\$ 16,459</b>	<b>\$ 14,497</b>	<b>\$ 6,596</b>

City of Bend, Oregon

**Changes in Net Assets (Continued)**

Last four fiscal years

(accrual basis of accounting; amounts expressed in thousands)

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

City of Bend, Oregon  
**Fund Balance, Governmental Funds**

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

General Fund	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Reserved	\$ -	\$ 890	\$ 250	\$ 250	\$ 560	\$ 220	\$ 270	\$ 80	\$ -	\$ -
Unreserved	4,461	2,724	3,533	4,364	3,976	4,906	6,240	7,132	9,012	8,722
<b>Total general fund</b>	<b>\$ 4,461</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>All Other Governmental Funds</b>										
Reserved for:										
Loans and notes	\$ 419	\$ 4,203	\$ 1,073	\$ -	\$ -	\$ 2,013	\$ 119	\$ 119	\$ 49	\$ -
Debt service	544	335	1,270	106	90	3,818	3,006	4,031	4,405	5,522
Unreserved, reported in:										
Special revenue funds	6,809	8,969	6,066	13,851	8,374	11,535	12,786	15,077	14,213	15,833
Capital projects funds	(62)	(206)	2,856	(1,518)	(1,173)	6	10,599	7,535	304	(1,312)
<b>Total all other governmental funds</b>	<b>\$ 7,710</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>

City of Bend, Oregon  
**Changes in Fund Balance, Governmental Funds**

Last ten fiscal years

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

	<u>1998</u>	<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>
<b>Revenues</b>										
Taxes	\$ 8,353	\$ 8,746	\$ 11,532	\$ 13,171	\$ 14,461	\$ 15,888	\$ 17,635	\$ 19,519	\$ 21,731	\$ 23,856
Franchise fees	2,131	2,338	2,913	3,625	3,561	3,635	3,735	4,283	5,018	5,645
Intergovernmental	5,030	6,836	5,661	7,068	7,013	7,156	8,308	8,819	13,181	11,645
Assessments	942	340	301	119	117	3,856	669	678	576	332
License and permits	1,394	1,907	2,300	2,155	2,440	2,929	3,796	5,059	5,501	4,105
Charges for services	3,311	3,955	3,915	3,900	4,776	3,215	3,174	4,668	6,259	8,408
System development charges	2,096	1,760	1,656	3,489	3,472	4,202	5,388	6,415	7,311	5,616
Contributions	-	-	-	-	-	-	-	-	-	451
Fines and forfeitures	405	442	465	475	508	492	616	685	917	1,119
Loan repayments	-	-	-	-	-	-	-	-	-	23
Investment income	584	728	1,023	1,212	763	518	317	995	1,610	1,723
Issuance of short-term debt	-	-	2,500	1,450	-	-	2,000	-	1,043	-
Miscellaneous	81	86	919	505	547	830	641	218	197	167
<b>Total revenues</b>	<b>24,327</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>Expenditures</b>										
General government	2,263	2,103	2,335	477	201	902	362	428	889	481
Public safety	10,399	11,642	13,162	14,957	16,636	18,191	19,758	21,472	24,133	26,430
Public works and facilities	1,981	2,552	3,245	4,325	4,725	5,256	4,988	5,866	6,813	5,390
Community and economic development	2,622	3,228	4,117	4,998	5,031	4,894	5,974	7,407	8,990	11,210
Urban renewal	67	275	434	420	653	432	535	380	705	511
Transit	290	379	461	804	914	1,075	1,372	1,946	1,893	2,700
Debt service:										
Principal	820	1,115	3,525	2,082	1,024	1,404	4,311	2,442	3,784	2,852
Interest	452	496	655	750	924	972	1,468	1,744	2,369	2,310
Capital outlay	2,263	7,853	7,165	10,599	12,965	16,313	8,512	8,662	22,056	12,228
<b>Total expenditures</b>	<b>21,157</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>Other Financing Sources (Uses)</b>										
Issuance of long-term debt	575	10,952	-	6,542	493	15,509	10,500	-	-	1,775
Premium on Debt issuance	-	-	-	-	-	-	-	-	-	36
Payment to escrow agent	-	(3,618)	-	-	-	-	-	-	-	-
Proceeds from sale of assets	25	4	15	26	161	720	1,171	7	1,231	1,029
Transfers in	1,069	625	562	-	800	2,082	213	795	12,040	13,827
Transfers out	(1,144)	(715)	(530)	(300)	(800)	(4,390)	(361)	(840)	(10,973)	(14,864)
<b>Total other financing sources (uses)</b>	<b>525</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>Net Change in Fund Balance</b>	<b>\$ 3,695</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>
Debt service as a percentage of noncapital expenditures	6.7%	7.4%	15.0%	9.8%	6.5%	7.2%	14.9%	10.0%	12.4%	9.9%

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		
	1998	not available	\$ 2,050,598	not available	\$ 103,898	not available	\$ 51,635	\$ 2,586,822		
1999	2,612,803	2,160,017	112,384	111,393	54,079	51,411	2,779,266	2,322,821	2.96	83.6%
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%

Source:

Deschutes County Assessor's Office

Notes:

Prior to 1998 net assessed value equaled real market value. Effective fiscal year 1998, with the implementation of Oregon Ballot Measure 50, net assessed value was reduced by approximately 15% and future increases are capped at 3% plus the value of new construction.



City of Bend, Oregon

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

Last ten fiscal years

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

Fiscal Year	City Direct Rates			Overlapping Rates						Total
	City of Bend	Bend Urban Renewal District	Total Direct	Bend Metro Parks and Recreation District	Deschutes County	Education Service District	Central Oregon Community College	Bend La-Pine Administrative School District #1		
1998	\$ 2.82	\$ 0.54	\$ 3.36	\$ 1.50	\$ 2.94	\$ 0.09	\$ 0.56	\$ 5.50	\$ 13.94	
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	3.35	0.09	0.68	6.10	14.68	
2005	2.80	0.24	3.04	1.46	3.34	0.09	0.68	6.10	14.71	
2006	2.80	0.22	3.02	1.46	3.34	0.09	0.66	5.97	14.55	
2007	2.80	0.23	3.03	1.46	3.29	0.09	0.66	5.97	14.51	

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, 2007 and June 30, 1998  
(amounts expressed in thousands)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2007</u>			<u>1998</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>
Qwest Corporation	Telephone utility	1	\$ 31,229	0.5%	1	\$ 23,574	1.1%
Sima Mountain View LLC	Shopping center	2	25,227	0.4%	4	18,532	0.8%
Bend Millwork Systems, Inc.	Construction products	3	25,183	0.4%	7	10,344	0.5%
Deschutes Brewery Inc	Brewery	4	25,134	0.4%	-	-	0.0%
Deschutes Landing LLC	Real estate developer	5	24,868	0.4%	-	-	0.0%
West Bend Property Company LLC	Real estate developer	6	21,379	0.3%	-	-	0.0%
Forum Associates II LLC	Shopping center	7	20,648	0.3%	-	-	0.0%
River Bend Limited Partnership	Real estate developer	8	20,388	0.3%	8	13,150	0.6%
Pacificorp ( PP& L )	Electric utility	9	18,077	0.3%	6	14,878	0.7%
Pfizer Incorporated	Pharmaceutical	10	9,294	0.1%	-	-	0.0%
Brooks Resources Corporation	Real estate developer		-	-	2	20,936	0.9%
Milestone Properties Inc.	Real estate developer		-	-	3	20,069	0.9%
Willamette Industries	Construction products		-	-	5	16,881	0.8%
Fred Meyer	Shopping center		-	-	7	13,710	0.6%
Cascade Natural Gas Corporation	Gas utility		-	-	9	10,534	0.5%
Bonnett, Charles A. Trustee	Real estate developer		-	-	10	9,262	0.4%
<b>Total</b>			<u>\$ 221,427</u>	<u>3.7%</u>		<u>\$ 171,870</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 \$6,703,090,424 for 2007 and \$2,206,131,000 for 1998.

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>
1998	\$ 7,437	\$ 6,754	90.8%	\$ 418	\$ 7,172	96.4%
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%	542	12,541	98.1%
2003	14,093	13,177	93.5%	477	13,654	96.9%
2004	15,411	14,610	94.8%	519	15,129	98.2%
2005	17,154	16,164	94.2%	459	16,623	96.9%
2006	18,939	17,941	94.7%	388	18,329	96.8%
2007	21,198	19,973	94.2%	-	19,973	94.2%

Source:  
 Deschutes County Assessor's Office



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				Total	Amounts Restricted for Debt Service	Net General Bonded Debt Outstanding	Ratio of Bonded Debt to Assessed Value	
	General Obligation Bonds	Full Faith & Credit Obligation Bonds	Limited Tax Improvement Bonds					Value (1)	General Bonded Debt Per Capita (2)
1998	\$ 2,065	\$ -	\$ 1,565	\$ 3,630	\$ 544	\$ 3,086	0.16%	\$ 108	
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	

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 data can be found in the Demographic and Economic Statistics schedule.



City of Bend, Oregon  
**Computation of Direct and Overlapping Debt**  
 June 30, 2007

<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	14,790,785	45.0%	6,652,496
Bend-LaPine Administrative School District No. 1	127,602,432	64.0%	81,726,550
Central Oregon Community College	1,253,639	37.9%	475,525
Bend Library District	4,064,626	81.4%	3,307,545
Total overlapping debt	147,711,482	62.4%	92,162,116
Total direct and overlapping debt	\$ 147,711,482	62.4%	\$ 92,162,116

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, 2007**

Real market value		\$ 12,867,135,135
		x <u>3%</u>
General obligation debt limit at 3% of real market value		386,014,054
General obligation debt subject to limit per ORS 287.001(1)	50,502,000	
Less: Funds applicable to the payment of principal thereof per ORS 287.004(2)		
General obligation debt service fund	(1,845,844)	
Net debt subject to 3% limitation		<u>48,656,156</u>
Legal debt margin		<u>\$ 337,357,898</u>
Debt capacity percent		87%

<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>
1998	\$ 77,605	\$ 3,086	\$ 74,519	96%
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%

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)

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Annual Debt Service (3)			Coverage Ratio	Monthly Metered Rate (4)	Monthly Flat Rate (5)
				Principal	Interest	Total			
1998	\$ 4,269	\$ 2,723	\$ 1,546	\$ 30	\$ 54	\$ 84	18.4	\$ 10	\$ 11
1999	4,386	3,030	1,356	35	52	87	15.6	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	12,135	9,482	2,653	155	167	322	8.2	15.20	16.45

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)

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Annual Debt Service (3)			Coverage Ratio	Monthly Sewer Rate (4)
				Principal	Interest	Total		
1998	\$ 4,807	\$ 2,791	\$ 2,016	\$ 30	\$ 54	\$ 84	24.0	\$ 16.24
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	11,367	657	10,710	740	534	1,274	8.4	23.75

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>
1998	33,740	19.0	1,776	\$ 841,746	\$ 24,948	12,363	6.7%
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%

\* = 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, 2007 and June 30, 1998

<u>Employer</u>	<u>Product or Service</u>	<u>2007</u>			<u>1998</u>		
		<u>Ranking</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	2,176	2.7%	2	1,188	2.3%
Deschutes County	Government	2	850	1.1%	5	650	1.2%
Bend-LaPine School District No. 1	Education	3	1,661	2.1%	1	1,600	3.0%
Mt. Bachelor Ski Resort	Recreation	4	765	1.0%	3	850	1.6%
iSKY Inc.	Call center	5	700	0.9%	-	-	-
JELD-WEN (Pozzi)	Windows and doors	6	550	0.7%	10	369	0.7%
Columbia Aircraft Manufacturing (formerly Lancair Company)	Private aircraft	7	545	0.7%	-	-	-
City of Bend	Government	8	507	0.6%	-	-	-
Bend Memorial Clinic	Health Care	9	480	0.6%	-	-	-
Knife River (formerly Hap Taylor & Son, Inc.)	Construction	10	450	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>8,684</b>	<b>11.7%</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 79,948 for June 2007 and 52,763 for June 1998 (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>	
1998	119	\$ 30,977	752	\$ 93,698	\$ 594,107
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	331	139,520	1,364	241,724	1,657,194

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

Notes:

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

City of Bend, Oregon  
**Full Time Equivalent City Employees by Program**  
 Last ten fiscal years

<u>Program</u>	<u>1998</u>	<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>
<b>General government</b>										
Administration & finance	22.0	22.5	24.8	25.8	24.8	26.8	30.1	27.4	31.4	35.7
Information technology	3.0	3.4	4.0	5.0	6.0	6.5	7.0	8.0	8.5	11.0
Public works administration/laboratory	17.3	15.8	17.8	21.8	20.5	22.0	28.0	27.0	23.5	25.5
Facility management	-	-	-	-	-	-	-	-	3.0	4.0
Garage	5.5	5.5	5.5	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Economic development administration	-	-	-	-	-	-	-	2.0	3.0	3.5
<b>Public safety</b>										
Police	67.5	80.5	84.5	89.0	92.0	94.0	96.0	95.0	105.5	111.5
Fire/EMS	59.8	60.8	62.6	67.5	67.0	72.0	76.0	74.0	79.0	84.0
Municipal court	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
<b>Public ways and facilities</b>										
Transportation operations	21.0	19.7	24.7	30.0	27.0	28.0	28.0	30.0	29.0	32.0
Engineering	11.0	11.0	12.0	21.0	23.0	22.0	25.0	25.0	33.0	36.0
<b>Community and economic development</b>										
Community development administration	2.0	3.5	3.0	5.5	5.0	4.5	5.0	4.0	5.0	8.0
Planning	9.5	15.3	16.3	14.3	15.0	16.5	19.0	20.0	23.0	28.0
Building	11.0	13.0	14.0	16.0	16.0	20.5	25.5	32.5	45.5	57.5
Community Development Block Grant Program	-	-	-	-	-	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
Transit	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Airport	-	-	-	-	-	-	-	0.5	1.0	1.0
Water	19.0	23.0	23.3	20.5	20.0	22.0	21.0	21.0	24.0	26.0
Water Reclamation	16.3	17.3	18.3	19.0	19.0	21.0	20.0	21.0	23.0	27.0
Other Business-Type	-	-	-	-	1.0	1.0	2.0	2.0	3.0	3.0
<b>Total</b>	<b>268.2</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>

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

<u>Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Public safety</b>				
Police:				
Physical arrest	3,778	4,009	unavailable	2,050
Traffic violations	15,339	16,000	unavailable	8,472
Calls for service	56,957	57,249	57,079	57,184
Fire/EMS:				
Fire responses	334	324	454	1,954
Ambulance responses	4,249	4,614	5,570	5,764
Inspections conducted	1,321	2,995	2,940	3,229
<b>Public ways and facilities</b>				
Streets resurfaced (lane miles)	7.60	10.70	13.56	20.07
Streets cleaned (lane miles)	35,369	33,688	32,467	34,573
Street signs repaired/replaced	2,290	2,297	2,479	2,502
<b>Community and economic development</b>				
Permits issued	13,388	16,985	17,897	12,174
Buildings inspections performed	55,051	72,891	79,567	59,407
<b>Transit</b>				
Total miles	306,600	303,776	352,637	412,596
Total service hours	31,800	unavailable	32,616	39,768
Total rides	96,900	unavailable	107,573	300,530
<b>Water</b>				
New connections	2,647	1,298	565	998
Average daily consumption (million gallons):				
Winter	5.20	6.00	6.00	5.50
Summer	19.70	16.00	16.00	18.40
Peak consumption (million gallons)	26.00	27.00	26.00	27.00
<b>Water Reclamation</b>				
New connections	4,199	2,095	996	1,821
Daily average treatment (million gallons)	4.96	5.40	5.40	5.80
Sewerlines cleaned (miles)	63.60	57.00	34.30	70.00
<b>Downtown Parking</b>				
Tickets issued	11,390	11,790	10,658	7,243
Permits issued	4,982	5,219	4,689	4,808

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

<u>Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Public safety</b>				
Police:				
Main station	1	1	1	1
Patrol units	20	21	21	21
Fire/EMS stations	5	5	5	5
<b>Public ways and facilities</b>				
Street (miles)	344	350	384	435
Streetlights	1,925	2,020	2,040	2,051
Traffic signals	44	48	57	57
<b>Transit</b>				
Buses	25	25	31	27
<b>Airport</b>				
Runway (feet)	5,005	5,005	5,005	5,005
Hangars	14	14	14	14
<b>Water</b>				
Water mains (miles)	330	400	450	410
Reservoirs	13	13	13	13
Wells	16	16	16	16
Fire hydrants	3,879	4,345	5,200	4,900
Maximum daily capacity of plant (million gallons)	33.35	34.00	34.00	34.00
Service connections	20,121	21,416	21,981	22,979
<b>Water Reclamation</b>				
Treatment plant	1	1	1	1
Sewerlines (miles)	400	450	450	450
Large pump stations	80	86	82	92
Small pump stations	271	271	271	271
Maximum daily capacity of plant (million gallons)	11.00	12.00	12.00	12.00
Service connections	24,303	26,398	27,394	29,215



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2006-2007 AUDITORS' COMMENTS AND DISCLOSURES

Oregon Administrative Rules 162-10-000 through 162-16-000 the Minimum Standards for Audits of Oregon Municipal Corporations enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding pages of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows:



**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

December 21, 2007

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the basic financial statements of the City of Bend, Oregon, for the year ended June 30, 2007 and have issued our report thereon dated December 21, 2007.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

The management of the City of Bend, Oregon, is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In planning and performing our audit of the basic financial statements of the City of Bend, Oregon, for the year ended June 30, 2007, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

A material weakness is a significant deficiency in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses as defined above. We have issued a report on significant deficiencies dated December 21, 2007.

These factors were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the 2007 basic financial statements, and this report does not affect our report on the basic financial statements dated December 21, 2007.

This report is intended solely for the information and use of the council, audit committee, management, 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.

ACCOUNTING RECORDS

The City's accounting records were adequate for audit.

BUDGET TRANSACTIONS

Expenditures of the various funds appeared to be within authorized appropriations.

2007-2007 and 2007-2008 BUDGETS

The budgets adopted by the City for the current and ensuing fiscal year were examined during the audit. Based on our testing, it was determined that budget preparation and adoption procedures followed by the City were in compliance with the Oregon Local Budget Law.

STATE HIGHWAY FUNDS

The City's compliance with requirements of Article IX, Section 3a of the Oregon Constitution and ORS 294 and 373 was reviewed, and based upon our testing, were found to comply with the restrictions on the use of revenue from taxes on motor vehicle use and fuel.

COLLATERAL SECURING BANK DEPOSITS

The City's deposits appeared to be adequately covered by federal depository insurance or certificates of participation at all times during 2007-2007, based upon our testing. Deposits in the State Local Government Investment Pool are not required to be collateralized.

INVESTMENTS

The City's investments for the year ending June 30, 2007, were reviewed and, based upon our testing, appeared to comply with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

PUBLIC CONTRACTS AND PURCHASING

The City's procedures for awarding public contracts were reviewed, and based upon our testing, we found no instances of non-compliance with ORS Chapter 279 during 2007-2007.

INSURANCE AND FIDELITY BONDS

We are not aware of any failure to comply with legal requirements relating to insurance and fidelity bonds, however, we are not competent by training and experience to comment on the adequacy of insurance coverage. We recommend the City consult appropriate advisers related to these issues.

STATUTORY BONDED DEBT LIMITATION

The City's bonded debt outstanding appeared to be within the limitation established by Oregon Law.

OUTSTANDING WARRANTS

The City did not have any endorsed warrants outstanding at June 30, 2007.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Our reports concerning grant compliance and a schedule of expenditures of federal awards are contained in this report in the grant compliance review section.

*Pauly, Rogers and Co. P.C.*  
PAULY, ROGERS AND CO., P.C.





**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

- 
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
  - (503) 620-2632 • FAX (503) 684-7523

December 21, 2007

To the City Council  
City of Bend

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of City of Bend as of and for the year ended June 30, 2007, and have issued our report thereon dated December 21, 2007. 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 City of Bend's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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 City'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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Bend'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 City of Bend in a separate letter dated December 21, 2007.

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

  
PAULY, ROGERS AND CO., P.C.





**PAULY, ROGERS AND CO., P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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December 21, 2007

To the City Council  
City of Bend

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

**Compliance**

We have audited the compliance of City of Bend 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, 2007. City of Bend'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 City of Bend's management. Our responsibility is to express an opinion on City of Bend'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 of City of Bend's compliance with those requirements.

In our opinion, City of Bend 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, 2007

**Internal Control over Compliance**

The management of City of Bend is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Bend's internal control over compliance with the 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 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 City'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 City'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 City'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 the City'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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

  
PAULY, ROGERS AND CO., P.C.

CITY OF BEND  
SCHEDULE OF PRIOR AND CURRENT YEAR AUDIT FINDINGS,  
QUESTIONED COSTS, AND NOTES RELATIVE TO FEDERAL AWARDS

For the Year Ended June 30, 2007

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CURRENT YEAR AUDIT FINDINGS AND QUESTIONED COSTS:

NONE

PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS:

NONE

CURRENT YEAR AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS:

UNQUALIFIED OPINION

CURRENT YEAR NONCOMPLIANCE, AUDIT FINDINGS AND QUESTIONED COSTS:

NONE

CURRENT YEAR AUDITORS' REPORT ON COMPLIANCE FOR MAJOR PROGRAMS:

UNQUALIFIED OPINION

PROGRAM TESTED AS MAJOR FOR THE YEAR ENDED JUNE 30, 2007:

Formula Grants - Job Access Reverse Commute (JARC) – CFDA # 20.516  
Federal Transit Formula Grants – CFDA # 20.507

DOLLAR THRESHOLD FOR DISTINGUISHING BETWEEN TYPE A AND B PROGRAMS:

\$300,000

LOW-RISK AUDIT QUALIFICATION:

The City qualified as a low-risk auditee under section .530. of OMB Circular A-133.



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City of Bend, Oregon  
**Schedule of Expenditures of Federal Awards**  
For the fiscal year ended June 30, 2007

<u>Federal Grantor/ Pass-through Agency/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Transportation</u>		
<u>Oregon Department of Transportation</u>		
Capital Assistance Program for Elderly & Persons with Disabilities	20.513	\$ 205,900
Formula Grants - Job Access Reverse Commute (JARC)	20.516	280,501
Transportation Safety-Red Light	20.600	2,012
<u>Oregon Association of Chiefs of Police</u>		
Alcohol Traffic Safety - DUII	20.601	4,768
Occupant Protection - Safety Belt	20.602	1,960
<u>Federal Transit Administration</u>		
Federal Transit Formula Grants	20.507	552,047
<u>Federal Aviation Administration</u>		
Airport Improvement Program	20.106	83,900
<b>Total Department of Transportation</b>		<b>1,131,088</b>
<u>Department of Justice</u>		
Bulletproof Vest Partnership Program	16.607	14,878
Edward Byrne Memorial Justice Assistance Program	16.738	9,187
<u>Oregon Department of Justice/Deschutes County</u>		
Marijuana Grant	16.XXX	2,091
<u>Office of National Drug Crime Prevention/Oregon State Police</u>		
High Intensity Drug Traffic Area Grant	16.XXX	52,081
<b>Total Department of Justice</b>		<b>78,237</b>
<u>Department of Homeland Security</u>		
Assistance to Firefighters Grant	97.044	69,938
Police Security Grant	97.073	43,692
<b>Total Department of Homeland Security</b>		<b>113,630</b>
<u>Department of Housing and Urban Development</u>		
CDBG Direct Entitlement Grant Funds	14.218	325,870
<u>Oregon Economic and Community Development Department</u>		
Community Development Block Grant/State's Program	14.228	686
<b>Total Department of Housing and Urban Development</b>		<b>326,556</b>
<b>Total Federal Assistance</b>		<b>\$ 1,649,511</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.

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