

# CITY OF BEND, OREGON

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

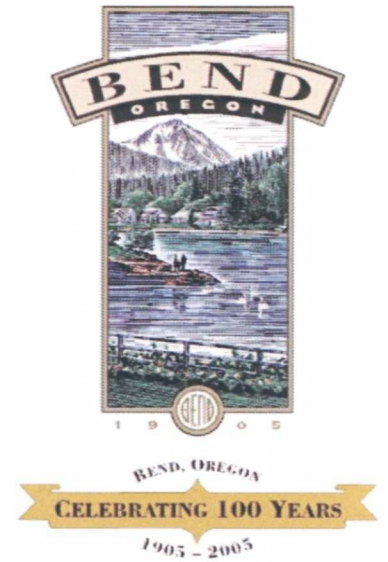
FISCAL YEAR ENDED JUNE 30, 2005



BEND, OREGON  
CELEBRATING 100 YEARS  
1905 - 2005



*Bend Centennial Quilt*



# **CITY OF BEND, OREGON**

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2005

Prepared by the City of Bend Finance Department

Margaret Echeveste, Finance Director

**CITY OF BEND, OREGON**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2005**

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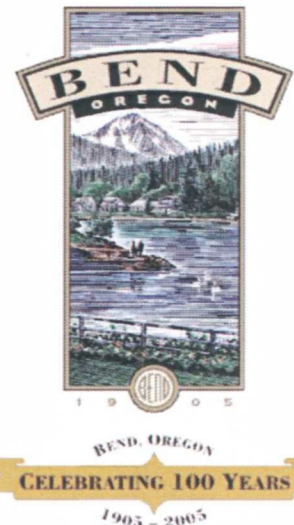
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November 21, 2005

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WWW.CI.BEND.OR.US

Honorable Mayor Bill Friedman  
Members of the City Council and  
Citizens of the City of Bend, Oregon

The Comprehensive Annual Financial Report (CAFR) of the City of Bend, Oregon (City) for the fiscal year ended June 30, 2005, together with the unqualified opinion of our independent certified public accountants, Talbot, Korvola & Warwick LLP, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

BILL FRIEDMAN  
*Mayor*

BRUCE ABERNETHY  
*Mayor Pro Tem*

JOHN HUMMEL  
*City Councilor*

JIM CLINTON  
*City Councilor*

R. DAVID  
MALKIN  
*City Councilor*

CHRIS  
TELFER  
*City Councilor*

LINDA S. JOHNSON  
*City Councilor*

HAROLD A.  
ANDERSON  
*City Manager*

MARGARET ECHEVESTE  
*Finance Director*

ANDREW JORDAN  
*Police*

### 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, 2004. 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.

This is the third year the City has prepared the CAFR using the financial reporting requirements as prescribed by 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 Revised Statutes 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. As of July, 2004, it had a population of 65,210 and encompassed 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 and 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.

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 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 460 employees including ten department heads.

The City provides a full range of municipal services which include police, fire protection and suppression and emergency medical services, municipal court, community development, land use planning, building permit and inspection activities, water and wastewater operations, construction and maintenance of streets, sidewalks and other public facilities. The City also operates an airport, a demand response 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. On August 29, 2005, the City formed another urban renewal district known as Juniper Ridge for development of an area in northeast Bend.

### **Economic Conditions and Outlook**

Over the last year, the U.S. economy has been characterized by growing trade deficits (\$66 billion in September) stemming from higher oil prices and short-term interest rates have risen sharply (from 1% in June 2004 to 4% in November 2005). Despite the higher energy cost and disruption from Hurricanes Katrina and Rita, GDP grew at an annual rate of 3.8% in the three month period ended September 2005. New home sales continue to rise and the US housing market sustained its strong growth even with rising mortgage rates.

The economy in Deschutes County has also been expanding, driven by population growth and housing starts. Bend has been ranked among the best places to live and retire by national magazines such as Money, Men's Journal and Golf Digest. In November 2005, Forbes magazine ranked Bend one of the top ten "telecommuting havens" in America. Total population in Deschutes County was 115,367 in 2000 and 135,450 in 2004, a 17% increase. In that same period, the City of Bend's population grew by 25% from 52,029 to 65,210. The US Census Bureau recently ranked the City of Bend as the 6<sup>th</sup> fastest growing Metropolitan Statistical Area (MSA) in the nation based upon statistics from the year 2000. Future trends predict that Central Oregon will continue to experience rapid population growth over the next 20 years. The housing market in Bend continues to be robust with over 2,000 residential housing permits issued for two consecutive years in a row (2,265 and 2,003 permits in fiscal years 2005 and 2004 respectively).

Unemployment for Central Oregon averaged 6.5% in 2004 compared to 7.4% in the State and 5.5% for the U.S. The largest industry sector, based on total payroll in the County is trade, transportation and utilities. Education and health services are the next two largest industries. The largest employers in the Bend area include St. Charles Medical Center, Deschutes County, Bend-LaPine School District No. 1, Mt. Bachelor Ski Resort and Beaver Motor Coaches. Despite the large industry sectors and employers, Central Oregon is typified by innovative small companies producing niche-market products and services from semi-conductors to medical instruments and recreational equipment. Both 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 largely successful in transforming the region's industry and employment from forest products, agriculture and tourism to manufacturing, high technology, services, and specialty manufacturing. With mature support services, modern business parks, and world class health care, the city possesses the business sophistication found in big cities.

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

**Centennial Parking Plaza** – During fiscal year 2003-04, the Bend Urban Renewal Agency (the Agency) completed a study of downtown parking and proceeded with plans to construct a five story downtown parking structure. The Agency issued \$10.5 million in tax increment bonds in June 2004 and finalized design and began construction of the parking structure in fiscal year 2004-05. This project is anticipated to cost \$12.0 million with costs incurred to date totaling \$4.2 million. The name of the parking structure was selected in honor of the City's centennial in 2005. The year was marked with events celebrating the City's 100<sup>th</sup> year since incorporation in 1905.

**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 700 acres in size in northeast Bend. A master developer has been selected to develop this area for mixed use with light industrial and commercial developments to accommodate economic growth in the region. Future phases will also include residential developments and a 4 year college campus. Infrastructure development in Juniper Ridge is anticipated to cost approximately \$66 million in the coming years.

**Newport Bridge** – The City obtained a \$4.7 million grant from the Oregon Department of Transportation for the construction of a new Newport bridge. Bridge design started in FY 2004-05 and construction is expected to occur over the next two years.

**Reed Market Corridor Study** – The City is collaborating with consultants to develop a comprehensive evaluation of transportation issues along the Reed Market Corridor. The goal is to improve safety, reduce travel delays, serve bicycle and pedestrians and provide an attractive enhancement to the surrounding neighborhoods. The Reed Market Corridor improvement project is anticipated to cost over \$8.0 million.

**Airport Eastside Developments** – During FY 2004-05 the City obtained \$1.3 million in loans and grants to develop infrastructure on the east side of the airport. This development was completed in FY 2004-05 and provided land for economic development. Epic Aircraft, a specialty aircraft manufacturer has built a manufacturing plant there, providing jobs for the region.

**Residential Land Study** – The City's Planning department completed Phase I of a residential land study in FY 2004-05. Phase I updated Bend's inventory of buildable land for housing and analyzed housing needs. Phase II, which will begin in FY 2005-06, will focus on revising the Bend Area General Plan and updating local housing policies to meet statewide planning goals. Tasks such as identifying the urban growth boundary capacity (UGB), planning UGB expansion and reserves will be included in Phase II.

**Solids Handling Study and Sewer Master Plan** – In order to determine the impact of future population increases on the Water Reclamation Facility, the City retained Vision Engineering, LLC in September 2004 to conduct a Solids Handling Study (a detailed review of the existing plant processes, determination of capacity, and development of a master plan for plant expansion over the next 20 years to 2023). This study, which was completed in August 2005, outlined a \$35.6 million capital improvement plan for the sewer operations from FY 2007 through FY 2022.

## Letter of Transmittal, Continued

**Bend 2030** – In August 2005, the Bend City Council began a year-long community visioning process called Bend 2030 - Our Community Vision. This community based process will provide a mechanism for citizens to describe what is desirable for the Bend of the future. The vision will also inform City departments about community priorities in the areas of land use planning, public safety, environmental, transportation, human services, and other areas to guide the budgetary, operational, and programmatic activities of city government.

A Bend 2030 Vision Task Force consisting of several dozen residents representing the diversity of Bend's urban and rural citizenry was created. A separate Stakeholder Advisory Committee made up of public schools, the City and County, arts and culture organizations, neighborhood associations and other interests has been created to provide additional input.

It is expected that phase I of the visioning, the vision document itself, will be completed in June 2006. This will commence phase II, the action planning/implementation plan phase.

**Moody's Rating Upgrade** – In October 2005, Moody's Investors Service upgraded the City general obligation bond rating from an A1 to an Aa3 and also upgraded the City's full faith and credit rating and water revenue bond rating from an A2 to an A1. The City currently has no general obligation bonds outstanding and has \$42.6 million of full faith and credit obligations outstanding. The upgrade reflects the general credit strength of the City, favorable economic profile and growing tax base.

### **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, 2005. 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.

**Budgetary Controls** - The objective of budgeting controls is to ensure compliance with legal provisions embodied in the City's annual appropriated budget. 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.

**Cash Management** - During the year, cash was invested in obligations of the U.S. Treasury and

Letter of Transmittal, Continued

agencies, state obligations, investment grade corporate bonds and the State of Oregon Local Government Investment Pool (LGIP). The weighted yield to maturity on investments held as of June 30, 2005 was approximately 2.95%. The City's investment performance ranked favorably when compared to U.S. Treasury obligations. Net investment income was over \$1.5 million for the year ended June 30, 2005. The City's investment policy 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, 2005.

**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, maintenance of a safe workplace for both the public and employees, and risk prevention training to minimize accident related losses and potential liability claims. The City utilizes a risk management division to account for the cost sharing among the various City operations. During fiscal year 2004-05 the City had comprehensive liability and property coverage and auto liability coverage with 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 Talbot Korvola & Warwick LLP, selected by the City Council, performed the City's annual audit for the fiscal year ended June 30, 2005. 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, 2004. 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 12 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.

Letter of Transmittal, Continued

Special thanks go to Sonia Andrews, Assistant Finance Director for all of the high level of professional expertise that was provided to the preparation of this report. I would also like to express my gratitude to the City Council, Budget Committee and the City Manager for their interest and support in managing the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Margaret Echeveste".

Margaret Echeveste  
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, 2004

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.



*Nancy L. Zjelke*

President

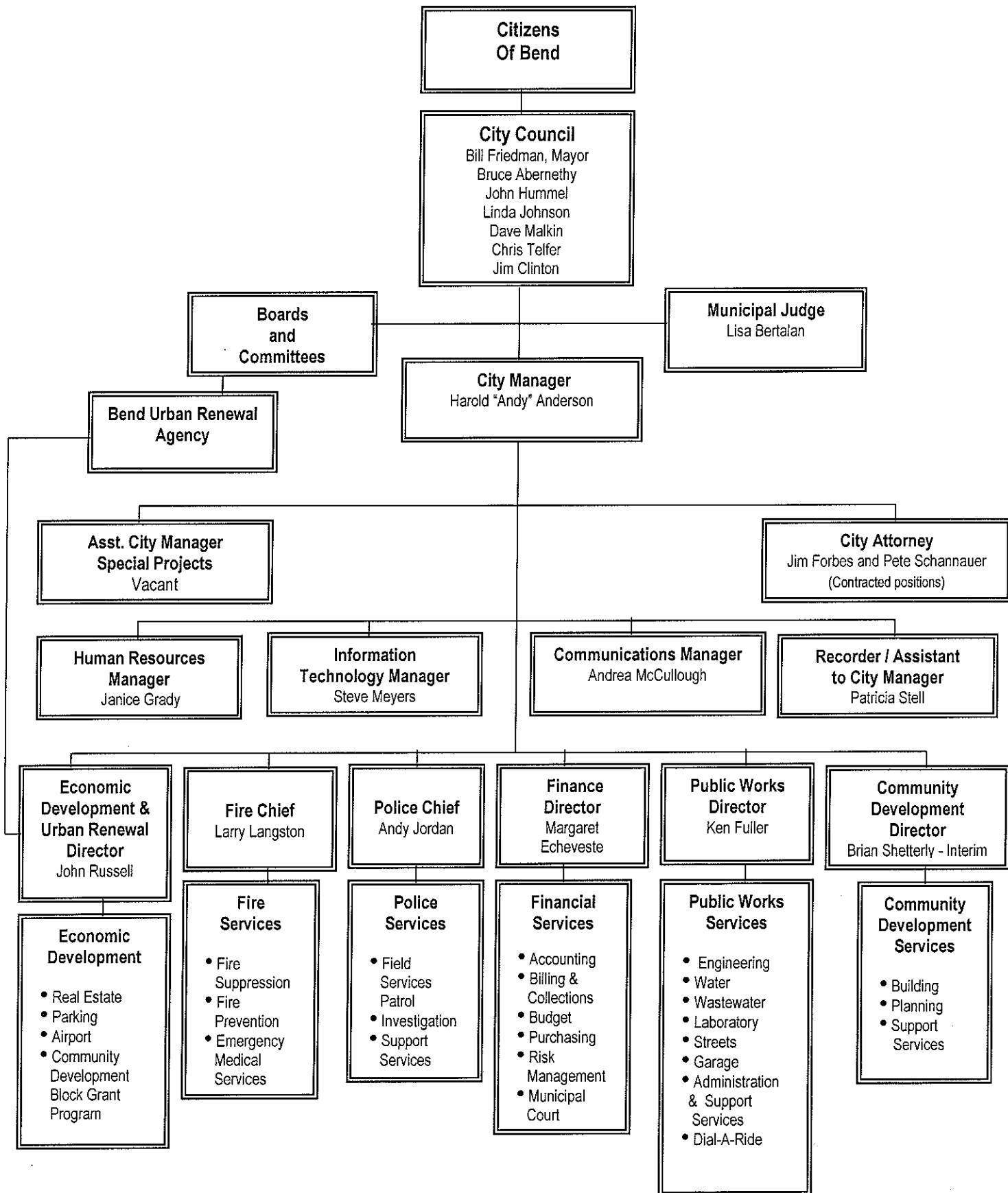
*Jeffrey R. Emer*

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, 2005

*Mayor*

Bill Friedman

*Mayor Pro-Tem*

Bruce Abernethy

*Council Members*

Chris Telfer  
John Hummel  
Jim Clinton

Dave Malkin  
Linda Johnson

City Manager

Harold A. Anderson

Finance Director

Margaret Echeveste

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

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**TKW***Talbot, Korvola & Warwick* LLP  
*Certified Public Accountants & Consultants*4800 S.W. Macadam, Suite 400 • Portland, Oregon 97239-3973  
503/274-2849 • Fax 503/274-2853**INDEPENDENT AUDITOR'S REPORT**

October 21, 2005

Honorable Mayor and City Council  
City of Bend  
Bend, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bend, Oregon (the City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

## INDEPENDENT AUDITOR'S REPORT (Continued)

Honorable Mayor and City Council  
City of Bend  
October 21, 2005  
Page 2

Management's Discussion and Analysis on pages 3 through 15 as listed in 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

The Required Supplementary Information (budgetary comparison information for all major funds) on pages 49 through 54 as listed in 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's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules on pages 55 through 114 as listed in the Table of Contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 aforementioned information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

By   
Roger A. Korvola, Partner

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2005

This Management 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, 2005. 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 \$482.4 million at June 30, 2005 consisting of \$390.8 million in capital assets, \$60.2 million in unrestricted cash and investments and \$31.4 million in deposits and other assets. Total assets increased by \$45.7 million due mainly to investments in capital assets and an \$8.7 million increase in unrestricted cash and investments.
- The City's liabilities totaled \$98.2 million at June 30, 2005 consisting of \$79.2 million in long-term debt and \$19.0 million in accounts payable and other liabilities. Total liabilities increased by \$3.9 million from the prior year.
- The assets of the City exceeded its liabilities by \$384.2 million at the close of fiscal year 2004-05. Unrestricted net assets totaled \$47.2 million with the remainder of the City's net assets invested in capital assets net of related debt (\$331.8 million) and restricted for debt service (\$5.2 million).
- For its governmental activities, the City generated \$17.6 million in charges for services and received \$27.2 million in grants and contributions. Direct expenses for governmental activities were \$49.9 million for the year, of which \$44.8 million was funded by charges for services and grants and contributions and the remaining \$5.1 million funded by general revenues. The City received general revenues of \$25.0 million for the year consisting of \$19.5 million in taxes, \$4.3 million in franchise fees and \$1.2 million in other revenues.
- Unreserved fund balance in the General Fund was \$7.1 million at June 30, 2005, up by \$0.9 million from June 30, 2004.
- For its business-type activities, the City generated \$17.5 million in charges for services and received \$20.7 million in grants and contributions to fund direct expenses of \$16.7 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 GASB Statement No. 34. 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 public works administration and support, information technology, administration and financial services 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 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
- Sewer
- Other – includes Cemetery and Downtown Parking 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 15 governmental funds. The governmental fund statements present six major funds separately: General Fund, Transportation Operations Fund, Fire/Emergency Medical Services Fund, Transportation System Development Charges Fund, Community Development Fund and Urban Renewal Construction Fund. The other nine nonmajor funds are combined and presented in a single column as nonmajor governmental funds.

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

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

Internal service funds are generally used to accumulate and allocate internally the costs of the City's central services. The City has established an internal service fund with the following divisions- garage, information technology, building operations, engineering, public works administration and support, risk management, administration and financial services and economic development administration services. Because the internal service fund activities predominately 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 \$384.2 million at June 30, 2005. A majority of the net assets (86%) is invested in capital assets (ie. land, buildings, infrastructure etc), less any related outstanding debt used to acquire those assets. The following is a condensed statement of net assets and an analysis of the change in the City's financial position from the previous year.

	<b>Governmental Activities</b>		
	<b>June 30, 2005</b>	<b>June 30, 2004</b>	<b>Change</b>
Capital assets, net	\$ 240,067,512	\$ 223,130,943	\$ 16,936,569
Current and other assets	69,654,139	62,404,080	7,250,059
Total assets	<u>309,721,651</u>	<u>285,535,023</u>	<u>24,186,628</u>
Long-term debt	59,138,300	61,753,500	(2,615,200)
Other liabilities	14,982,151	8,025,285	6,956,866
Total liabilities	<u>74,120,451</u>	<u>69,778,785</u>	<u>4,341,666</u>
Net assets			
Invested in capital, net of related debt	201,139,020	198,244,998	2,894,022
Restricted	4,030,980	3,006,184	1,024,796
Unrestricted	30,431,200	14,505,056	15,926,144
Total net assets	<u>\$ 235,601,200</u>	<u>\$ 215,756,238</u>	<u>\$ 19,844,962</u>

	<b>Business-Type Activities</b>		
	<b>June 30, 2005</b>	<b>June 30, 2004</b>	<b>Change</b>
Capital assets, net	\$ 150,720,252	\$ 134,981,899	\$ 15,738,353
Current and other assets	21,961,479	16,127,280	5,834,199
Total assets	<u>172,681,731</u>	<u>151,109,179</u>	<u>21,572,552</u>
Long-term debt	20,039,328	22,252,613	(2,213,285)
Other liabilities	4,004,552	2,260,155	1,744,397
Total liabilities	<u>24,043,880</u>	<u>24,512,768</u>	<u>(468,888)</u>
Net assets			
Invested in capital, net of related debt	130,680,924	112,729,286	17,951,638
Restricted	1,206,588	1,381,224	(174,636)
Unrestricted	16,750,339	12,485,901	4,264,438
Total net assets	<u>\$ 148,637,851</u>	<u>\$ 126,596,411</u>	<u>\$ 22,041,440</u>

	<b>Total City Net Assets</b>		
	<b>June 30, 2005</b>	<b>June 30, 2004</b>	<b>Change</b>
Capital assets, net	\$ 390,787,764	\$ 358,112,842	\$ 32,674,922
Current and other assets	91,615,618	78,531,360	13,084,258
Total assets	<u>482,403,382</u>	<u>436,644,202</u>	<u>45,759,180</u>
Long-term debt	79,177,628	84,006,113	(4,828,485)
Other liabilities	18,986,703	10,285,440	8,701,263
Total liabilities	<u>98,164,331</u>	<u>94,291,553</u>	<u>3,872,778</u>
Net assets			
Invested in capital, net of related debt	331,819,944	310,974,284	20,845,660
Restricted	5,237,568	4,387,408	850,160
Unrestricted	47,181,539	26,990,957	20,190,582
Total net assets	<u>\$ 384,239,051</u>	<u>\$ 342,352,649</u>	<u>\$ 41,886,402</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 \$41.9 million from the prior year due mainly to increase in the City's capital assets. Capital assets, net of depreciation, increased by \$32.7 million as the City acquired and constructed various transportation, water, sewer and parking infrastructure.

Other assets increased by \$13.1 million mainly due to cash and investments which increased by \$12.8 million. The City received \$4.7 million in grant funds for construction of a bridge of which \$4.4 million was unspent at the end of the fiscal year. Cash and investments also increased from an increase in overall revenues collected.

Long-term debt decreased by \$4.8 million with scheduled principle payments while other liabilities increased by \$8.7 million due mainly to the \$4.4 million unspent grant funds recorded as deferred revenues.

Analysis of Changes in Net Assets

	<b>Governmental Activities</b>		
	<b>2005</b>	<b>2004</b>	<b>Change</b>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 17,572,346	\$ 14,717,776	\$ 2,854,570
Operating grants and contributions	8,019,110	7,897,323	121,787
Capital grants and contributions	19,178,459	10,098,416	9,080,043
General revenues:			
Taxes	19,499,947	17,581,661	1,918,286
Franchise fees	4,282,802	3,734,743	548,059
Investment earnings	1,169,185	366,519	802,666
Other revenues	107,372	1,091,708	(984,336)
Total revenues	<u>69,829,221</u>	<u>55,488,146</u>	<u>14,341,075</u>
<b>Expenses</b>			
General government	10,706,346	10,304,576	401,770
Public safety	20,007,081	18,646,519	1,360,562
Public ways and facilities	7,624,382	7,715,686	(91,304)
Community and economic development	6,526,720	5,061,246	1,465,474
Urban renewal	577,798	796,574	(218,776)
Transit	1,622,362	1,245,247	377,115
Interest on long-term debt	2,874,570	1,729,064	1,145,506
Total expenses	<u>49,939,259</u>	<u>45,498,912</u>	<u>4,440,347</u>
Revenues over expenses	19,889,962	9,989,234	9,900,728
Transfers	(45,000)	-	(45,000)
Increase in net assets	<u>19,844,962</u>	<u>9,989,234</u>	<u>9,855,728</u>
Net assets, beginning	215,756,238	205,767,004	9,989,234
Net assets, ending	<u>\$ 235,601,200</u>	<u>\$ 215,756,238</u>	<u>\$ 19,844,962</u>

Total revenues from governmental activities increased by \$14.3 million due mainly to developer contributed transportation infrastructure which increased by \$8.1 million from the prior year. Revenues also increased as a result of increased building activity which generated more planning fees and license and permit revenues in the current year.

Expenses increased by \$4.4 million mainly due to increase in personnel costs.

See further analysis of revenues and expenses from governmental activities below.

Management's Discussion And Analysis (Continued)

	<b>Business-type Activities</b>		
	<u>2005</u>	<u>2004</u>	<u>Change</u>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 17,536,747	\$ 15,549,472	\$ 1,987,275
Capital grants and contributions	20,757,707	10,847,169	9,910,538
General revenues:			
Investment earnings	367,980	166,607	201,373
Total revenues	<u>38,662,434</u>	<u>26,563,248</u>	<u>12,099,186</u>
<b>Expenses</b>			
Airport	515,724	428,488	87,236
Water	8,082,026	8,811,038	(729,012)
Sewer	7,580,111	7,389,629	190,482
Other business activities	488,133	402,604	85,529
Total expenses	<u>16,665,994</u>	<u>17,031,759</u>	<u>(365,765)</u>
Revenues over expenses	21,996,440	9,531,489	12,464,951
Transfers	45,000	-	45,000
Increase in net assets	<u>22,041,440</u>	<u>9,531,489</u>	<u>12,509,951</u>
Net assets, beginning	126,596,411	117,064,922	9,531,489
Net assets, ending	<u>\$ 148,637,851</u>	<u>\$ 126,596,411</u>	<u>\$ 22,041,440</u>

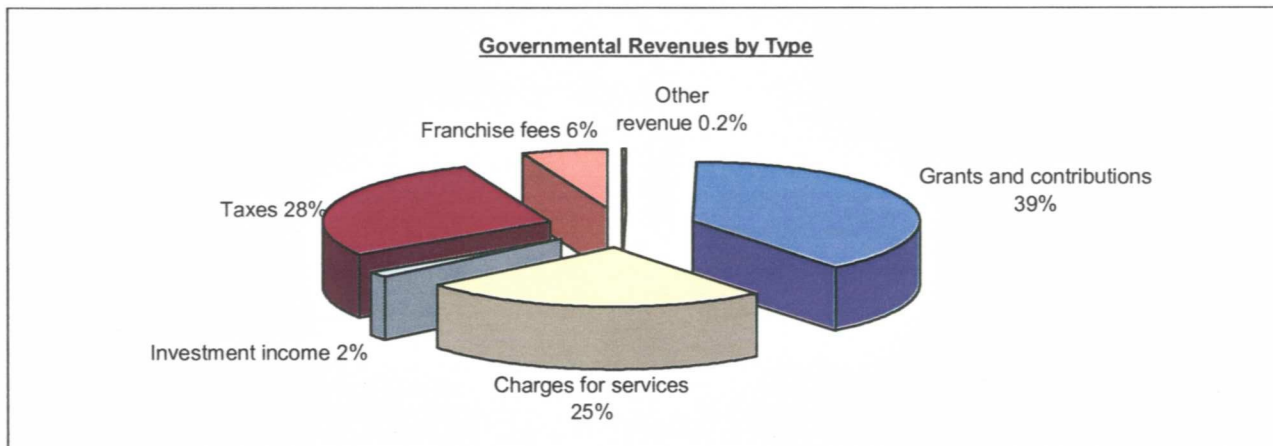
Total revenues from business-type activities increase by \$12.1 million due mainly to increases in developer contributed water and sewer infrastructure and grant funds received. See further analysis of revenues and expense from business-type activities below.

	<b>Total City Net Assets</b>		
	<u>2005</u>	<u>2004</u>	<u>Change</u>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 35,109,093	\$ 30,267,248	\$ 4,841,845
Operating grants and contributions	8,019,110	7,897,323	121,787
Capital grants and contributions	39,936,166	20,945,585	18,990,581
General revenues:			
Taxes	19,499,947	17,581,661	1,918,286
Franchise fees	4,282,802	3,734,743	548,059
Investment earnings	1,537,165	533,126	1,004,039
Other revenues	107,372	1,091,708	(984,336)
Total revenues	<u>108,491,655</u>	<u>82,051,394</u>	<u>26,440,261</u>
<b>Expenses</b>			
General government	10,706,346	10,304,576	401,770
Public safety	20,007,081	18,646,519	1,360,562
Public ways and facilities	7,624,382	7,715,686	(91,304)
Community and economic development	6,526,720	5,061,246	1,465,474
Urban renewal	577,798	796,574	(218,776)
Transit	1,622,362	1,245,247	377,115
Interest on long-term debt	2,874,570	1,729,064	1,145,506
Airport	515,724	428,488	87,236
Water	8,082,026	8,811,038	(729,012)
Sewer	7,580,111	7,389,629	190,482
Other business activities	488,133	402,604	85,529
Total expenses	<u>66,605,253</u>	<u>62,530,671</u>	<u>4,074,582</u>
Change in net assets	<u>41,886,402</u>	<u>19,520,723</u>	<u>22,365,679</u>
Net assets, beginning	342,352,649	322,831,926	19,520,723
Net assets, ending	<u>\$ 384,239,051</u>	<u>\$ 342,352,649</u>	<u>\$ 41,886,402</u>

Overall net assets increased by \$41.9 million with governmental activities accounting for 47% of the total growth and business-type activities accounting for 53%. The growth in net assets is explained below as well as significant changes in revenues and expenses from the previous year.

**Governmental Activities**

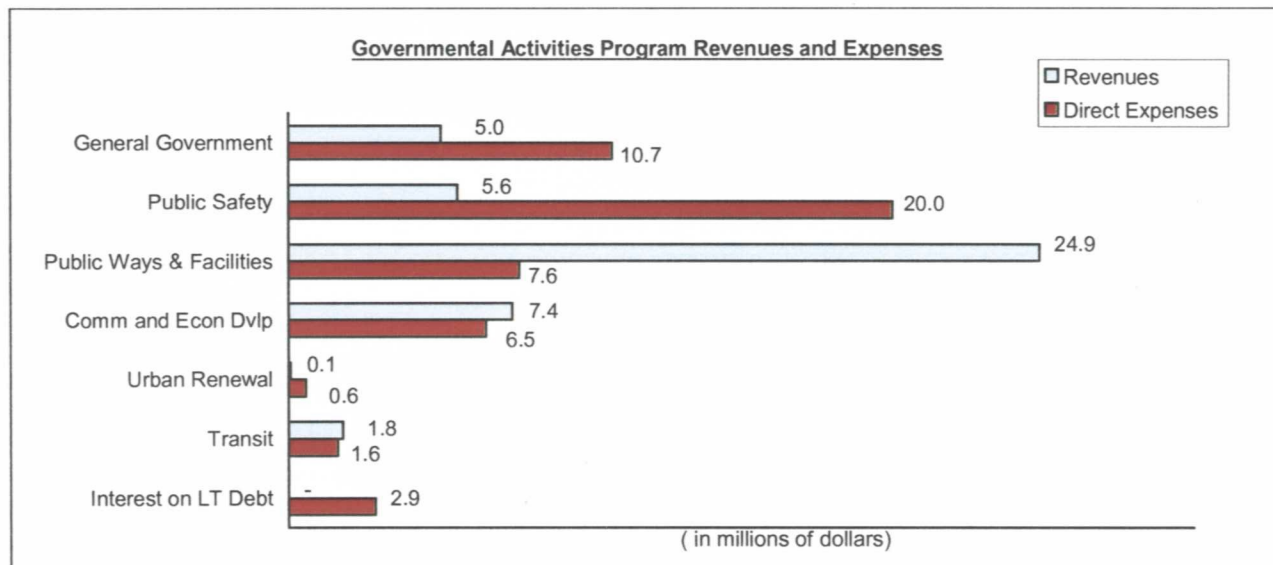
Governmental activities increased the City's net assets by \$19.9 million with revenues totaling \$69.8 million and expenses totaling \$49.9 million. Revenues consisted primarily of taxes of \$19.5 million, charges for services of \$17.6 million and operating and capital grants and contributions of \$27.2 million.



Taxes increased by \$1.9 million (11%) from the prior year with growth in property tax assessed values accounting for most of that increase. Charges for services increased by \$2.8 million (19%) from the prior year due mainly to growth in license and permit fees, planning fees and engineering fees generated from the continued increase in building activity. Capital grants and contributions increased by \$9.1 million (90%) from the prior year. The increase is mainly due to developer contributed transportation infrastructure which totaled \$11.6 million in the current year, up from \$3.5 million in the previous year.

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, building operations, engineering, public works administration and support, risk management, administration and financial services and economic development administration services.

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



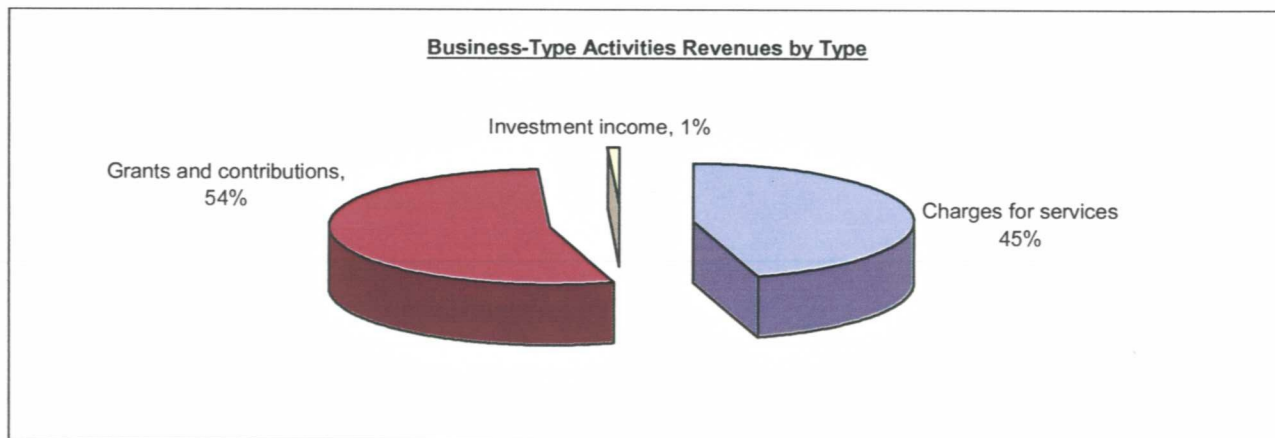
Management's Discussion And Analysis (Continued)

Program revenues generated by public ways and facilities include system development charges of \$6.5 million and developer donated transportation infrastructure of \$11.6 million. Developer donated infrastructure totaled only \$3.5 million in the previous year.

Public safety and community and economic development expenses increased by \$1.4 million (7%) and \$1.5 million (29%) respectively due to increases in personnel costs. Interest on long-term debt increased by \$1.1 million (66%) due to the pension obligation bonds (\$13.7 million) and tax increment bonds (\$10.5 million) issued towards the end of the previous year.

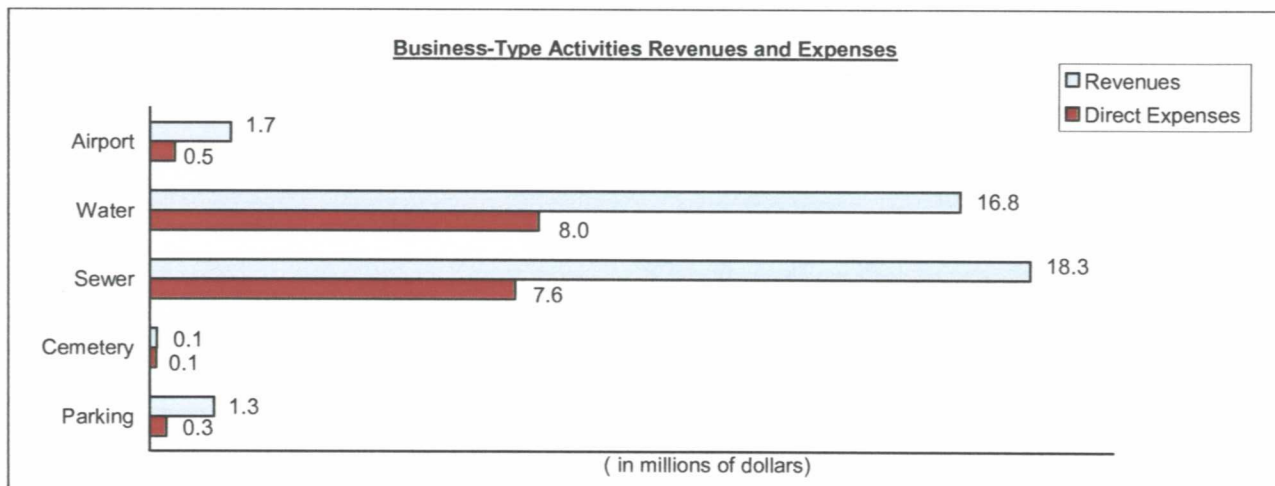
**Business-Type Activities**

Business-type activities increased the City's net assets by \$22.0 million with revenues totaling \$38.7 million and expenses totaling \$16.7 million. Revenues consisted primarily of charges for services of \$17.5 million and capital grants and contributions of \$20.7 million.



Charges for services comprised mainly of water and sewer service charges which increased by \$1.9 million (13%) due to an increase in customer base combined with a 7.75% increase in water rates and a 6% increase in sewer rates. Capital grants and contributions which totaled \$20.7 million consisted primarily of water and sewer system development charges of \$6.0 million and developer donated infrastructure of \$12.5 million. Capital grants and contributions increased by \$9.9 million (91%) because of the strong building activity in the City. Developer constructed water and sewer infrastructure increased by \$7.6 million from the previous year.

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.



## Management's Discussion And Analysis (Continued)

Revenues for water and sewer 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. In addition to parking permits and fines, the parking fund also recognized a \$1.0 million parking capital improvement fee charged to a developer in the current year.

Water expenses decreased by \$0.7 million (8%). This is because in the prior year, the water fund incurred over \$1.0 million in expenses as a result of a state-mandated metering program where the City converted over 2,000 non-metered accounts to metered water service. The metering program was completed in the previous year. Expenses for the sewer, airport, cemetery and parking operations increased due to increases in depreciation 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 \$34.0 million, an increase of \$1.0 million (3%) from the prior year's fund balances of \$33.0 million. The fund balance increase is due to an overall increase in revenues of \$7.0 million while current operating expenditures, debt service and capital outlay expenditures increased by only \$3.1 million. As noted above, the City continues to experience strong building activities which generated significant license and permit fees and planning revenues in the current year. Property tax revenues also continue to climb from increase in assessed value and new construction.

Of the ending fund balances of \$34.0 million, \$4.0 million was reserved to fund debt service and \$29.7 million was unreserved and available for spending by the City within the purposes specified for the City's funds.

The General Fund is a primary operating fund of the City. At the end of the fiscal year, the unreserved fund balance of the general fund was \$7.1 million, up \$0.9 million (14%) 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, Community Development Fund and the Urban Renewal Construction Fund.

Fund balance increased by \$74,088 in the Transportation Operations Fund, \$246,974 in the Fire/EMS fund, \$883,259 in the Transportation SDC fund and \$958,594 in the Community Development Fund. Fund balance in the Urban Renewal Construction Fund decreased by \$2.8 million due to construction of the parking structure. The parking structure is partially funded by tax increment bonds issued in the prior year.

### 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 Sewer Fund at the end of the year amounted to \$8.1 million and \$7.6 million respectively. The growth in net assets of the Water Fund and the Sewer Fund was \$8.9 million and \$10.8 million respectively. The growth in net assets of the Water Fund was mainly due to system development

## Management's Discussion And Analysis (Continued)

charges generated of \$3.1 million and developer contributed infrastructure recognized as contribution revenue of \$5.0 million. Likewise, the growth in net assets of the Sewer Fund was mainly a result of system development charges generated of \$2.9 million and developer contributed infrastructure recognized as contribution revenue of \$7.5 million.

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 \$78,000. \$250,700 was moved from contingency to nondepartmental expenditures. \$78,000 of resources and appropriations were added to police operations. Nondepartmental appropriations increased by \$250,700 to fund a short-term loan to the Metropolitan Planning Organization, increase transfers to the Fire/EMS Fund and additional general government expenditures.

### CAPITAL ASSETS

As of June 30, 2005 the City had invested \$390.8 million in capital assets, net of depreciation as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of \$32.7 million. Governmental capital assets totaled \$240.1 million while business-type capital assets totaled \$150.7 million.

	Governmental Activities		
	June 30, 2005	June 30, 2004	Change
Land including right-of-way	\$ 143,712,278	\$ 142,449,091	\$ 1,263,187
Artwork	517,615	400,605	117,010
Building and building improvements	23,793,211	24,201,862	(408,651)
Infrastructure	56,459,036	42,458,025	14,001,011
Vehicles and equipment	6,948,599	7,149,412	(200,813)
Construction in progress	8,636,773	6,471,948	2,164,825
	<u>\$ 240,067,512</u>	<u>\$ 223,130,943</u>	<u>\$ 16,936,569</u>
	Business-type Activities		
	June 30, 2005	June 30, 2004	Change
Land including right-of-way	\$ 5,190,609	\$ 5,033,140	\$ 157,469
Building and building improvements	5,252,175	3,626,374	1,625,801
Infrastructure	133,891,315	115,898,915	17,992,400
Vehicles and equipment	2,313,643	2,386,670	(73,027)
Construction in progress	4,072,510	8,036,800	(3,964,290)
	<u>\$ 150,720,252</u>	<u>\$ 134,981,899</u>	<u>\$ 15,738,353</u>
	Total		
	June 30, 2005	June 30, 2004	Change
Land including right-of-way	\$ 148,902,887	\$ 147,482,231	\$ 1,420,656
Artwork	517,615	400,605	117,010
Building and building improvements	29,045,386	27,828,236	1,217,150
Infrastructure	190,350,351	158,356,940	31,993,411
Vehicles and equipment	9,262,242	9,536,082	(273,840)
Construction in progress	12,709,283	14,508,748	(1,799,465)
	<u>\$ 390,787,764</u>	<u>\$ 358,112,842</u>	<u>\$ 32,674,922</u>

Major construction projects affecting capital assets for fiscal year 2004-05 are as follows:

- Street Construction - Construction of various street improvements added \$16.2 million to capital assets. Major projects in various stages include the 15<sup>th</sup> street extension, Newport & College roundabout, Boyd Acres and Empire intersection improvements, Newport Bridge and Mt Washington Bridge. Developer constructed infrastructure totaled \$11.0 million.
- Airport Improvements – The City undertook a \$1.4 million infrastructure development project on the eastside of the airport and spent approximately \$0.6 million aligning Nelson road. These projects



Management's Discussion And Analysis (Continued)

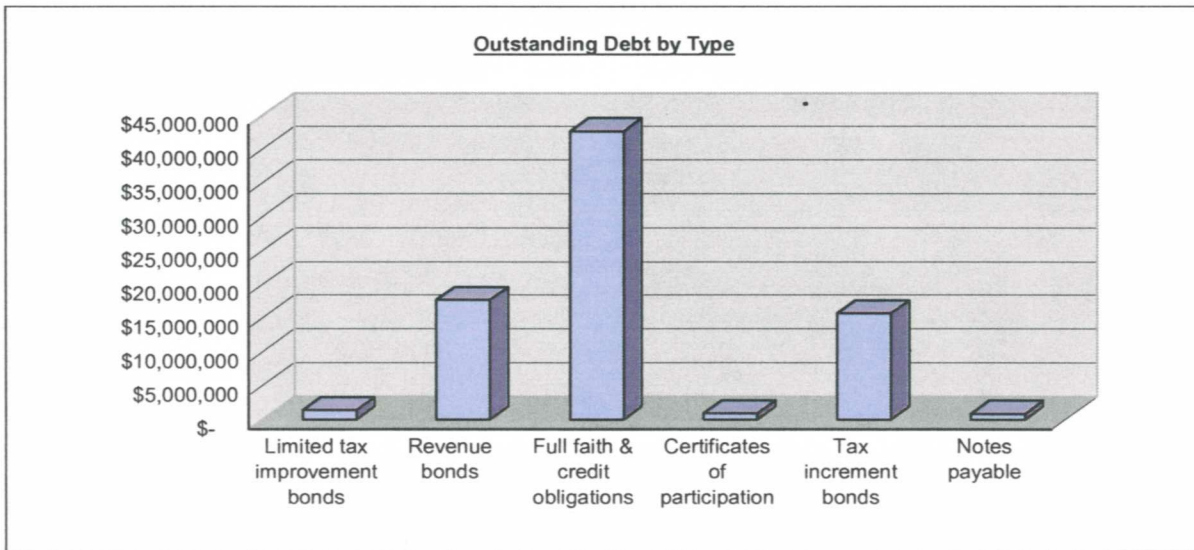
were funded primarily by grants and loans. The eastside development was done so that aviation businesses could expand and provide additional jobs to the economy.

- Water Improvements - Improvements to the City's water system added \$8.1 million to capital assets. Developer constructed infrastructure contributed to the City totaled \$5.0 million in the current year. The City spent \$3.1 million on various well improvements and construction of transmission mains.
- Sewer Improvements - Improvements to the sewer system added \$8.7 million to capital assets. Developer constructed sewer infrastructure totaled \$7.3 million. Major sewer projects undertaken by the City include equipment for the Solids Handling building and various improvements to pump stations.
- Parking Structure – The City continued construction of the 5-story downtown parking structure, incurring \$3.1 million in the current year. The parking structure project is anticipated to be \$12.0 million.

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

**DEBT ADMINISTRATION**

As of year-end, the City had \$79.2 million in long-term debt outstanding compared to \$84.0 million in the previous year. No new debt was issued in the current year. Debt outstanding by type at year-end is comprised of the following:



Management's Discussion And Analysis (Continued)

Change in debt outstanding is as follows:

	Governmental Activities		
	2005	2004	Change
Limited tax improvement bonds	\$ 1,413,000	\$ 1,836,000	\$ (423,000)
Full faith & credit obligations	41,110,300	42,357,500	(1,247,200)
Certificates of participation	925,000	1,210,000	(285,000)
Tax increment bonds	15,690,000	16,350,000	(660,000)
	<u>\$ 59,138,300</u>	<u>\$ 61,753,500</u>	<u>\$ (2,615,200)</u>

	Business-type Activities		
	2005	2004	Change
Revenue bonds	\$ 17,655,000	\$ 19,765,000	\$ (2,110,000)
Full faith & credit obligations	1,539,700	1,612,500	(72,800)
Notes payable	844,628	875,113	(30,485)
	<u>\$ 20,039,328</u>	<u>\$ 22,252,613</u>	<u>\$ (2,213,285)</u>

	Total		
	2005	2004	Change
Limited tax improvement bonds	\$ 1,413,000	\$ 1,836,000	\$ (423,000)
Revenue bonds	17,655,000	19,765,000	(2,110,000)
Full faith & credit obligations	42,650,000	43,970,000	(1,320,000)
Certificates of participation	925,000	1,210,000	(285,000)
Tax increment bonds	15,690,000	16,350,000	(660,000)
Notes payable	844,628	875,113	(30,485)
	<u>\$ 79,177,628</u>	<u>\$ 84,006,113</u>	<u>\$ (4,828,485)</u>

The City has \$42.6 million of full faith & credit obligations outstanding for airport improvements (\$1.5 million), for street improvements (\$15.9 million), fire and police stations (\$10.0 million), equipment (\$1.5 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 \$17.6 million and are for water infrastructure (\$3.5 million) and sewer infrastructure (\$14.1 million). These bonds are repaid from water and sewer service charges and system development charges.

The City has \$1.4 million of limited tax improvement bonds outstanding at year-end. These bonds are secured by the full faith and credit of the City and were issued for public improvements that benefit private properties. While these bonds are backed by the City's full faith and credit, their repayment source is derived from assessments to the benefited property owners.

The City has \$15.7 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 \$1.8 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 2004-05 value, the City's debt limitation is \$231,506,594. The City is well within its debt limitation with an amount of outstanding debt subject to this limitation of \$43,957,275.

In October 2005, the City received an upgrade from Moody's Investor Services on its debt ratings. The City's general obligation debt rating was upgraded from A1 to Aa3, its full faith and credit obligation and water

## Management's Discussion And Analysis (Continued)

revenue bond ratings were upgraded from an A2 to an A1. The City's sewer revenue bonds are rated A2 and Urban Renewal tax increment bonds have an underlying rating of A3.

Please refer to Note 9 of the basic financial statements for further detailed information.

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

The City of Bend continues to experience robust growth in population and construction activity. The population of the City of Bend as of July 1, 2004, was 65,210, which is 48% of Deschutes County's population of 135,450. Between July 1, 2000 and July 1, 2004, the population of the City increased by 25%. With the growth in population, the City has seen significant building activity in both residential and commercial developments. The United States Census Bureau recently ranked Bend as the 6<sup>th</sup> fastest growing Metropolitan Statistical Area in the nation. Population and building activity are expected to continue growing at a healthy rate.

The City is dependent on property taxes, charges for services and grants and contributions to support its operations. Property taxes made up approximately 15% 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 sewer service to its citizens. Some of the goals for fiscal year 2005-06 include:

1. Levy new fees for needed services. New fees include business license fees and franchise fees. Increases to existing system development charges, planning fees and other user charges will also be implemented to fund operations.
2. Provide funding for the development of the City's transportation infrastructure.
3. Establish funding for the development of the Juniper Ridge area.
4. Provide a business and operational plan for a public transit system.

Highlights for the fiscal year 2005-06 budget are as follows:

1. Resources total \$182.0 million and appropriations total \$173.5 million with \$8.5 million of unappropriated fund balance.
2. Property taxes are anticipated to be \$18.4 million and revenues from license and permits and charges for services are anticipated to total \$47.8 million. Intergovernmental revenues are expected to generate \$13.1 million and system development charges are expected to total \$14.1 million.
3. Debt issuance included in the fiscal year 2005-06 budget totals \$7.1 million to finance street projects and local improvement district projects.
4. Capital outlay was budgeted for \$43.3 million which includes \$14.8 million budgeted for transportation projects, \$8.3 million for water system improvements, \$8.6 million for sewer system improvements, \$6.7 million for the parking facility, \$2.6 million for various facility improvements and \$2.3 million 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 Margaret Echeveste, City of Bend Finance Director at 710 NW Wall Street, Bend, Oregon 97701. The City's telephone number is 541-388-5514.

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City of Bend, Oregon  
**Statement of Net Assets**  
June 30, 2005

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Pooled cash and investments	\$ 44,180,589	\$ 16,047,334	\$ 60,227,923
Receivables, net	3,023,661	2,184,403	5,208,064
Internal balances	(389,000)	389,000	-
Due from other governments	693,521	399,493	1,093,014
Restricted cash and investments	6,091,259	1,206,588	7,297,847
Other assets	99,291	32,156	131,447
Prepaid pension obligation	12,503,020	-	12,503,020
Assessments receivable	1,334,410	-	1,334,410
Loans and notes receivable	1,307,902	1,352,566	2,660,468
Bond issue costs, net	809,486	349,939	1,159,425
Non-depreciable capital assets	152,866,666	9,263,119	162,129,785
Depreciable capital assets, net	87,200,846	141,457,133	228,657,979
<b>Total Assets</b>	<b>309,721,651</b>	<b>172,681,731</b>	<b>482,403,382</b>
<b><u>Liabilities</u></b>			
Accounts payable	2,644,535	1,296,838	3,941,373
Note payable	-	1,347,000	1,347,000
Accrued liabilities	3,140,809	563,780	3,704,589
Due to developers	2,859,476	599,020	3,458,496
Deposits	1,907,489	197,914	2,105,403
Deferred revenue	4,429,842	-	4,429,842
Long-term debt			
Portion due or payable within one year	2,565,700	888,927	3,454,627
Portion due or payable after one year	56,572,600	19,150,401	75,723,001
<b>Total Liabilities</b>	<b>74,120,451</b>	<b>24,043,880</b>	<b>98,164,331</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	201,139,020	130,680,924	331,819,944
Restricted for:			
Debt service	4,030,980	1,206,588	5,237,568
Unrestricted	30,431,200	16,750,339	47,181,539
<b>Total Net Assets</b>	<b>\$ 235,601,200</b>	<b>\$ 148,637,851</b>	<b>\$ 384,239,051</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, 2005

Functions/ Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Direct Expenses	Charges for	Operating Grants and	Capital Grants and	Governmental Activities	Business-Type Activities	Total
		Services	Contributions	Contributions			
<b>Governmental Activities:</b>							
General government	\$ 10,706,346	\$ 5,032,181	\$ -	\$ -	\$ (5,674,165)	\$ -	\$ (5,674,165)
Public safety	20,007,081	2,713,257	2,882,747	-	(14,411,077)	-	(14,411,077)
Public ways and facilities	7,624,382	2,607,304	3,099,037	19,178,459	17,260,418	-	17,260,418
Community and economic development	6,526,720	6,895,891	507,381	-	876,552	-	876,552
Urban renewal	577,798	66,516	-	-	(511,282)	-	(511,282)
Transit	1,622,362	257,197	1,529,945	-	164,780	-	164,780
Interest on long-term debt	2,874,570	-	-	-	(2,874,570)	-	(2,874,570)
<b>Total Governmental Activities</b>	<b>49,939,259</b>	<b>17,572,346</b>	<b>8,019,110</b>	<b>19,178,459</b>	<b>(5,169,344)</b>	<b>-</b>	<b>(5,169,344)</b>
<b>Business-Type Activities:</b>							
Airport	515,724	466,866	-	1,215,721	-	1,166,863	1,166,863
Water	8,082,026	8,767,684	-	8,068,167	-	8,753,825	8,753,825
Sewer	7,580,111	7,823,742	-	10,457,779	-	10,701,410	10,701,410
Other business activities	488,133	478,455	-	1,016,040	-	1,006,362	1,006,362
<b>Total Business-Type Activities</b>	<b>16,665,994</b>	<b>17,536,747</b>	<b>-</b>	<b>20,757,707</b>	<b>-</b>	<b>21,628,460</b>	<b>21,628,460</b>
<b>Total Activities</b>	<b>66,605,253</b>	<b>35,109,093</b>	<b>8,019,110</b>	<b>39,936,166</b>	<b>(5,169,344)</b>	<b>21,628,460</b>	<b>16,459,116</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes					14,591,394	-	14,591,394
Property taxes, levied for debt service					2,109,442	-	2,109,442
Transient room taxes					2,799,111	-	2,799,111
Franchise fees					4,282,802	-	4,282,802
Unrestricted investment income					1,169,185	367,980	1,537,165
Other revenues					107,372	-	107,372
Transfers					(45,000)	45,000	-
<b>Total General Revenues and Transfers</b>					<b>25,014,306</b>	<b>412,980</b>	<b>25,427,286</b>
<b>Change in Net Assets</b>					<b>19,844,962</b>	<b>22,041,440</b>	<b>41,886,402</b>
Net Assets, July 1, 2004					215,756,238	126,596,411	342,352,649
<b>Net Assets, June 30, 2005</b>					<b>\$ 235,601,200</b>	<b>\$ 148,637,851</b>	<b>\$ 384,239,051</b>

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

City of Bend, Oregon  
**Balance Sheet**  
 Governmental Funds  
 June 30, 2005

	Transportation		Fire / Emergency	Transportation System	Community	Urban	Nonmajor	Total
	General	Operations	Medical Services	Development Charges	Development	Renewal Construction	Governmental Funds	Governmental Funds
<b>Assets</b>								
Pooled cash and investments	\$ 6,795,125	\$ 1,545,179	\$ 340,460	\$ 11,292,618	\$ 5,729,694	\$ 9,154,723	\$ 3,361,394	\$ 38,219,193
Restricted cash and investments	3,250	-	-	4,428,842	8,717	-	1,431,918	5,872,727
Receivables:								
Property taxes	666,361	-	-	-	-	-	95,555	761,916
Accounts, net	1,134,252	279,838	225,717	-	1,313	-	141,675	1,782,795
Assessments	-	-	-	-	-	-	1,424,410	1,424,410
Loans and notes, net	180,000	-	-	217,647	-	662,721	247,534	1,307,902
Interest	403,485	-	-	-	-	-	-	403,485
Due from other governments	109,610	279,192	-	-	-	-	304,719	693,521
Deposits	-	-	-	63,475	-	-	-	63,475
<b>Total Assets</b>	<b>\$ 9,292,083</b>	<b>\$ 2,104,209</b>	<b>\$ 566,177</b>	<b>\$ 16,002,582</b>	<b>\$ 5,739,724</b>	<b>\$ 9,817,444</b>	<b>\$ 7,007,205</b>	<b>\$ 50,529,424</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 92,577	\$ 93,786	\$ 75,476	\$ 487,933	\$ 103,451	\$ 1,103,874	\$ 207,978	\$ 2,165,075
Salaries and benefits payable	113,415	20,784	83,205	-	36,808	2,288	17,546	274,046
Retainage payable	-	-	-	11,960	-	106,746	9,927	128,633
Due to developers	-	-	-	2,859,476	-	-	-	2,859,476
Other accrued liabilities	667,196	-	-	-	-	-	-	667,196
Deposits	3,250	-	-	212,625	1,156,474	102,175	800	1,475,324
Deferred revenues	1,204,063	2,552	199,332	4,897,489	1,313	543,750	1,748,393	8,596,892
Advances to other funds	-	-	-	-	-	-	389,000	389,000
<b>Total Liabilities</b>	<b>2,080,501</b>	<b>117,122</b>	<b>358,013</b>	<b>8,469,483</b>	<b>1,298,046</b>	<b>1,858,833</b>	<b>2,373,644</b>	<b>16,555,642</b>
Fund Balances (Deficit):								
Reserved for:								
Loans and notes receivable	80,000	-	-	-	-	118,971	-	198,971
Debt service	-	-	-	-	-	-	4,030,980	4,030,980
Unreserved	7,131,582	-	-	-	-	-	-	7,131,582
Unreserved reported in:								
Special revenue funds	-	1,987,087	208,164	7,533,099	4,441,678	-	907,123	15,077,151
Capital projects funds	-	-	-	-	-	7,839,640	(304,542)	7,535,098
<b>Total Fund Balances</b>	<b>7,211,582</b>	<b>1,987,087</b>	<b>208,164</b>	<b>7,533,099</b>	<b>4,441,678</b>	<b>7,958,611</b>	<b>4,633,561</b>	<b>33,973,782</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,292,083</b>	<b>\$ 2,104,209</b>	<b>\$ 566,177</b>	<b>\$ 16,002,582</b>	<b>\$ 5,739,724</b>	<b>\$ 9,817,444</b>	<b>\$ 7,007,205</b>	<b>\$ 50,529,424</b>

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



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

June 30, 2005

<b>Total Fund Balances</b>		\$ 33,973,782
Interest income is reported in governmental funds when received but is accrued in the Statement of Net Assets when earned.		68,857
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	246,460,218	
Accumulated depreciation	<u>(16,682,308)</u>	229,777,910
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.		703,728
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.		12,721,552
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		(304,797)
Accrued compensated absences		(1,348,948)
Long-term debt		(52,841,300)
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.		583,002
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.		800,708
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.		2,783,340
Allowance for uncollectible assessments not recorded in governmental funds are recorded as a reduction in the loan receivable in the Statement of Net Assets.		(90,000)
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>8,773,366</u>
<b>Total Net Assets</b>		<u><u>\$ 235,601,200</u></u>

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

City of Bend, Oregon  
**Statement of Revenues, Expenditures,  
and Changes in Fund Balances**

Governmental Funds  
For the fiscal year ended June 30, 2005

	Fire / Transportation							Total Governmental Funds
	General	Transportation Operations	Emergency Medical Services	System Development Charges	Community Development	Urban Renewal Construction	Nonmajor Governmental Funds	
<b>Revenues</b>								
Taxes	\$ 9,517,844	\$ 652,995	\$ 6,320,064	\$ -	\$ -	\$ -	\$ 3,028,039	\$ 19,518,942
Franchise fees	2,565,955	1,716,847	-	-	-	-	-	4,282,802
Intergovernmental	683,151	3,572,152	1,937,109	327,158	-	-	2,299,813	8,819,383
Assessments	-	-	-	-	-	-	677,474	677,474
License and permits	36,334	-	-	-	5,022,204	-	-	5,058,538
Charges for services	203,812	215,100	1,650,092	-	11,369	66,474	2,520,919	4,667,766
System development charges	-	-	-	6,415,432	-	-	-	6,415,432
Contributions	-	-	-	29,466	-	-	-	29,466
Fines and forfeitures	685,281	-	-	-	-	-	-	685,281
Loan repayments	-	-	-	-	-	-	37,381	37,381
Investment income	166,756	29,480	7,942	353,692	110,328	226,676	100,173	995,047
Miscellaneous	14,907	95,990	2,494	10,309	16,473	42	10,810	151,025
<b>Total Revenues</b>	<b>13,874,040</b>	<b>6,282,564</b>	<b>9,917,701</b>	<b>7,136,057</b>	<b>5,160,374</b>	<b>293,192</b>	<b>8,674,609</b>	<b>51,338,537</b>
<b>Expenditures</b>								
Current operating:								
General government	427,550	-	-	-	-	-	-	427,550
Public safety	11,901,731	-	9,569,935	-	-	-	600	21,472,266
Public ways and facilities	-	4,561,855	-	1,263,098	-	-	40,750	5,865,703
Community and economic development	-	-	-	-	4,033,895	-	3,373,459	7,407,354
Urban renewal	-	-	-	-	-	380,068	-	380,068
Transit	-	-	-	-	-	-	1,945,530	1,945,530
Debt service:								
Principal	-	235,700	363,400	650,100	-	-	1,193,000	2,442,200
Interest	-	26,758	99,735	671,758	-	-	946,134	1,744,385
Capital outlay	395,976	1,385,585	75,657	3,342,233	167,885	3,095,028	199,925	8,662,289
<b>Total Expenditures</b>	<b>12,725,257</b>	<b>6,209,898</b>	<b>10,108,727</b>	<b>5,927,189</b>	<b>4,201,780</b>	<b>3,475,096</b>	<b>7,699,398</b>	<b>50,347,345</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,148,783</b>	<b>72,666</b>	<b>(191,026)</b>	<b>1,208,868</b>	<b>958,594</b>	<b>(3,181,904)</b>	<b>975,211</b>	<b>991,192</b>
<b>Other Financing Sources (Uses)</b>								
Proceeds from sale of assets	5,950	1,422	-	-	-	-	-	7,372
Transfers in	30,697	-	438,500	-	-	325,609	500	795,306
Transfers out	(483,500)	-	(500)	(325,609)	-	-	(30,697)	(840,306)
<b>Total Other Financing Sources (Uses)</b>	<b>(446,853)</b>	<b>1,422</b>	<b>438,000</b>	<b>(325,609)</b>	<b>-</b>	<b>325,609</b>	<b>(30,197)</b>	<b>(37,628)</b>
Net change in fund balances	701,930	74,088	246,974	883,259	958,594	(2,856,295)	945,014	953,564
Fund balances, July 1, 2004	6,509,652	1,912,999	(38,810)	6,649,840	3,483,084	10,814,906	3,688,547	33,020,218
<b>Fund balances, June 30, 2005</b>	<b>\$ 7,211,582</b>	<b>\$ 1,987,087</b>	<b>\$ 208,164</b>	<b>\$ 7,533,099</b>	<b>\$ 4,441,678</b>	<b>\$ 7,958,611</b>	<b>\$ 4,633,561</b>	<b>\$ 33,973,782</b>

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

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

For the fiscal year ended June 30, 2005

**Net Change in Fund Balances** \$ 953,564

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	9,440,956	
Depreciation	<u>(3,560,349)</u>	5,880,607

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.		11,639,965
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Loss on disposal of assets are not reported as expenditures in governmental funds. In the Statement of Activities, loss on disposal of assets are reported when incurred.		(498,494)
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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).		160,084
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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.		(325,773)
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Interest income is recorded when due in governmental funds, whereas in the Statement of Activities, interest is accrued.		55,158
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Interest expenditures are recorded when due in governmental funds, whereas in the Statement of Activities, interest is accrued.		(160,236)
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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.		2,442,200
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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.		(58,222)
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Prepaid pension obligations are not reported in governmental funds but are deferred and amortized in the Statement of Activities.		(619,775)
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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.		(117,430)
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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.		<u>493,314</u>
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<b>Change in Net Assets</b>		<u><u>\$ 19,844,962</u></u>
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*The accompanying notes are an integral part of the basic financial statements.*

City of Bend, Oregon  
**Statement of Net Assets**  
 Proprietary Funds  
 June 30, 2005

	Business-type Activities					Governmental
	Enterprise Funds					Activities
	Airport	Water	Sewer	Nonmajor Enterprise Funds	Total	Internal Service Fund
<b>Assets</b>						
Current assets:						
Pooled cash and investments	\$ 121,005	\$ 8,358,778	\$ 6,576,692	\$ 990,859	\$ 16,047,334	\$ 5,961,396
Receivables:						
Accounts, net	14,188	1,204,297	942,348	15,110	2,175,943	6,608
Interest	-	341	8,119	-	8,460	-
Due from other governments	399,493	-	-	-	399,493	-
Advances to other funds	-	-	389,000	-	389,000	-
Inventories	-	8,238	-	-	8,238	23,997
Prepays and deposits	-	14,168	9,750	-	23,918	11,819
Bond issue costs, net	3,030	6,057	15,346	-	24,433	4,938
<b>Total Current Assets</b>	<b>537,716</b>	<b>9,591,879</b>	<b>7,941,255</b>	<b>1,005,969</b>	<b>19,076,819</b>	<b>6,008,758</b>
Noncurrent assets:						
Restricted cash and investments	-	322,725	883,863	-	1,206,588	-
Loans and notes receivable	-	58,455	284,565	1,009,546	1,352,566	-
Capital assets, net	7,811,301	55,969,271	86,726,462	213,218	150,720,252	10,289,602
Bond issue costs, net	39,946	86,393	199,167	-	325,506	100,820
<b>Total Noncurrent Assets</b>	<b>7,851,247</b>	<b>56,436,844</b>	<b>88,094,057</b>	<b>1,222,764</b>	<b>153,604,912</b>	<b>10,390,422</b>
<b>Total Assets</b>	<b>8,388,963</b>	<b>66,028,723</b>	<b>96,035,312</b>	<b>2,228,733</b>	<b>172,681,731</b>	<b>16,399,180</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	33,033	898,114	350,901	14,790	1,296,838	479,460
Salaries and benefits payable	657	20,372	18,299	683	40,011	83,953
Retainage payable	65,868	42,117	15,857	-	123,842	-
Note payable	1,347,000	-	-	-	1,347,000	-
Due to developers	-	395,256	203,764	-	599,020	-
Other accrued liabilities:						
Compensated absences	1,360	97,746	51,114	2,957	153,177	263,714
Interest	23,007	44,312	179,431	-	246,750	24,366
Insurance claims	-	-	-	-	-	45,156
Deposits	39,788	158,126	-	-	197,914	432,165
Current portion of long-term debt	102,066	145,000	641,861	-	888,927	174,000
<b>Total Current Liabilities</b>	<b>1,612,779</b>	<b>1,801,043</b>	<b>1,461,227</b>	<b>18,430</b>	<b>4,893,479</b>	<b>1,502,814</b>
Noncurrent liabilities:						
Long-term debt, net	2,017,526	3,325,000	13,807,875	-	19,150,401	6,123,000
<b>Total Noncurrent Liabilities</b>	<b>2,017,526</b>	<b>3,325,000</b>	<b>13,807,875</b>	<b>-</b>	<b>19,150,401</b>	<b>6,123,000</b>
<b>Total Liabilities</b>	<b>3,630,305</b>	<b>5,126,043</b>	<b>15,269,102</b>	<b>18,430</b>	<b>24,043,880</b>	<b>7,625,814</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	5,691,709	52,499,271	72,276,726	213,218	130,680,924	3,992,602
Restricted for:						
Debt service	-	322,725	883,863	-	1,206,588	-
Unrestricted	(933,051)	8,080,684	7,605,621	1,997,085	16,750,339	4,780,764
<b>Total Net Assets</b>	<b>\$ 4,758,658</b>	<b>\$ 60,902,680</b>	<b>\$ 80,766,210</b>	<b>\$ 2,210,303</b>	<b>\$ 148,637,851</b>	<b>\$ 8,773,366</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, 2005

	Business-type Activities					Governmental
	Enterprise Funds					Activities
	Airport	Water	Sewer	Nonmajor Enterprise Funds	Total	Internal Service Fund
<b>Operating Revenues</b>						
Charges for services	\$ 466,762	\$ 8,736,276	\$ 7,698,651	\$ 457,499	\$ 17,359,188	\$ 20,129,219
Miscellaneous	104	31,408	125,091	397	157,000	73,429
<b>Total Operating Revenues</b>	<b>466,866</b>	<b>8,767,684</b>	<b>7,823,742</b>	<b>457,896</b>	<b>17,516,188</b>	<b>20,202,648</b>
<b>Operating Expenses</b>						
Salaries and benefits	59,297	1,763,030	1,622,937	73,800	3,519,064	7,417,196
Materials and supplies	85,538	2,701,075	1,426,984	215,618	4,429,215	3,127,104
Internal services	33,712	2,034,312	1,713,077	176,162	3,957,263	1,365,833
Insurance premiums and claims	-	-	-	-	-	6,323,282
Depreciation	182,244	1,280,362	2,003,460	13,228	3,479,294	490,441
<b>Total Operating Expenses</b>	<b>360,791</b>	<b>7,778,779</b>	<b>6,766,458</b>	<b>478,808</b>	<b>15,384,836</b>	<b>18,723,856</b>
<b>Operating income (loss)</b>	<b>106,075</b>	<b>988,905</b>	<b>1,057,284</b>	<b>(20,912)</b>	<b>2,131,352</b>	<b>1,478,792</b>
<b>Nonoperating Revenues (Expenses)</b>						
Investment income	-	185,453	159,998	22,529	367,980	118,980
Interest expense	(114,583)	(189,067)	(698,631)	-	(1,002,281)	(969,949)
Intergovernmental	1,215,721	7,313	-	-	1,223,034	-
Permanent maintenance fees	-	-	-	20,559	20,559	-
Parking improvement fees	-	-	-	1,016,040	1,016,040	-
Amortization of bond issue costs	(11,162)	(16,994)	(26,265)	-	(54,421)	(4,844)
Net loss on disposal of capital assets	(29,188)	(97,186)	(88,757)	(9,325)	(224,456)	(129,665)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,060,788</b>	<b>(110,481)</b>	<b>(653,655)</b>	<b>1,049,803</b>	<b>1,346,455</b>	<b>(985,478)</b>
<b>Income before contributions and transfers</b>	<b>1,166,863</b>	<b>878,424</b>	<b>403,629</b>	<b>1,028,891</b>	<b>3,477,807</b>	<b>493,314</b>
<b>Contributions and transfers</b>						
System development charges	-	3,076,274	2,927,884	-	6,004,158	-
Contributions	-	4,984,580	7,529,895	-	12,514,475	-
Transfers	45,000	-	-	-	45,000	-
<b>Total Contributions and Transfers</b>	<b>45,000</b>	<b>8,060,854</b>	<b>10,457,779</b>	<b>-</b>	<b>18,563,633</b>	<b>-</b>
<b>Change in net assets</b>	<b>1,211,863</b>	<b>8,939,278</b>	<b>10,861,408</b>	<b>1,028,891</b>	<b>22,041,440</b>	<b>493,314</b>
Net Assets, July 1, 2004 as previously reported	3,546,795	51,963,402	69,904,802	1,181,412	126,596,411	8,200,698
Restatement	-	-	-	-	-	79,354
Net Assets, July 1, 2004 as restated	3,546,795	51,963,402	69,904,802	1,181,412	126,596,411	8,280,052
<b>Net Assets, June 30, 2005</b>	<b>\$ 4,758,658</b>	<b>\$ 60,902,680</b>	<b>\$ 80,766,210</b>	<b>\$ 2,210,303</b>	<b>\$ 148,637,851</b>	<b>\$ 8,773,366</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, 2005

	Business-type Activities					Governmental
	Enterprise Funds				Total	Activities
	Airport	Water	Sewer	Nonmajor Enterprise Funds		Internal Service Fund
<b>Cash Flows from Operating Activities</b>						
Cash received from customers	\$ 468,676	\$ 8,533,128	\$ 7,616,200	\$ 462,408	\$ 17,080,412	\$ 2,369,521
Cash received from quasi-external operating transactions	-	-	-	-	-	17,892,586
Cash paid to employees for services	(57,280)	(1,734,948)	(1,619,260)	(73,843)	(3,485,331)	(7,413,739)
Cash paid to suppliers for goods and services	(86,571)	(2,757,325)	(1,483,363)	(201,997)	(4,529,256)	(9,355,401)
Cash paid for quasi-external operating transactions	(33,712)	(2,034,312)	(1,713,077)	(176,162)	(3,957,263)	(1,365,833)
<b>Net Cash Provided By Operating Activities</b>	<b>291,113</b>	<b>2,006,543</b>	<b>2,800,500</b>	<b>10,406</b>	<b>5,108,562</b>	<b>2,127,134</b>
<b>Cash Flows from Noncapital Financing Activities</b>						
Advances to other funds	-	-	(389,000)	-	(389,000)	243,000
Repayment of advances to (from) other funds	(270,000)	-	273,000	-	3,000	-
Transfers from other funds	45,000	-	-	-	45,000	-
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<b>(225,000)</b>	<b>-</b>	<b>(116,000)</b>	<b>-</b>	<b>(341,000)</b>	<b>243,000</b>
<b>Cash Flow from Capital and Related Financing Activities</b>						
Proceeds from short-term debt	1,347,000	-	-	-	1,347,000	-
Principal payments on notes, bonds and certificates	(91,478)	(820,000)	(1,301,807)	-	(2,213,285)	(173,000)
Interest payments on notes, bonds and certificates	(113,354)	(200,888)	(715,789)	-	(1,030,031)	(970,526)
Capital grants and contributions	816,228	39,594	-	-	855,822	-
System development charges	-	3,076,274	2,927,884	-	6,004,158	-
Permanent maintenance fees	-	-	-	20,559	20,559	-
Parking improvement fees	-	-	-	12,535	12,535	-
Acquisition and construction of capital assets	(1,988,371)	(2,811,019)	(1,598,114)	(12,041)	(6,409,545)	(431,236)
<b>Net Cash Provided By (Used For) Capital and Related Financing Activities</b>	<b>(29,975)</b>	<b>(716,039)</b>	<b>(687,826)</b>	<b>21,053</b>	<b>(1,412,787)</b>	<b>(1,574,762)</b>
<b>Cash Flows from Investing Activities</b>						
Investment income	-	185,453	159,998	22,529	367,980	118,980
<b>Net change in pooled cash and investments</b>	<b>36,138</b>	<b>1,475,957</b>	<b>2,156,672</b>	<b>53,988</b>	<b>3,722,755</b>	<b>914,352</b>
Pooled Cash and Investments, July 1, 2004	84,867	7,205,546	5,303,883	936,871	13,531,167	5,047,044
<b>Pooled Cash and Investments, June 30, 2005</b>	<b>\$ 121,005</b>	<b>\$ 8,681,503</b>	<b>\$ 7,460,555</b>	<b>\$ 990,859</b>	<b>\$ 17,253,922</b>	<b>\$ 5,961,396</b>
<b>Reconciliation to Statement of Net Assets</b>						
Pooled cash and investments	\$ 121,005	\$ 8,358,778	\$ 6,576,692	\$ 990,859	\$ 16,047,334	\$ 5,961,396
Restricted cash and investments	-	322,725	883,863	-	1,206,588	-
<b>Pooled Cash and Investments, June 30, 2005</b>	<b>\$ 121,005</b>	<b>\$ 8,681,503</b>	<b>\$ 7,460,555</b>	<b>\$ 990,859</b>	<b>\$ 17,253,922</b>	<b>\$ 5,961,396</b>

Noncash Capital and Related Financing Activities

Assets costing \$5,000 or less were written off in the current year due to adjustment of the City's capitalization policy.  
The Downtown Parking Fund received a \$1,005,000 promissory note for parking improvement fees assessed in the current year.

*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, 2005

	Business-type Activities Enterprise Funds				Total	Governmental
	Airport	Water	Sewer	Nonmajor Enterprise Funds		Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>						
Operating income (loss)	\$ 106,075	\$ 988,905	\$ 1,057,284	\$ (20,912)	\$ 2,131,352	\$ 1,478,792
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation	182,244	1,280,362	2,003,460	13,228	3,479,294	490,441
Change in:						
Accounts receivable	15,007	(284,865)	(281,176)	4,512	(546,522)	(5,267)
Loans and notes receivable	-	39,927	73,634	-	113,561	-
Inventories	-	23,485	-	-	23,485	1,136
Prepays and deposits	-	328	-	-	328	(3,134)
Accounts payable	(1,033)	(80,063)	(56,379)	13,821	(123,854)	39,444
Salaries and benefits payable	657	(334)	137	(627)	(167)	(13,044)
Compensated absences payable	1,360	28,416	3,540	584	33,900	16,501
Insurance premiums and claims payable	-	-	-	-	-	54,405
Prepays and deposits payable	26,885	10,382	-	-	37,267	67,860
Deferred revenue	(40,082)	-	-	-	(40,082)	-
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 291,113</b>	<b>\$ 2,006,543</b>	<b>\$ 2,800,500</b>	<b>\$ 10,406</b>	<b>\$ 5,108,562</b>	<b>\$ 2,127,134</b>

Noncash Capital and Related Financing Activities

The City received developer donated water and sewer infrastructure totaling \$4,984,580 and \$7,529,895 respectively in the current year. Assets costing \$5,000 or less were written off in the current year due to adjustment of the City's capitalization policy.

*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, 2005

Agency Fund

Assets

Cash and investments	\$	895,399
Accounts receivable, net		166
<b>Total Assets</b>		<b>895,565</b>

Liabilities

Amounts held for others		895,565
<b>Total Liabilities</b>		<b>895,565</b>

<b>Net Assets</b>	<b>\$</b>	<b>-</b>
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*The accompanying notes are an integral part of the basic financial statements.*



CITY OF BEND, OREGON

Notes to Basic Financial Statements

Fiscal Year Ended June 30, 2005

**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 more 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 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, and water and sewer utilities.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

**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, 2005

**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 and municipal court operations.

**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, franchise fee and transient room tax allocations.

**Fire / Emergency Medical Services (EMS) Fund** - This fund accounts for the City's fire protection and emergency medical services. Revenues include property taxes, 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.

**Community Development Fund** – The Community Development 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.

**Urban Renewal Construction Fund** – This fund accounts for the cost of construction activities of the Bend Urban Renewal Agency. The principal source of revenue is loan proceeds used to relieve urban blight and renovate the downtown area.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

**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.

**Sewer 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's internal service fund includes the following divisions: Garage, Information Technology, Building Operations, Engineering, Public Works Administration and Support Services, Risk Management, Administration and Financial Services and Economic Development Administration Services. 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 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 for the assets and liabilities of various monies received on behalf of third parties. 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, 2005

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

Restatement

A restatement of \$79,354 was made to the June 30, 2004 fund balance of the Risk Management Division of the Internal Service Fund to remove the pension obligation asset, liability and related accrued interest payable recorded in that fund. The prepaid pension asset and related amortization, and the pension liability and interest payable are recorded as governmental activities in the government-wide financial statements.

Accounting Pronouncements

The City adopted GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section—an amendment of NCGA Statement 1*, during fiscal year ended June 30, 2005. This statement added to and modified the statistical schedules in the Statistical Section of the Comprehensive Annual Financial Report.

Use of Estimates

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

Pooled Cash and Investments

The City maintains a common cash and investment pool for all City funds. All short-term, highly-liquid investments, including investments in the State Treasurer's Local Government Investment Pool (LGIP) where the remaining maturity at the time of purchase is one year or less 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.

Investments with a remaining maturity at the time of purchase of more than one year 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, 2005, the City had \$2,857,038 of cash restricted for debt service, \$4,428,842 restricted for construction and \$11,967 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 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, 2005

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

Prepaid Pension Obligation

In May 2004, the City issued limited tax pension obligation bonds. Proceeds were used 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 will be 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. As permitted by GASB Statement No. 34, the City has limited the capitalization of infrastructure to only those assets which were constructed or acquired after July 1, 2002. The City has elected to phase-in the capitalization of its infrastructure assets constructed or acquired prior to July 1, 2002. The phase-in is required to be complete by fiscal year ending June 30, 2007. 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, 2005.

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. Vacation pay is accrued as an expenditure in the governmental fund financial statements when the amounts are expected to be liquidated with expendable available resources. Sick leave pay does not vest and is recorded as leave is taken.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

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

Long-term Debt and Bond Issuance Costs

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

Fund Balances

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

Unreserved fund balance may be designated by management for specific purposes. At June 30, 2005, unreserved fund balance was designated as follows:

- \$1,987,087 – designated for street and right-of-way maintenance
- 208,164 – designated for fire protection and emergency medical service operations
- 7,533,099 – designated for construction of transportation infrastructure
- 4,441,678 – designated for building inspection activities
- 7,839,640 – designated for construction of downtown parking structure
- 907,123 – designated for planning, community development, transit and tourist promotion operations

At June 30, 2005 the Improvement District Construction Fund had a deficit fund balance of \$304,542.

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 department in the General Fund, by division in the Transportation Operations, Community Development and Internal Service Funds and by function (personal services, materials and services, capital outlay, debt service, transfers to other funds and operating contingency) in other funds.

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 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 2004/2005 fiscal year. All appropriations terminate on June 30.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

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

Expenditures in Excess of Appropriations

Oregon law requires disclosure of fund expenditures in excess of appropriations. For the fiscal year ended June 30, 2005, the Tourist Promotion/Economic Development Fund materials and services expenditure exceeded appropriations by \$1,767 due to unanticipated additional payments made. The Community Development Block Grant Construction Fund materials and services exceeded appropriations by \$1,690 due to a disbursement of excess grant funds received and the Airport Fund debt service expenditure exceeded appropriations by \$61 due to accrual of interest payable. These expenditures are incorporated in the subsequent year's budget.

**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, 2005, the City's cash and investments are comprised of the following:

Cash on hand	\$ 4,810
Deposits with financial institutions	552,977
Investments:	
Money market account	5,100,942
State of Oregon Local Government Investment Pool	22,474,605
U.S. and U.S. agency obligations	28,007,287
Obligations of the States of Oregon, California, Idaho and Washington	1,584,981
Corporate bonds	<u>10,695,567</u>
Total pooled cash and investments	<u>\$ 68,421,169</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	\$ 44,180,589	\$ 16,047,334	\$ 895,399	\$ 61,123,322
Restricted cash and investments	<u>6,091,259</u>	<u>1,206,588</u>	-	<u>7,297,847</u>
	<u>\$ 50,271,848</u>	<u>\$ 17,253,922</u>	<u>\$ 895,399</u>	<u>\$ 68,421,169</u>

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 \$6,500,000 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, 2005 maintained by the City was \$5,904,267. Of this amount, \$100,000 was covered by FDIC, \$1,625,000 was collateralized by securities held by financial institutions acting as agents of the City and the remaining \$4,179,267 was uninsured and uncollateralized.



CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

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

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, 2005</u>
Less than 30 days	10%	45%
Less than 12 months	50%	80%
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, 2005, the City was in compliance with the above policy requirements with corporate bonds totaling 16% 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 2% of the portfolio at June 30, 2005.

The State of Oregon Local Government Pool and money market account are unrated. Other investments held at June 30, 2005 are categorized by rating as follows:

<u>Rating by Moody's Investor Service</u>	<u>U.S. and U.S. Agency Obligations</u>	<u>State Obligations</u>	<u>Corporate Bonds</u>
Aaa	\$ 28,007,287	\$ 1,584,981	\$ -
Aa1	-	-	1,492,364
Aa2	-	-	2,763,163
Aa3	-	-	6,440,040
	<u>\$ 28,007,287</u>	<u>\$ 1,584,981</u>	<u>\$ 10,695,567</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. At June 30, 2005, the City does not have investments exposed to custodial credit risk.

**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%.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

**Note 3 – Assessments and Loans and Notes Receivable (Continued)**

Loans and notes receivable consisted of the following at June 30, 2005:

	Governmental Activities	Business-type Activities
Promissory notes receivable for system development charges and improvement fees, 1 to 10 year terms with 6% to 7% interest	\$ 217,647	\$ 1,299,449
Promissory note receivable from the Bend Metropolitan Planning Organization, due July 2005, non-interest bearing	80,000	-
Other promissory notes receivable	100,000	-
Sewer connection charge assessments, 10 year terms with 5% interest	-	53,117
Community development block grant loans to qualified individuals or organizations, various terms with zero interest	247,534	-
Low interest deferred loans to downtown businesses for urban renewal	662,721	-
	<u>\$ 1,307,902</u>	<u>\$ 1,352,566</u>

**Note 4 – Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

<u>Governmental activities</u>	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
Capital assets not being depreciated:				
Land including right-of-way	\$ 142,449,091	\$ 1,274,706	\$ (11,519)	\$ 143,712,278
Artwork	400,605	117,010	-	517,615
Construction in progress	6,471,948	8,654,627	(6,489,802)	8,636,773
Total capital assets not being depreciated	<u>149,321,644</u>	<u>10,046,343</u>	<u>(6,501,321)</u>	<u>152,866,666</u>
Capital assets being depreciated:				
Buildings and building improvements	26,725,470	215,966	(633,407)	26,308,029
Infrastructure	48,956,208	16,712,437	(255,530)	65,413,115
Vehicles and equipment	14,587,121	1,336,151	(1,398,454)	14,524,818
Total capital assets being depreciated	<u>90,268,799</u>	<u>18,264,554</u>	<u>(2,287,391)</u>	<u>106,245,962</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,523,608	377,485	(386,275)	2,514,818
Infrastructure	6,498,183	2,472,535	(16,639)	8,954,079
Vehicles and equipment	7,437,709	1,210,594	(1,072,084)	7,576,219
Total accumulated depreciation	<u>16,459,500</u>	<u>4,060,614</u>	<u>(1,474,998)</u>	<u>19,045,116</u>
Total capital assets being depreciated, net	<u>73,809,299</u>	<u>14,203,940</u>	<u>(812,393)</u>	<u>87,200,846</u>
Governmental activities capital assets, net	<u>\$ 223,130,943</u>	<u>\$ 24,250,283</u>	<u>\$ (7,313,714)</u>	<u>\$ 240,067,512</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

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

<u>Business-type activities</u>	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
Capital assets not being depreciated:				
Land including right-of-way	\$ 5,033,140	\$ 157,469	\$ -	\$ 5,190,609
Construction in progress	8,036,800	6,566,700	(10,530,990)	4,072,510
Total capital assets not being depreciated	<u>13,069,940</u>	<u>6,724,169</u>	<u>(10,530,990)</u>	<u>9,263,119</u>
Capital assets being depreciated:				
Buildings and building improvements	6,381,374	2,202,421	(64,936)	8,518,859
Vehicles and equipment	5,545,969	364,527	(320,840)	5,589,656
Water system infrastructure	55,544,645	7,717,730	(67,078)	63,195,297
Sewer system infrastructure	92,359,816	12,964,245	(55,618)	105,268,443
Other infrastructure	2,071,387	-	(4,524)	2,066,863
Total capital assets being depreciated	<u>161,903,191</u>	<u>23,248,923</u>	<u>(512,996)</u>	<u>184,639,118</u>
Less accumulated depreciation for:				
Buildings and building improvements	2,755,000	539,516	(27,832)	3,266,684
Vehicles and equipment	3,159,299	379,429	(262,715)	3,276,013
Water system infrastructure	10,448,325	1,121,924	(14,829)	11,555,420
Sewer system infrastructure	23,434,154	1,403,716	(16,330)	24,821,540
Other infrastructure	194,454	34,709	33,165	262,328
Total accumulated depreciation	<u>39,991,232</u>	<u>3,479,294</u>	<u>(288,541)</u>	<u>43,181,985</u>
Total capital assets being depreciated, net	<u>121,911,959</u>	<u>19,769,629</u>	<u>(224,455)</u>	<u>141,457,133</u>
Business-type activities capital assets, net	<u>\$ 134,981,899</u>	<u>\$ 26,493,798</u>	<u>\$ (10,755,445)</u>	<u>\$ 150,720,252</u>

Depreciation expense was charged to activities as follows:

Governmental activities

General government	\$ 490,441
Public safety	576,282
Public ways and facilities	2,555,078
Community and economic development	55,374
Urban renewal	262,969
Transit	120,470
Governmental activities depreciation expense	<u>\$ 4,060,614</u>

Business-type activities

Airport	\$ 182,244
Water	1,280,362
Sewer	2,003,460
Other business activities	13,228
Business-type activities depreciation expense	<u>\$ 3,479,294</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

**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, 2005 totaled \$218,828. Minimum future lease payments not including annual consumer price index adjustments are \$225,326 each fiscal year from June 2006 through June 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, 2005 is \$393,057. Cost of leased assets totaled \$1,613,119 at June 30, 2005 and current year depreciation on those leased assets was \$32,840.

**Note 6 – Interfund Transfers**

Interfund transfers during fiscal year 2005 consisted of the following:

Amount	Description
\$ 438,500	From the General Fund to the Fire / Emergency Medical Services Fund for general operations.
45,000	From the General Fund to the Airport Fund for general operations.
500	From the Fire / Emergency Medical Services Fund to the Nonmajor Governmental Funds for general operations.
325,609	From the Transportation SDC Fund to the Urban Renewal Construction Fund for construction.
30,697	Equity transfer from nonmajor Governmental Fund to General Fund.
<u>\$ 840,306</u>	Total

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

The City's Sewer Fund advanced \$389,000 to the Improvement District Construction Fund (a Nonmajor Governmental Fund) to provide interim financing on sewer local improvement projects. The advance is non-interest bearing and is repaid in the ensuing year.

**Note 8 – Short-Term Note Payable**

In May 2005, the City obtained interim financing in the amount of \$747,000 at 1.66% through an interim financing agreement with the Oregon Economic and Community Development Department to provide financing of airport construction projects. This interim financing will be replaced with a long-term 20 year note in the ensuing year.

On June 30, 2005 the City of Bend obtained an unsecured single pay loan in the amount of \$600,000 to provide interim financing for airport projects. The note carried an interest rate of 4.18%, had a maturity date of July 5, 2005 and was repaid on July 1, 2005.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

**Note 9 - Long-Term Debt**

During the fiscal year ended June 30, 2005, the following long-term debt transactions occurred:

	Balance at July 1, 2004	Additions	Reductions	Balance at June 30, 2005
<u>Governmental activities:</u>				
Limited tax improvement bonds	\$ 1,836,000	\$ -	\$ (423,000)	\$ 1,413,000
Full faith & credit obligations	42,357,500	-	(1,247,200)	41,110,300
Certificates of participation	1,210,000	-	(285,000)	925,000
Tax increment bonds	16,350,000	-	(660,000)	15,690,000
	<u>61,753,500</u>	<u>-</u>	<u>(2,615,200)</u>	<u>59,138,300</u>
<u>Business-type activities:</u>				
Full faith & credit obligations	1,612,500	-	(72,800)	1,539,700
Revenue bonds	19,765,000	-	(2,110,000)	17,655,000
Notes payable	875,113	-	(30,485)	844,628
	<u>22,252,613</u>	<u>-</u>	<u>(2,213,285)</u>	<u>20,039,328</u>
Total long-term debt	<u>\$ 84,006,113</u>	<u>\$ -</u>	<u>\$ (4,828,485)</u>	<u>\$ 79,177,628</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.

<u>Governmental activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2005</u>
Series 2002	5.75%	\$ 1,071,000	08/01/11	\$ 593,000
Series 2003	5.00%	1,322,000	12/01/12	820,000
Total limited tax improvement bonds		<u>\$ 2,393,000</u>		<u>\$ 1,413,000</u>

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

<u>Year ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 159,000	\$ 73,005
2007	167,000	64,370
2008	179,000	55,276
2009	188,000	45,534
2010	200,000	35,290
2011-2013	520,000	40,435
	<u>\$ 1,413,000</u>	<u>\$ 313,910</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

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

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 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 2028.

<u>Governmental activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2005</u>
Fire stations, series 1999	3.80% to 4.85%	\$ 4,275,000	06/01/24	\$ 3,740,000
Transportation system, series 2000	4.35% to 5.30%	6,000,000	09/01/20	5,215,000
Police facility and street equipment, series 2003	4.00% to 5.00%	7,130,000	12/01/26	6,640,000
Transportation, street and fire, series 2003	2.00% to 4.50%	13,050,800	12/01/22	11,790,300
Pension obligation bonds, series 2004	6.16%	13,725,000	06/01/28	13,725,000
		<u>\$ 44,180,800</u>		<u>\$ 41,110,300</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	205,000
Airport, series 2003	2.00% to 3.70%	279,200	12/1/2013	234,700
		<u>\$ 1,849,200</u>		<u>\$ 1,539,700</u>
Total full faith & credit obligations		<u>\$ 46,030,000</u>		<u>\$ 42,650,000</u>

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

<u>Year ending June 30</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 1,281,700	\$ 1,974,147	\$ 78,300	\$ 79,892
2007	1,316,200	1,935,048	78,800	75,571
2008	1,350,800	1,894,468	84,200	71,186
2009	1,270,100	1,850,065	89,900	66,159
2010	1,254,300	1,801,220	95,700	61,135
2011-2015	7,667,200	8,115,529	552,800	232,269
2016-2020	10,690,000	6,056,785	560,000	75,992
2021-2025	11,295,000	3,101,634	-	-
2026-2028	4,985,000	506,165	-	-
	<u>\$ 41,110,300</u>	<u>\$ 27,235,061</u>	<u>\$ 1,539,700</u>	<u>\$ 662,204</u>

Revenue Bonds

The City issued revenue bonds to provide funds for major expansions of the City's water and sewer 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 sewer 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, 2005. The outstanding bonds have interest rates ranging from 3.00% to 5.38% and maturities through fiscal year 2023.

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

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

<u>Business-type activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2005</u>
Water, series 2000	4.40% to 5.38%	\$ 4,000,000	10/01/20	\$ 3,470,000
Sewer, series 1997	4.25% to 5.00%	4,000,000	02/01/18	3,000,000
Sewer, series 2000	4.40% to 5.38%	7,000,000	10/01/20	6,080,000
Sewer, series 2002	3.00% to 4.75%	5,500,000	11/01/22	5,105,000
Total revenue bonds		<u>\$ 20,500,000</u>		<u>\$ 17,655,000</u>

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

<u>Year ending June 30</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 775,000	\$ 832,559
2007	810,000	800,115
2008	845,000	765,837
2009	880,000	729,735
2010	920,000	691,251
2011-2015	5,285,000	2,774,853
2016-2020	6,130,000	1,298,756
2021-2023	2,010,000	106,453
	<u>\$ 17,655,000</u>	<u>\$ 7,999,559</u>

Certificates of Participation

The City is obligated under certificates of participation issued to finance the public works building, construction of airport hangars and replacement of 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, 2005</u>
Fire equipment, series 1995	5.00% to 5.25%	<u>\$ 3,000,000</u>	08/01/07	<u>\$ 925,000</u>

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

<u>Year ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 300,000	\$ 40,463
2007	300,000	24,938
2008	325,000	8,531
	<u>\$ 925,000</u>	<u>\$ 73,932</u>

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

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

Tax Increment Bonds

The Bend Urban Renewal Agency issued tax increment bonds to finance street and sidewalk 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, 2005</u>
Tax Increment Bonds:				
Series 1998	3.75% to 4.85%	\$ 7,485,000	6/1/2018	\$ 5,540,000
Series 2004A	5.00%	3,600,000	12/1/2006	3,250,000
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>\$ 15,690,000</u>

Annual debt service requirements to maturity are as follows:

<u>Year ending June 30</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 825,000	\$ 691,758
2007	1,065,000	648,133
2008	1,205,000	594,818
2009	1,355,000	534,085
2010	1,510,000	469,588
2011-2015	8,150,000	1,232,743
2016-2018	<u>1,580,000</u>	<u>155,675</u>
	<u>\$ 15,690,000</u>	<u>\$ 4,326,800</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 system improvements. The notes have maturities through fiscal year 2022 and interest rates of 3.00% to 5.01%. Revenues from the airport and sewer operations are utilized to repay the respective notes.

<u>Business-type activities</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Balance at June 30, 2005</u>
Notes Payable to OECDD:				
Pacific Aviation	5.01%	\$ 655,000	12/1/2017	\$ 579,892
Woodriver Village	3.00% to 5.00%	<u>300,000</u>	1/1/2022	<u>264,736</u>
Total notes payable		<u>\$ 955,000</u>		<u>\$ 844,628</u>



CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

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

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

Year ending June 30	Business-type activities	
	Principal	Interest
2006	\$ 35,627	\$ 40,680
2007	35,779	39,225
2008	35,942	37,704
2009	48,800	36,134
2010	54,166	33,906
2011-2015	314,329	128,570
2016-2020	277,763	43,167
2021-2022	42,222	3,295
	<u>\$ 844,628</u>	<u>\$ 362,681</u>

**Note 10 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains insurance policies from commercial suppliers and annual premiums are paid for the following coverages: general liability limit of \$2,000,000 per occurrence or \$5,000,000 in the aggregate; automobile liability with coverage up to \$2,000,000 (combined single limit); commercial property blanket building and contents limit \$25,000,000; an umbrella liability policy limit of \$8,000,000; a public employee dishonesty bond for claims up to \$10,000; a fidelity bond at \$200,000 covering the Finance Director and Assistant Finance Director; and various real, personal and inland marine property coverage for replacement costs. The City also carries commercial insurance for workers' compensation and employee health, life and disability coverages. 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.

Fiscal Year	Liability at July 1	Claims Incurred and Changes in Estimate	Claims Paid	Liability at June 30
2002-2003	\$ 218,845	\$ 245,656	\$ (397,501)	\$ 67,000
2003-2004	67,000	118,168	(185,168)	-
2004-2005	-	144,620	(99,464)	45,156

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

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

Plan Description

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

Funding Policy

In 2003, PERS created a new Oregon Public Service Retirement Plan (OPSRP) for employees hired on or after August 29, 2003. Employees hired prior to August 29, 2003 continue to participate in the OPERF plan. For the 2004-05 fiscal year, the City was required by the rules applicable to PERS to contribute 9.66% of covered employees' salaries to the existing PERS plan and contribute 11.65% of covered police and fire salaries and 8.04% of covered general service salaries to the new OPSRP. The contribution rate is determined based on actuarial valuations, which are performed by PERS periodically. Pursuant to collective bargaining agreements, the required employee contribution of 6% of covered compensation is paid by the City for all PERS eligible employees. The Retirement Board has statutory authority to revise employer contributions as necessary to ensure the promised benefits will be funded on a sound basis.

Annual Pension Cost

For fiscal year 2004-05, the City's annual pension cost for PERS was equal to the City's required and actual contributions and consisted of \$2,158,984 for the City's required share. The City also paid the employees' contribution of \$1,340,741. 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 2004-05 required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include:

- An underlying long-term assumed rate of inflation is 3.50% per year.
- An investment rate of return of 8.00% net of administration expenses.
- Projected general wage inflation of 4.25% per year
- Future interest credits on member contributions of 8.50% for Tier One and 8.00% for Tier Two.

The actuarial valuation method used is the Expected Value Method. The Employer's unfunded actuarial liability is being amortized as a level percentage of payroll over 30 years on an open basis. The following tables present the three-year trend information and the schedule of funding progress for the City:

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2002-2003	\$ 2,214,680	\$ 2,214,680	100%	-
2003-2004	2,671,725	2,671,725	100%	-
2004-2005	2,158,984	2,158,984	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>
12/31/97	\$ 39,741,558	\$ 43,525,680	\$ 3,784,122	91%	\$ 12,009,904	32%
12/31/99	74,437,801	74,943,126	505,325	99%	14,257,106	4%
12/31/01	75,476,162	71,759,891	(3,716,271)	105%	17,118,775	(22%)
12/31/03	not available	not available	not available	not available	not available	not available

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. With the lump sum contribution, the City's employer rate was reduced from 13.83% to 9.66% effective June 1, 2004.

**Note 12- Commitment and Contingencies**

At June 30, 2005 the City was committed on outstanding construction, engineering, consulting, service and equipment purchase contracts totaling \$749,000 in the governmental activities, and \$1,771,000 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, 2005, amounts collected and due to developers totaled \$3,458,496 and are recorded as a liability in the Transportation System Development Charges, Water, and Sewer funds respectively.

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. Although the outcome of this lawsuit is not presently determinable, in the opinion of City management, the resolution of these matters will not be material to the City's financial condition. No liability for this claim has been accrued in the basic financial statements.

**Note 13- Subsequent Events**

On July 20, 2005, the City renewed its labor agreement with the City of Bend Employee Association through June 30, 2007.

On August 29, 2005, the City adopted the Juniper Ridge Urban Renewal Plan (the Plan) and formed the Juniper Ridge Urban Renewal District for redevelopment of an area Northeast of Bend. This area is approximately 700 acres in size

CITY OF BEND, OREGON

Notes to Basic Financial Statements (Continued)

Fiscal Year Ended June 30, 2005

**Note 13-- Subsequent Events (Continued)**

and currently consists mainly of vacant land. The Plan is a 30-year plan with a maximum indebtedness of \$41,250,000 to develop the necessary infrastructure for light industrial, commercial and residential development.

On September 29, 2005, the City issued \$7,585,000 of sewer revenue bonds to advance refund its outstanding 1997 and 2000 sewer revenue bonds. The refunding bonds are at an interest rate of 3.72% and mature in 2021. Net present value savings from the refunding totaled \$344,119. Also on October 19, 2005 the City issued \$4,780,000 of full faith and credit bonds to finance the purchase of land. These bonds have an interest rate of 3.53% and mature in 2010.

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

### General Fund

This fund accounts for the City's police and municipal court operations 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.

### Transportation Operations Fund

This fund accounts for the City's street maintenance operations that are funded mainly by state highway apportionment, franchise fees and transient room taxes.

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

This fund accounts for the operations of the Fire / EMS department which are funded primarily by property taxes, 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.

### Community Development Fund

This fund accounts for the City's building inspection and compliance operations. The principal sources of revenue 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, 2005

	<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:				
Current year's property tax levy	\$ 7,607,400	\$ 7,607,400	\$ 7,794,985	\$ 187,585
Delinquent property taxes	417,600	417,600	494,166	76,566
Transient room taxes	1,118,500	1,118,500	1,228,693	110,193
Franchise fees	2,409,500	2,409,500	2,565,955	156,455
Intergovernmental	434,200	512,200	683,151	170,951
Licenses and permits	32,600	32,600	36,334	3,734
Charges for services:				
Charges to others	92,600	92,600	128,212	35,612
Charges to other City funds	75,600	75,600	75,600	-
Fines and forfeitures	562,700	562,700	685,281	122,581
Investment income	111,000	111,000	166,756	55,756
Miscellaneous	-	-	14,907	14,907
<b>Total Revenues</b>	<b>12,861,700</b>	<b>12,939,700</b>	<b>13,874,040</b>	<b>934,340</b>
<b><u>Expenditures</u></b>				
Municipal court	308,580	308,580	284,451	24,129
Police	13,051,046	13,129,046	12,297,707	831,339
Nondepartmental	99,000	149,000	143,099	5,901
Contingency	630,100	379,400	-	379,400
Unappropriated ending fund balance	5,148,868	5,148,868	-	5,148,868
<b>Total Expenditures</b>	<b>19,237,594</b>	<b>19,114,894</b>	<b>12,725,257</b>	<b>6,389,637</b>
<b>Excess (deficiency) of revenues</b>				
<b>    over expenditures</b>	<b>(6,375,894)</b>	<b>(6,175,194)</b>	<b>1,148,783</b>	<b>7,323,977</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Proceeds from sale of assets	-	-	5,950	5,950
Issuance of long-term debt	260,800	260,800	-	(260,800)
Advances to other governments	-	(80,000)	(80,000)	-
Interfund loan repayments	-	-	270,000	270,000
Equity transfer in	31,419	31,419	30,697	(722)
Transfers out	(362,800)	(483,500)	(483,500)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(70,581)</b>	<b>(271,281)</b>	<b>(256,853)</b>	<b>14,428</b>
<b>Net change in fund balance</b>	<b>(6,446,475)</b>	<b>(6,446,475)</b>	<b>891,930</b>	<b>7,338,405</b>
<b>Fund Balance, July 1, 2004</b>	<b>6,446,475</b>	<b>6,446,475</b>	<b>6,239,652</b>	<b>(206,823)</b>
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,131,582</b>	<b>\$ 7,131,582</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, 2005

**Reconciliation of Budgetary other financing sources (uses) to GAAP other financing sources (uses)**

Other Financing Sources (Uses) - Budgetary Basis	\$ (256,853)
Interfund loan repayments reported as other financing sources on the budgetary basis but reported as reduction of receivable on the GAAP basis	(270,000)
Advances to other governments reported as other financing use on the budgetary basis are reported as a receivable on the GAAP basis	<u>80,000</u>
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<u><u>\$ (446,853)</u></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, 2005

	<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>				
Transient room taxes	\$ 598,000	\$ 598,000	\$ 652,995	\$ 54,995
Franchise fees	1,673,000	1,673,000	1,716,847	43,847
Intergovernmental:				
State highway fund apportionment	2,840,200	2,840,200	3,099,037	258,837
Grants and agreements	503,300	503,300	473,115	(30,185)
Charges to other City funds	215,100	215,100	215,100	-
Investment income	18,000	18,000	29,480	11,480
Miscellaneous	55,600	55,600	95,990	40,390
<b>Total Revenues</b>	<b>5,903,200</b>	<b>5,903,200</b>	<b>6,282,564</b>	<b>379,364</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	2,220,932	2,220,932	2,057,688	163,244
Materials and services	1,537,100	1,527,100	1,300,497	226,603
Interfund charges	1,185,800	1,195,800	1,203,670	(7,870)
Capital outlay	1,359,800	1,359,800	1,385,585	(25,785)
Debt service	313,700	313,700	262,458	51,242
Contingency	657,400	657,400	-	657,400
Unappropriated ending fund balance	398,884	398,884	-	398,884
<b>Total Expenditures</b>	<b>7,673,616</b>	<b>7,673,616</b>	<b>6,209,898</b>	<b>1,463,718</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,770,416)</b>	<b>(1,770,416)</b>	<b>72,666</b>	<b>1,843,082</b>
<b><u>Other Financing Sources</u></b>				
Proceeds from sale of assets	-	-	1,422	1,422
Issuance of long-term debt	296,200	296,200	-	(296,200)
<b>Total Other Financing Sources</b>	<b>296,200</b>	<b>296,200</b>	<b>1,422</b>	<b>(294,778)</b>
<b>Net change in fund balance</b>	<b>(1,474,216)</b>	<b>(1,474,216)</b>	<b>74,088</b>	<b>1,548,304</b>
Fund Balance, July 1, 2004	1,474,216	1,474,216	1,912,999	438,783
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,987,087</b>	<b>\$ 1,987,087</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, 2005

	<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:				
Allocation of property tax levy	\$ 6,276,500	\$ 6,276,500	\$ 6,320,064	\$ 43,564
Intergovernmental	1,919,200	1,919,200	1,937,109	17,909
Charges for services:				
Charges to others	1,360,000	1,360,000	1,619,992	259,992
Charges to other City funds	30,100	30,100	30,100	-
Investment income	-	-	7,942	7,942
Miscellaneous	-	-	2,494	2,494
<b>Total Revenues</b>	<b>9,585,800</b>	<b>9,585,800</b>	<b>9,917,701</b>	<b>331,901</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	7,303,413	7,678,413	7,667,106	11,307
Materials and services	1,157,200	1,157,200	1,106,565	50,635
Interfund charges	792,600	820,600	796,264	24,336
Capital outlay	75,000	76,000	75,657	343
Debt service	522,600	463,600	463,135	465
Contingency	533,243	188,243	-	188,243
<b>Total Expenditures</b>	<b>10,384,056</b>	<b>10,384,056</b>	<b>10,108,727</b>	<b>275,329</b>
<b>Excess (deficiency) of revenues</b>				
<b>    over expenditures</b>	<b>(798,256)</b>	<b>(798,256)</b>	<b>(191,026)</b>	<b>607,230</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Issuance of long-term debt	318,000	318,000	-	(318,000)
Interfund loan repayment	(243,000)	(243,000)	(243,000)	-
Transfers in	317,800	317,800	438,500	120,700
Transfers out	(500)	(500)	(500)	-
<b>Total Other Financing Sources (Uses)</b>	<b>392,300</b>	<b>392,300</b>	<b>195,000</b>	<b>(197,300)</b>
<b>Net change in fund balance</b>	<b>(405,956)</b>	<b>(405,956)</b>	<b>3,974</b>	<b>409,930</b>
<b>Fund Balance, July 1, 2004</b>	<b>405,956</b>	<b>405,956</b>	<b>204,190</b>	<b>(201,766)</b>
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 208,164</b>	<b>\$ 208,164</b>

**Reconciliation of Budgetary other financing sources (uses) to GAAP other financing sources (uses)**

Other Financing Sources (Uses) - Budgetary Basis	\$ 195,000
Interfund loan repayments reported as other financing use on the budgetary basis are reported as a reduction in liability on the GAAP basis	<u>243,000</u>
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<b><u>\$ 438,000</u></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, 2005

	<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 revenues	\$ 4,757,000	\$ 4,757,000	\$ 327,158	\$ (4,429,842)
System development charges	4,042,300	4,042,300	6,415,432	2,373,132
Contributions	-	-	29,466	29,466
Investment income	163,000	163,000	353,692	190,692
Miscellaneous	-	-	10,309	10,309
<b>Total Revenues</b>	<b>8,962,300</b>	<b>8,962,300</b>	<b>7,136,057</b>	<b>(1,826,243)</b>
<b>Expenditures</b>				
Current:				
Materials and services	241,100	241,100	6,198	234,902
Interfund charges	1,256,900	1,256,900	1,256,900	-
Capital outlay	13,599,000	13,249,000	3,342,233	9,906,767
Debt service	1,551,900	1,551,900	1,321,858	230,042
Contingency	142,128	142,128	-	142,128
Construction reserve	10,063,200	10,063,200	-	10,063,200
<b>Total Expenditures</b>	<b>26,854,228</b>	<b>26,504,228</b>	<b>5,927,189</b>	<b>20,577,039</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(17,891,928)</b>	<b>(17,541,928)</b>	<b>1,208,868</b>	<b>18,750,796</b>
<b>Other Financing Sources (Uses)</b>				
Issuance of long-term debt	10,000,000	10,000,000	-	(10,000,000)
Transfers out	-	(350,000)	(325,609)	24,391
<b>Total Other Financing Sources (Uses)</b>	<b>10,000,000</b>	<b>9,650,000</b>	<b>(325,609)</b>	<b>(9,975,609)</b>
Net change in fund balance	(7,891,928)	(7,891,928)	883,259	8,775,187
Fund Balance, July 1, 2004	7,891,928	7,891,928	6,649,840	(1,242,088)
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,533,099</b>	<b>\$ 7,533,099</b>

City of Bend, Oregon

**Community Development Fund**

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

For the fiscal year ended June 30, 2005

	<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>				
Licenses and permits	\$ 4,001,900	\$ 4,001,900	\$ 5,022,204	\$ 1,020,304
Charges for services:				
Charges to others	2,120,200	14,800	11,369	(3,431)
Charges to other City funds	635,200	-	-	-
Investment income	38,000	38,000	110,328	72,328
Miscellaneous	-	-	16,473	16,473
<b>Total Revenues</b>	<b>6,795,300</b>	<b>4,054,700</b>	<b>5,160,374</b>	<b>1,105,674</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	4,601,887	3,192,261	3,013,160	179,101
Materials and services	1,028,500	255,500	190,577	64,923
Interfund charges	989,300	854,100	830,158	23,942
Capital outlay	63,000	168,000	167,885	115
Contingency	644,800	117,026	-	117,026
Unappropriated ending fund balance	2,805,693	2,805,693	-	2,805,693
<b>Total Expenditures</b>	<b>10,133,180</b>	<b>7,392,580</b>	<b>4,201,780</b>	<b>3,190,800</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(3,337,880)</b>	<b>(3,337,880)</b>	<b>958,594</b>	<b>4,296,474</b>
Fund Balance, July 1, 2004	3,337,880	3,337,880	3,483,084	145,204
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,441,678</b>	<b>\$ 4,441,678</b>

**General Fund and Major Special Revenue Funds**

Schedule of Expenditures by Appropriation Levels

For the fiscal year ended June 30, 2005

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
<b><u>General Fund</u></b>			
Municipal court	\$ 308,580	\$ 284,451	\$ 24,129
Police	13,129,046	12,297,707	831,339
Nondepartmental	712,500	706,599	5,901
Contingency	379,400	-	379,400
	<b>\$ 14,529,526</b>	<b>\$ 13,288,757</b>	<b>\$ 1,240,769</b>
<b><u>Transportation Operations Fund</u></b>			
Street maintenance	\$ 5,177,814	\$ 5,064,874	\$ 112,940
Right-of-way maintenance	1,319,518	1,088,685	230,833
Storm water maintenance	120,000	56,339	63,661
Contingency	657,400	-	657,400
	<b>\$ 7,274,732</b>	<b>\$ 6,209,898</b>	<b>\$ 1,064,834</b>
<b><u>Fire/ Emergency Medical Services Fund</u></b>			
Personal services	\$ 7,678,413	\$ 7,667,106	\$ 11,307
Materials and services	1,157,200	1,106,565	50,635
Interfund charges and transfers	821,100	796,764	24,336
Capital outlay	76,000	75,657	343
Debt service	706,600	706,135	465
Contingency	188,243	-	188,243
	<b>\$ 10,627,556</b>	<b>\$ 10,352,227</b>	<b>\$ 275,329</b>
<b><u>Transportation System Development Charges Fund</u></b>			
Materials and services	\$ 241,100	\$ 6,198	\$ 234,902
Interfund charges and transfers	1,606,900	1,582,509	24,391
Capital outlay	13,249,000	3,342,233	9,906,767
Debt service	1,551,900	1,321,858	230,042
Contingency	142,128	-	142,128
Other requirements	10,063,200	-	10,063,200
	<b>\$ 26,854,228</b>	<b>\$ 6,252,798</b>	<b>\$ 20,601,430</b>
<b><u>Community Development Fund</u></b>			
Administrative services	\$ 785,557	\$ 699,850	\$ 85,707
Building services	3,684,304	3,501,930	182,374
Contingency	117,026	-	117,026
	<b>\$ 4,586,887</b>	<b>\$ 4,201,780</b>	<b>\$ 385,107</b>

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## OTHER MAJOR GOVERNMENTAL FUNDS AND MAJOR ENTERPRISE FUNDS

### Other Major Governmental Funds:

#### Urban Renewal Construction Fund

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

### 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.

#### Sewer 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

**Urban Renewal Construction Fund**

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

For the fiscal year ended June 30, 2005

	<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>				
Rental income	\$ 62,915	\$ 62,915	\$ 66,474	\$ 3,559
Investment income	150,000	150,000	226,676	76,676
Miscellaneous	-	-	42	42
<b>Total Revenues</b>	<b>212,915</b>	<b>212,915</b>	<b>293,192</b>	<b>80,277</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	189,800	199,800	195,097	4,703
Materials and services	299,800	299,800	96,388	203,412
Interfund charges	202,400	192,400	88,583	103,817
Capital outlay	10,635,000	10,635,000	3,095,028	7,539,972
Contingency	154,943	154,943	-	154,943
<b>Total Expenditures</b>	<b>11,481,943</b>	<b>11,481,943</b>	<b>3,475,096</b>	<b>8,006,847</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(11,269,028)</b>	<b>(11,269,028)</b>	<b>(3,181,904)</b>	<b>8,087,124</b>
<b><u>Other Financing Sources</u></b>				
Proceeds from du jour borrowing	800,000	800,000	-	(800,000)
Transfer in	-	-	325,609	325,609
<b>Total Other Financing Sources</b>	<b>800,000</b>	<b>800,000</b>	<b>325,609</b>	<b>(474,391)</b>
Net change in fund balance	(10,469,028)	(10,469,028)	(2,856,295)	7,612,733
Fund Balance, July 1, 2004	10,469,028	10,469,028	10,695,935	226,907
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,839,640</b>	<b>\$ 7,839,640</b>

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, 2005

	<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	\$ 1,002,000	\$ 1,502,000	\$ 1,215,721	\$ (286,279)
Charges for services	495,800	495,800	466,762	(29,038)
Miscellaneous	-	-	104	104
<b>Total Revenues</b>	<b>1,497,800</b>	<b>1,997,800</b>	<b>1,682,587</b>	<b>(315,213)</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	47,380	59,380	59,297	83
Materials and services	162,100	162,100	85,538	76,562
Interfund charges	79,000	79,000	78,712	288
Capital outlay	1,105,000	2,339,000	2,015,711	323,289
Debt service	206,000	206,000	206,061	(61)
Contingency	49,107	49,107	-	49,107
<b>Total Expenditures</b>	<b>1,648,587</b>	<b>2,894,587</b>	<b>2,445,319</b>	<b>449,268</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(150,787)</b>	<b>(896,787)</b>	<b>(762,732)</b>	<b>134,055</b>
<b><u>Other Financing Sources</u></b>				
Proceeds from notes payable	371,000	1,117,000	1,347,000	230,000
Interfund loan repayment	(270,000)	(270,000)	(270,000)	-
Transfer in	45,000	45,000	45,000	-
<b>Total Other Financing Sources</b>	<b>146,000</b>	<b>892,000</b>	<b>1,122,000</b>	<b>230,000</b>
Net change in fund balance	(4,787)	(4,787)	359,268	364,055
Total Fund Balance, July 1, 2004	4,787	4,787	37,249	32,462
<b>Total Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 396,517</b>	<b>\$ 396,517</b>



**Airport Fund**

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

For the fiscal year ended June 30, 2005

**Reconciliation of Budgetary expenditures to GAAP expenses**

Expenditures - Budgetary Basis	\$ 2,445,319
Capital expenditures reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(2,060,711)
Amortization of bond issue costs are not reported on the budgetary basis but are reported as expenses on the GAAP basis	11,162
Principal payments on bonds reported as expenditures on the budgetary basis are reported a reduction of bonds payable on the GAAP basis	(91,478)
Loss on disposal of assets is not reported on the budgetary basis but is reported as an expense on the GAAP basis	29,188
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>182,244</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 515,724</u></b>
Other Financing Sources (Uses) - Budgetary Basis	\$ 1,122,000
Proceeds from notes payable reported as other financing source on the budgetary basis are reported as a liability on the GAAP basis	(1,347,000)
Repayments of interfund loans reported as other financing use on the budgetary basis are reported as a reduction of liabilities on the GAAP basis	<u>270,000</u>
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<b><u>\$ 45,000</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, 2005

	<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 revenues	\$ -	\$ -	\$ 7,313	\$ 7,313
Charges for services	7,793,800	7,793,800	8,736,276	942,476
System development charges	2,326,100	2,326,100	3,076,274	750,174
Investment income	117,000	117,000	185,453	68,453
Miscellaneous	27,300	27,300	31,408	4,108
<b>Total Revenues</b>	<b>10,264,200</b>	<b>10,264,200</b>	<b>12,036,724</b>	<b>1,772,524</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	1,924,680	1,924,680	1,763,030	161,650
Materials and services	2,241,900	2,241,900	1,884,088	357,812
Interfund charges	2,213,000	2,213,000	2,157,612	55,388
Capital outlay	9,734,200	9,734,200	3,957,784	5,776,416
Debt service	610,200	1,290,200	1,009,067	281,133
Contingency	837,600	157,600	-	157,600
Debt service reserved	2,137,000	2,137,000	-	2,137,000
Construction reserves	4,000,000	4,000,000	-	4,000,000
Unappropriated ending fund balance	600,009	600,009	-	600,009
<b>Total Expenditures</b>	<b>24,298,589</b>	<b>24,298,589</b>	<b>10,771,581</b>	<b>13,527,008</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(14,034,389)</b>	<b>(14,034,389)</b>	<b>1,265,143</b>	<b>15,299,532</b>
<b><u>Other Financing Sources</u></b>				
Issuance of long-term debt	9,000,000	9,000,000	-	(9,000,000)
<b>Net change in fund balance</b>	<b>(5,034,389)</b>	<b>(5,034,389)</b>	<b>1,265,143</b>	<b>6,299,532</b>
<b>Total Fund Balance, July 1, 2004</b>	<b>5,034,389</b>	<b>5,034,389</b>	<b>7,171,575</b>	<b>2,137,186</b>
<b>Total Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,436,718</b>	<b>\$ 8,436,718</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, 2005

**Reconciliation of Budgetary revenues and expenditures to GAAP revenues and expenses**

Total Revenues - Budgetary Basis	\$ 12,036,724
Developer contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>4,984,580</u>
<b>Total Revenues - GAAP Basis</b>	<b><u>\$ 17,021,304</u></b>
Expenditures - Budgetary Basis	\$ 10,771,581
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(3,264,097)
Amortization of bond issue costs are not reported on the budgetary basis but are reported as expenses on the GAAP basis	16,994
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(820,000)
Loss on disposal of assets is not reported on the budgetary basis but is reported as an expense on the GAAP basis	97,186
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>1,280,362</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 8,082,026</u></b>

City of Bend, Oregon

**Sewer Fund**

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

For the fiscal year ended June 30, 2005

	<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	\$ 6,971,700	\$ 6,971,700	\$ 7,698,651	\$ 726,951
System development charges	1,490,700	1,490,700	2,927,884	1,437,184
Investment income	111,000	111,000	159,998	48,998
Miscellaneous	9,000	9,000	125,091	116,091
<b>Total Revenues</b>	<b>8,582,400</b>	<b>8,582,400</b>	<b>10,911,624</b>	<b>2,329,224</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	1,674,550	1,674,550	1,622,937	51,613
Materials and services	1,904,300	2,068,600	1,426,483	642,117
Interfund charges	1,881,200	1,881,200	1,829,277	51,923
Capital outlay	3,364,600	3,200,300	1,478,679	1,721,621
Debt service	1,561,900	2,241,900	2,000,438	241,462
Contingency	2,288,000	1,608,000	-	1,608,000
Debt service reserves	1,561,200	1,561,200	-	1,561,200
Construction reserves	5,100,000	5,100,000	-	5,100,000
Unappropriated ending fund balance	100,080	100,080	-	100,080
<b>Total Expenditures</b>	<b>19,435,830</b>	<b>19,435,830</b>	<b>8,357,814</b>	<b>11,078,016</b>
<b>Excess (deficiency) of revenues</b>				
<b>    over expenditures</b>	<b>(10,853,430)</b>	<b>(10,853,430)</b>	<b>2,553,810</b>	<b>13,407,240</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Issuance of long-term debt	7,000,000	7,000,000	-	(7,000,000)
Interfund loan repayment	273,000	273,000	273,000	-
Advances to other funds	(389,000)	(389,000)	(389,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>6,884,000</b>	<b>6,884,000</b>	<b>(116,000)</b>	<b>(7,000,000)</b>
Net change in fund balance	(3,969,430)	(3,969,430)	2,437,810	6,407,240
Total Fund Balance, July 1, 2004	3,969,430	3,969,430	5,637,381	1,667,951
<b>Total Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,075,191</b>	<b>\$ 8,075,191</b>

City of Bend, Oregon

**Sewer Fund**

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

For the fiscal year ended June 30, 2005

**Reconciliation of Budgetary revenues and expenditures to GAAP revenues and expenses**

Total Revenues - Budgetary Basis	\$ 10,911,624
Contributed infrastructure not reported on the budgetary basis is reported as contribution revenue on the GAAP basis	<u>7,529,895</u>
<b>Total Revenues - GAAP Basis</b>	<b><u>\$ 18,441,519</u></b>
Expenditures - Budgetary Basis	\$ 8,357,814
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(1,594,378)
Amortization of bond issue costs are not reported on the budgetary basis but are reported as expenses on the GAAP basis	26,265
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(1,301,807)
Loss on disposal of assets is not reported on the budgetary basis but is reported as an expense on the GAAP basis	88,757
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	<u>2,003,460</u>
<b>Expenses - GAAP Basis</b>	<b><u>\$ 7,580,111</u></b>
Other Financing Sources (Uses) - Budgetary Basis	\$ (116,000)
Interfund loan repayments reported as other financing source on the budgetary basis is reported as a reduction of the related receivable on the GAAP basis	(273,000)
Advances to other funds reported as other financing uses on the budgetary basis are reported as assets on the GAAP basis	<u>389,000</u>
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<b><u>\$ -</u></b>

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City of Bend, Oregon  
**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>Assets</b>				
Pooled cash and investments	\$ 662,842	\$ 2,562,384	\$ 136,168	\$ 3,361,394
Restricted cash and investments	-	1,431,918	-	1,431,918
Receivables:				
Property taxes	-	95,555	-	95,555
Accounts, net	127,458	14,217	-	141,675
Assessments	-	1,424,410	-	1,424,410
Loans and notes	247,534	-	-	247,534
Due from other governments	304,719	-	-	304,719
<b>Total Assets</b>	<b>\$ 1,342,553</b>	<b>\$ 5,528,484</b>	<b>\$ 136,168</b>	<b>\$ 7,007,205</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 166,195	\$ -	\$ 41,783	\$ 207,978
Salaries and benefits payable	17,546	-	-	17,546
Retainage payable	-	-	9,927	9,927
Deposits	800	-	-	800
Deferred revenues	250,889	1,497,504	-	1,748,393
Due to other funds	-	-	389,000	389,000
<b>Total Liabilities</b>	<b>435,430</b>	<b>1,497,504</b>	<b>440,710</b>	<b>2,373,644</b>
Fund balances (deficit):				
Reserved for debt service	-	4,030,980	-	4,030,980
Unreserved:				
Designated	907,123	-	-	907,123
Undesignated	-	-	(304,542)	(304,542)
<b>Total Fund Balances (Deficit)</b>	<b>907,123</b>	<b>4,030,980</b>	<b>(304,542)</b>	<b>4,633,561</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,342,553</b>	<b>\$ 5,528,484</b>	<b>\$ 136,168</b>	<b>\$ 7,007,205</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, 2005

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>Revenues</b>				
Property taxes	\$ -	\$ 2,110,616	\$ -	\$ 2,110,616
Transient room taxes	917,423	-	-	917,423
Intergovernmental	2,037,326	262,487	-	2,299,813
Assessments	-	623,488	53,986	677,474
Charges for services	2,429,299	91,620	-	2,520,919
Loan repayments	37,381	-	-	37,381
Investment income	13,035	89,869	(2,731)	100,173
Miscellaneous	10,810	-	-	10,810
<b>Total Revenues</b>	<b>5,445,274</b>	<b>3,178,080</b>	<b>51,255</b>	<b>8,674,609</b>
<b>Expenditures</b>				
Current:				
Public safety	-	600	-	600
Public ways and facilities	-	14,050	26,700	40,750
Community and economic development	3,371,769	-	1,690	3,373,459
Transit	1,945,530	-	-	1,945,530
Debt service:				
Principal	-	1,193,000	-	1,193,000
Interest	-	946,134	-	946,134
Capital outlay	-	-	199,925	199,925
<b>Total Expenditures</b>	<b>5,317,299</b>	<b>2,153,784</b>	<b>228,315</b>	<b>7,699,398</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>127,975</b>	<b>1,024,296</b>	<b>(177,060)</b>	<b>975,211</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	500	-	500
Equity transfer out	-	-	(30,697)	(30,697)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>500</b>	<b>(30,697)</b>	<b>(30,197)</b>
<b>Net change in fund balances</b>	<b>127,975</b>	<b>1,024,796</b>	<b>(207,757)</b>	<b>945,014</b>
<b>Fund Balances (Deficit), July 1, 2004</b>	<b>779,148</b>	<b>3,006,184</b>	<b>(96,785)</b>	<b>3,688,547</b>
<b>Fund Balances (Deficit), June 30, 2005</b>	<b>\$ 907,123</b>	<b>\$ 4,030,980</b>	<b>\$ (304,542)</b>	<b>\$ 4,633,561</b>



## **NONMAJOR SPECIAL REVENUE FUNDS**

### Planning Fund

This fund accounts for the City's current and long-range planning operations. 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.

### Public Transit Operations Fund

This fund accounts for the City's public transit operations. Funding is provided primarily by transient room tax allocations, liquor tax, state revenue sharing, 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.

City of Bend, Oregon  
**Combining Balance Sheet**  
 Nonmajor Special Revenue Funds  
 June 30, 2005

	Planning Fund	Community Development Block Grant Fund	Public Transit Operations Fund	Tourist Promotion/ Economic Development Fund	Total
<b>Assets</b>					
Pooled cash and investments	\$ 209,708	\$ 48,151	\$ 377,344	\$ 27,639	\$ 662,842
Receivables:					
Accounts, net	-	-	47,472	79,986	127,458
Loans and notes	-	247,534	-	-	247,534
Due from other governments	69,900	12,593	222,226	-	304,719
<b>Total Assets</b>	<b>\$ 279,608</b>	<b>\$ 308,278</b>	<b>\$ 647,042</b>	<b>\$ 107,625</b>	<b>\$ 1,342,553</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 41,478	\$ 17,484	\$ 107,233	\$ -	\$ 166,195
Salaries and benefits payable	15,291	1,300	955	-	17,546
Deposits	800	-	-	-	800
Deferred revenues	-	247,534	3,355	-	250,889
<b>Total Liabilities</b>	<b>57,569</b>	<b>266,318</b>	<b>111,543</b>	<b>-</b>	<b>435,430</b>
Fund balances:					
Unreserved - designated	222,039	41,960	535,499	107,625	907,123
<b>Total Fund Balances</b>	<b>222,039</b>	<b>41,960</b>	<b>535,499</b>	<b>107,625</b>	<b>907,123</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 279,608</b>	<b>\$ 308,278</b>	<b>\$ 647,042</b>	<b>\$ 107,625</b>	<b>\$ 1,342,553</b>

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, 2005

	Planning Fund	Community Development Block Grant Fund	Public Transit Operations Fund	Tourist Promotion/ Economic Development Fund	Total
<b>Revenues</b>					
Transient room taxes	\$ -	\$ -	\$ 163,319	\$ 754,104	\$ 917,423
Intergovernmental	111,000	396,381	1,529,945	-	2,037,326
Charges for services	2,172,981	-	256,318	-	2,429,299
Loan repayments	-	37,381	-	-	37,381
Investment income	1,099	2,152	7,474	2,310	13,035
Miscellaneous	10,810	-	-	-	10,810
<b>Total Revenues</b>	<b>2,295,890</b>	<b>435,914</b>	<b>1,957,056</b>	<b>756,414</b>	<b>5,445,274</b>
<b>Expenditures</b>					
Current:					
Community and economic development	2,073,851	488,334	-	809,584	3,371,769
Transit	-	-	1,945,530	-	1,945,530
<b>Total Expenditures</b>	<b>2,073,851</b>	<b>488,334</b>	<b>1,945,530</b>	<b>809,584</b>	<b>5,317,299</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>222,039</b>	<b>(52,420)</b>	<b>11,526</b>	<b>(53,170)</b>	<b>127,975</b>
Fund Balances, July 1, 2004	-	94,380	523,973	160,795	779,148
<b>Fund Balances, June 30, 2005</b>	<b>\$ 222,039</b>	<b>\$ 41,960</b>	<b>\$ 535,499</b>	<b>\$ 107,625</b>	<b>\$ 907,123</b>

City of Bend, Oregon

**Planning Fund** (previously included in the Community Development Fund)

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

For the fiscal year ended June 30, 2005

	<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	\$ -	\$ -	\$ 111,000	\$ 111,000
Charges for services:				
Charges to others	-	2,105,400	1,519,781	(585,619)
Charges to other City funds	-	635,200	653,200	18,000
Investment income	-	-	1,099	1,099
Miscellaneous	-	-	10,810	10,810
<b>Total Revenues</b>	<b>-</b>	<b>2,740,600</b>	<b>2,295,890</b>	<b>(444,710)</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	-	1,573,126	1,438,511	134,615
Materials and services	-	725,500	510,133	215,367
Interfund charges	-	135,200	125,207	9,993
Contingency	-	306,774	-	306,774
<b>Total Expenditures</b>	<b>-</b>	<b>2,740,600</b>	<b>2,073,851</b>	<b>666,749</b>
<b>Excess (deficiency) of revenues</b>				
<b>over expenditures</b>	<b>-</b>	<b>-</b>	<b>222,039</b>	<b>222,039</b>
Fund Balance, July 1, 2004	-	-	-	-
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 222,039</b>	<b>\$ 222,039</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, 2005

	<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	\$ 597,000	\$ 597,000	\$ 396,381	\$ (200,619)
Loan repayments	26,600	26,600	37,381	10,781
Investment income	-	-	2,152	2,152
<b>Total Revenues</b>	<b>623,600</b>	<b>623,600</b>	<b>435,914</b>	<b>(187,686)</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	99,209	99,209	68,529	30,680
Materials and services	515,600	575,600	405,193	170,407
Interfund charges	14,900	14,900	14,612	288
Contingency	9,041	9,041	-	9,041
<b>Total Expenditures</b>	<b>638,750</b>	<b>698,750</b>	<b>488,334</b>	<b>210,416</b>
<b>Excess (deficiency) of revenues</b> <b>    over expenditures</b>	<b>(15,150)</b>	<b>(75,150)</b>	<b>(52,420)</b>	<b>22,730</b>
Fund Balance, July 1, 2004	15,150	75,150	94,380	19,230
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,960</b>	<b>\$ 41,960</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, 2005

	<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>				
Transient room taxes	\$ 149,500	\$ 149,500	\$ 163,319	\$ 13,819
Intergovernmental:				
State liquor taxes	573,100	573,100	616,669	43,569
State revenue sharing	191,000	191,000	164,196	(26,804)
Grants and agreements	825,800	825,800	749,080	(76,720)
Charges for services:				
Charges to others	235,800	235,800	246,053	10,253
Charges to other City Funds	-	-	10,265	10,265
Investment income	8,000	8,000	7,474	(526)
<b>Total Revenues</b>	<b>1,983,200</b>	<b>1,983,200</b>	<b>1,957,056</b>	<b>(26,144)</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	86,425	86,425	84,682	1,743
Materials and services	1,386,200	1,436,800	1,417,210	19,590
Interfund charges	435,800	447,500	443,638	3,862
Capital outlay	159,800	97,500	-	97,500
Contingency	206,200	206,200	-	206,200
Unappropriated ending fund balance	149,828	149,828	-	149,828
<b>Total Expenditures</b>	<b>2,424,253</b>	<b>2,424,253</b>	<b>1,945,530</b>	<b>478,723</b>
<b>Excess (deficiency) of revenues</b>				
<b>over expenditures</b>	<b>(441,053)</b>	<b>(441,053)</b>	<b>11,526</b>	<b>452,579</b>
Fund Balance, July 1, 2004	441,053	441,053	523,973	82,920
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 535,499</b>	<b>\$ 535,499</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, 2005

	<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>				
Transient room taxes	\$ 690,400	\$ 690,400	\$ 754,104	\$ 63,704
Investment income	1,400	1,400	2,310	910
<b>Total Revenues</b>	<b>691,800</b>	<b>691,800</b>	<b>756,414</b>	<b>64,614</b>
<b><u>Expenditures</u></b>				
Current:				
Materials and services	719,517	794,517	796,284	(1,767)
Interfund charges	15,100	15,100	13,300	1,800
Contingency	75,000	-	-	-
<b>Total Expenditures</b>	<b>809,617</b>	<b>809,617</b>	<b>809,584</b>	<b>33</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(117,817)</b>	<b>(117,817)</b>	<b>(53,170)</b>	<b>64,647</b>
Fund Balance, July 1, 2004	117,817	117,817	160,795	42,978
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 107,625</b>	<b>\$ 107,625</b>

## NONMAJOR DEBT SERVICE FUNDS

### Improvement District Debt Service Fund

This fund accounts for special assessment receivables and the servicing of the related bonded debt. The debt is repaid through special assessment principal and interest collections.

### Urban Renewal Debt Service Fund

This fund accounts for the debt-related activities of the Bend Urban Renewal Agency. 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.



City of Bend, Oregon  
**Combining Balance Sheet**  
 Nonmajor Debt Service Funds  
 June 30, 2005

	Improvement District Debt Service <u>Fund</u>	Urban Renewal Debt Service <u>Fund</u>	Fire Station Debt Service <u>Fund</u>	<u>Total</u>
<b><u>Assets</u></b>				
Pooled cash and investments	\$ 1,013,094	\$ 1,545,876	\$ 3,414	\$ 2,562,384
Restricted cash and investments	-	1,431,918	-	1,431,918
Receivables:				
Property taxes	-	95,555	-	95,555
Accounts, net	14,217	-	-	14,217
Assessments	1,424,410	-	-	1,424,410
<b>Total Assets</b>	<b>\$ 2,451,721</b>	<b>\$ 3,073,349</b>	<b>\$ 3,414</b>	<b>\$ 5,528,484</b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Deferred revenues	\$ 1,424,410	\$ 73,094	\$ -	\$ 1,497,504
<b>Total Liabilities</b>	<b>1,424,410</b>	<b>73,094</b>	<b>-</b>	<b>1,497,504</b>
Fund balances:				
Reserved for debt service	1,027,311	3,000,255	3,414	4,030,980
<b>Total Fund Balances</b>	<b>1,027,311</b>	<b>3,000,255</b>	<b>3,414</b>	<b>4,030,980</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,451,721</b>	<b>\$ 3,073,349</b>	<b>\$ 3,414</b>	<b>\$ 5,528,484</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, 2005

	Improvement District Debt Service <u>Fund</u>	Urban Renewal Debt Service <u>Fund</u>	Fire Station Debt Service <u>Fund</u>	<u>Total</u>
<b>Revenues</b>				
Property taxes	\$ -	\$ 2,110,616	\$ -	\$ 2,110,616
Intergovernmental	-	-	262,487	262,487
Assessments	623,488	-	-	623,488
Charges for services	91,620	-	-	91,620
Investment income	23,301	66,001	567	89,869
<b>Total Revenues</b>	<b>738,409</b>	<b>2,176,617</b>	<b>263,054</b>	<b>3,178,080</b>
<b>Expenditures</b>				
Current:				
Public safety	-	-	600	600
Public ways and facilities	14,050	-	-	14,050
Debt service:				
Principal	423,000	660,000	110,000	1,193,000
Interest	95,000	698,651	152,483	946,134
<b>Total Expenditures</b>	<b>532,050</b>	<b>1,358,651</b>	<b>263,083</b>	<b>2,153,784</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>206,359</b>	<b>817,966</b>	<b>(29)</b>	<b>1,024,296</b>
<b>Other Financing Sources</b>				
Transfer in	-	-	500	500
<b>Net change in fund balances</b>	<b>206,359</b>	<b>817,966</b>	<b>471</b>	<b>1,024,796</b>
Fund Balances, July 1, 2004	820,952	2,182,289	2,943	3,006,184
<b>Fund Balances, June 30, 2005</b>	<b>\$ 1,027,311</b>	<b>\$ 3,000,255</b>	<b>\$ 3,414</b>	<b>\$ 4,030,980</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, 2005

	Budget		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues</u></b>				
Charges for services	\$ 70,000	\$ 70,000	\$ 91,620	\$ 21,620
Assessments	348,000	348,000	623,488	275,488
Investment income	15,000	15,000	23,301	8,301
<b>Total Revenues</b>	<b>433,000</b>	<b>433,000</b>	<b>738,409</b>	<b>305,409</b>
<b><u>Expenditures</u></b>				
Current:				
Materials and services	1,000	1,000	450	550
Interfund charges	13,600	13,600	13,600	-
Debt service	353,200	519,200	518,000	1,200
Contingency	797,640	631,640	-	631,640
<b>Total Expenditures</b>	<b>1,165,440</b>	<b>1,165,440</b>	<b>532,050</b>	<b>633,390</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(732,440)</b>	<b>(732,440)</b>	<b>206,359</b>	<b>938,799</b>
Fund Balance, July 1, 2004	732,440	732,440	820,952	88,512
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,027,311</b>	<b>\$ 1,027,311</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, 2005

	<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	\$ 1,934,000	\$ 1,934,000	\$ 2,110,616	\$ 176,616
Investment income	44,000	44,000	66,001	22,001
<b>Total Revenues</b>	<b>1,978,000</b>	<b>1,978,000</b>	<b>2,176,617</b>	<b>198,617</b>
<b>Expenditures</b>				
Debt service	2,290,500	2,290,500	1,358,651	931,849
Contingency	58,236	58,236	-	58,236
Debt service reserve	1,802,000	1,802,000	-	1,802,000
<b>Total Expenditures</b>	<b>4,150,736</b>	<b>4,150,736</b>	<b>1,358,651</b>	<b>2,792,085</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(2,172,736)</b>	<b>(2,172,736)</b>	<b>817,966</b>	<b>2,990,702</b>
Fund Balance, July 1, 2004	2,172,736	2,172,736	2,182,289	9,553
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,000,255</b>	<b>\$ 3,000,255</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, 2005

	<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	\$ 262,500	\$ 262,500	\$ 262,487	\$ (13)
Investment income	100	100	567	467
<b>Total Revenues</b>	<b>262,600</b>	<b>262,600</b>	<b>263,054</b>	<b>454</b>
<b><u>Expenditures</u></b>				
Current:				
Materials and services	600	600	600	-
Debt service	262,500	262,500	262,483	17
Contingency	2,956	2,956	-	2,956
<b>Total Expenditures</b>	<b>266,056</b>	<b>266,056</b>	<b>263,083</b>	<b>2,973</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(3,456)</b>	<b>(3,456)</b>	<b>(29)</b>	<b>3,427</b>
<b><u>Other Financing Source</u></b>				
Transfer in	500	500	500	-
<b>Net change in fund balance</b>	<b>(2,956)</b>	<b>(2,956)</b>	<b>471</b>	<b>3,427</b>
Fund Balance, July 1, 2004	2,956	2,956	2,943	(13)
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,414</b>	<b>\$ 3,414</b>

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## **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.

### Community Development Block Grant Construction Fund

This fund accounts for the expenditure of Community Development Block Grant proceeds which are for construction of qualified projects.

City of Bend, Oregon  
**Combining Balance Sheet**  
 Nonmajor Capital Projects Funds  
 June 30, 2005

	Improvement District Construction <u>Fund</u>	Community Development Block Grant Construction <u>Fund</u>	<u>Total</u>
<b><u>Assets</u></b>			
Pooled cash and investments	\$ 136,168	\$ -	\$ 136,168
<b>Total Assets</b>	<b>\$ 136,168</b>	<b>\$ -</b>	<b>\$ 136,168</b>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts payable	\$ 41,783	\$ -	\$ 41,783
Retainage payable	9,927	-	9,927
Due to other funds	389,000	-	389,000
<b>Total Liabilities</b>	<b>440,710</b>	<b>-</b>	<b>440,710</b>
Fund balances (deficit):			
Unreserved:			
Undesignated	(304,542)	-	(304,542)
<b>Total Fund Balance (Deficit)</b>	<b>(304,542)</b>	<b>-</b>	<b>(304,542)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 136,168</b>	<b>\$ -</b>	<b>\$ 136,168</b>



City of Bend, Oregon

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

Nonmajor Capital Projects Funds

For the fiscal year ended June 30, 2005

	Improvement District Construction <u>Fund</u>	Community Development Block Grant Construction <u>Fund</u>	<u>Total</u>
<b>Revenues</b>			
Assessments	\$ 53,986	\$ -	\$ 53,986
Investment income	(2,974)	243	(2,731)
<b>Total Revenues</b>	<b>51,012</b>	<b>243</b>	<b>51,255</b>
<b>Expenditures</b>			
Current:			
Public ways and facilities	26,700	-	26,700
Community and economic development	-	1,690	1,690
Capital outlay	199,925	-	199,925
<b>Total Expenditures</b>	<b>226,625</b>	<b>1,690</b>	<b>228,315</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(175,613)</b>	<b>(1,447)</b>	<b>(177,060)</b>
<b>Other Financing Uses</b>			
Equity transfer out	-	(30,697)	(30,697)
<b>Net change in fund balance</b>	<b>(175,613)</b>	<b>(32,144)</b>	<b>(207,757)</b>
Fund Balances (Deficit), July 1, 2004	(128,929)	32,144	(96,785)
<b>Fund Balances (Deficit), June 30, 2005</b>	<b>\$ (304,542)</b>	<b>\$ -</b>	<b>\$ (304,542)</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, 2005

	Budget		Actual Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Assessments	\$ 12,200	\$ 12,200	\$ 53,986	\$ 41,786
Investment income	-	-	(2,974)	(2,974)
<b>Total Revenues</b>	<b>12,200</b>	<b>12,200</b>	<b>51,012</b>	<b>38,812</b>
<b>Expenditures</b>				
Current:				
Interfund charges	26,700	26,700	26,700	-
Capital outlay	116,000	230,000	199,925	30,075
Contingency	10,054	10,054	-	10,054
<b>Total Expenditures</b>	<b>152,754</b>	<b>266,754</b>	<b>226,625</b>	<b>40,129</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(140,554)</b>	<b>(254,554)</b>	<b>(175,613)</b>	<b>78,941</b>
<b>Other Financing Sources (Uses)</b>				
Interfund loan repayment	(273,000)	(273,000)	(273,000)	-
Advance from other funds	389,000	389,000	389,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>116,000</b>	<b>116,000</b>	<b>116,000</b>	<b>-</b>
Net change in fund balance	(24,554)	(138,554)	(59,613)	78,941
Fund Balance, July 1, 2004	24,554	138,554	144,071	5,517
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 84,458</b>	<b>\$ 84,458</b>

**Reconciliation of Budgetary expenditures to GAAP expenditures**

Other Financing Sources (Uses) - Budgetary Basis	\$ 116,000
Repayment of interfund loan reported as other financing use on the budgetary basis is reported as a reduction of liabilities on the GAAP basis	273,000
Advance from other funds reported as other financing source on the budgetary basis is reported as a liability on the GAAP basis	(389,000)
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<b>\$ -</b>

City of Bend, Oregon

**Community Development Block Grant Construction Fund**

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

For the fiscal year ended June 30, 2005

	<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	\$ 800	\$ 800	\$ 243	\$ (557)
<b>Total Revenues</b>	<b>800</b>	<b>800</b>	<b>243</b>	<b>(557)</b>
<b>Expenditures</b>				
Current:				
Materials and services	-	-	1,690	(1,690)
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>1,690</b>	<b>(1,690)</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>800</b>	<b>800</b>	<b>(1,447)</b>	<b>(2,247)</b>
<b>Other Financing Uses</b>				
Equity transfer out	(31,419)	(31,419)	(30,697)	722
<b>Net change in fund balance</b>	<b>(30,619)</b>	<b>(30,619)</b>	<b>(32,144)</b>	<b>(1,525)</b>
Fund Balance, July 1, 2004	30,619	30,619	32,144	1,525
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 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 and fines and rentals. The revenue is used for program administration and management.

City of Bend, Oregon  
**Combining Statement of Net Assets**  
 Nonmajor Enterprise Funds  
 June 30, 2005

	<u>Cemetery</u>	<u>Downtown Parking</u>	<u>Total</u>
<b><u>Assets</u></b>			
Current assets:			
Pooled cash and investments	\$ 530,583	\$ 460,276	\$ 990,859
Accounts receivable, net	2,458	12,652	15,110
<b>Total Current Assets</b>	<b>533,041</b>	<b>472,928</b>	<b>1,005,969</b>
Noncurrent assets:			
Loans and notes receivable	-	1,009,546	1,009,546
Capital assets, net	213,218	-	213,218
<b>Total Noncurrent Assets</b>	<b>213,218</b>	<b>1,009,546</b>	<b>1,222,764</b>
<b>Total Assets</b>	<b>746,259</b>	<b>1,482,474</b>	<b>2,228,733</b>
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable	24	14,766	14,790
Salaries and benefits payable	-	683	683
Compensated absences	-	2,957	2,957
<b>Total Liabilities</b>	<b>24</b>	<b>18,406</b>	<b>18,430</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	213,218	-	213,218
Unrestricted	533,017	1,464,068	1,997,085
<b>Total Net Assets</b>	<b>\$ 746,235</b>	<b>\$ 1,464,068</b>	<b>\$ 2,210,303</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, 2005

	<u>Cemetery</u>	<u>Downtown Parking</u>	<u>Total</u>
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 132,023	\$ 325,476	\$ 457,499
Miscellaneous	397	-	397
<b>Total Operating Revenues</b>	<b>132,420</b>	<b>325,476</b>	<b>457,896</b>
<b><u>Operating Expenses</u></b>			
Salaries and benefits	14,066	59,734	73,800
Materials and supplies	20,348	195,270	215,618
Internal services	87,285	88,877	176,162
Depreciation	13,228	-	13,228
<b>Total Operating Expenses</b>	<b>134,927</b>	<b>343,881</b>	<b>478,808</b>
<b>Operating loss</b>	<b>(2,507)</b>	<b>(18,405)</b>	<b>(20,912)</b>
<b><u>Other Nonoperating Revenues (Expenses)</u></b>			
Investment income	11,612	10,917	22,529
Permanent maintenance fees	20,559	-	20,559
Parking improvement fees	-	1,016,040	1,016,040
Net loss on disposal of capital assets	(5,008)	(4,317)	(9,325)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>27,163</b>	<b>1,022,640</b>	<b>1,049,803</b>
<b>Change in net assets</b>	<b>24,656</b>	<b>1,004,235</b>	<b>1,028,891</b>
Net Assets, July 1, 2004	721,579	459,833	1,181,412
<b>Net Assets, June 30, 2005</b>	<b>\$ 746,235</b>	<b>\$ 1,464,068</b>	<b>\$ 2,210,303</b>

City of Bend, Oregon  
**Combining Statement of Cash Flows**  
 Nonmajor Enterprise Funds  
 For the fiscal year ended June 30, 2005

	<u>Cemetery</u>	<u>Downtown Parking</u>	<u>Total</u>
<b><u>Cash Flows from Operating Activities</u></b>			
Cash received from customers	\$ 140,215	\$ 322,193	\$ 462,408
Cash paid to employees for services	(14,505)	(59,338)	(73,843)
Cash paid to suppliers for goods and services	(20,591)	(181,406)	(201,997)
Cash paid for quasi-external operating transactions	(87,285)	(88,877)	(176,162)
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>17,834</b>	<b>(7,428)</b>	<b>10,406</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Permanent maintenance fees	20,559	-	20,559
Parking improvement fees	-	12,535	12,535
Acquisition and construction of capital assets	(12,041)	-	(12,041)
<b>Net Cash Provided By Capital and Related Financing Activities</b>	<b>8,518</b>	<b>12,535</b>	<b>21,053</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Investment income	11,612	10,917	22,529
<b>Net change in pooled cash and investments</b>	<b>37,964</b>	<b>16,024</b>	<b>53,988</b>
Pooled Cash and Investments, July 1, 2004	492,619	444,252	936,871
<b>Pooled Cash and Investments, June 30, 2005</b>	<b>\$ 530,583</b>	<b>\$ 460,276</b>	<b>\$ 990,859</b>

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

Operating loss	\$ (2,507)	\$ (18,405)	\$ (20,912)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities			
Depreciation	13,228	-	13,228
Change in:			
Accounts receivable	7,795	(3,283)	4,512
Accounts payable	(243)	13,864	13,621
Salaries and benefits payable	(439)	(188)	(627)
Compensated absences payable	-	584	584
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>\$ 17,834</b>	<b>\$ (7,428)</b>	<b>\$ 10,406</b>

**Noncash Capital and Related Financing Activities**

Assets costing \$5,000 or less were written off in the current year due to adjustment of the City's capitalization policy.  
 The Downtown Parking Fund received a \$1,005,000 promissory note for parking improvement fees assessed in the current year.

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, 2005

	<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	\$ 107,600	\$ 107,600	\$ 97,023	\$ (10,577)
Charges for services	35,000	35,000	35,000	-
Permanent maintenance fees	12,800	12,800	20,559	7,759
Investment income	9,000	9,000	11,612	2,612
Miscellaneous	-	-	397	397
<b>Total Revenues</b>	<b>164,400</b>	<b>164,400</b>	<b>164,591</b>	<b>191</b>
<b>Expenditures</b>				
Current:				
Personal services	41,643	39,143	14,066	25,077
Materials and services	25,900	25,900	20,348	5,552
Interfund charges	73,800	87,300	87,285	15
Capital outlay	35,000	24,000	12,041	11,959
Contingency	19,244	19,244	-	19,244
Permanent maintenance reserve	460,648	460,648	-	460,648
<b>Total Expenditures</b>	<b>656,235</b>	<b>656,235</b>	<b>133,740</b>	<b>522,495</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(491,835)</b>	<b>(491,835)</b>	<b>30,851</b>	<b>522,686</b>
Total Fund Balance, July 1, 2004	491,835	491,835	502,162	10,327
<b>Total Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 533,013</b>	<b>\$ 533,013</b>

**Reconciliation of Budgetary expenditures to GAAP expenses**

Expenditures - Budgetary Basis	\$ 133,740
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(12,041)
Loss on disposal of assets is not reported on the budgetary basis but is reported as an expense on the GAAP basis	5,008
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	13,228
<b>Expenses - GAAP Basis</b>	<b>\$ 139,935</b>



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, 2005

	<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>				
Fines and lot rental fees	\$ 326,400	\$ 326,400	\$ 325,476	\$ (924)
Parking improvement fees	22,500	22,500	1,016,040	993,540
Investment income	8,500	8,500	10,917	2,417
<b>Total Revenues</b>	<b>357,400</b>	<b>357,400</b>	<b>1,352,433</b>	<b>995,033</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	56,357	60,857	59,734	1,123
Materials and services	199,900	204,900	195,270	9,630
Interfund charges	78,900	89,900	88,877	1,023
Contingency	33,100	12,600	-	12,600
Construction reserves	150,800	150,800	-	150,800
Unappropriated ending fund balance	264,794	264,794	-	264,794
<b>Total Expenditures</b>	<b>783,851</b>	<b>783,851</b>	<b>343,881</b>	<b>439,970</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(426,451)</b>	<b>(426,451)</b>	<b>1,008,552</b>	<b>1,435,003</b>
<b>Total Fund Balance, July 1, 2004</b>	<b>426,451</b>	<b>426,451</b>	<b>455,516</b>	<b>29,065</b>
<b>Total Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,464,068</b>	<b>\$ 1,464,068</b>

**Reconciliation of Budgetary expenditures to GAAP expenses**

Expenditures - Budgetary Basis	\$ 343,881
Loss on disposal of assets is not reported on the budgetary basis but is reported as an expense on the GAAP basis	4,317
<b>Expenses - GAAP Basis</b>	<b>\$ 348,198</b>

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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.

### Building Operations Division

To account for maintenance services on 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 & Support Services 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 Services Division

To account for the administration of the City's economic development activities. 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, 2005

	Public Works				Economic	Total		
	Garage Division	Information Technology Division	Building Operations Division	Engineering Division			Administra- tion & Support Division	Risk Manage- ment Division
<b>Assets</b>								
Current assets:								
Pooled cash and investments	\$ 183,010	\$ 635,281	\$ 1,025,257	\$ 1,334,617	\$ 814,970	\$ 1,239,318	\$ 698,120	\$ 30,823
Accounts receivable, net	2,568	-	-	-	-	3,314	726	-
Inventories	23,997	-	-	-	-	-	-	-
Prepays and deposits	-	-	-	-	-	-	11,819	-
Bond issue costs, net	-	-	4,938	-	-	-	-	-
<b>Total Current Assets</b>	<b>209,575</b>	<b>635,281</b>	<b>1,030,195</b>	<b>1,334,617</b>	<b>814,970</b>	<b>1,242,632</b>	<b>710,665</b>	<b>30,823</b>
Noncurrent assets:								
Capital assets, net	73,984	655,078	9,285,895	106,338	168,307	-	-	-
Bond issue costs, net	-	-	100,820	-	-	-	-	-
<b>Total Noncurrent Assets</b>	<b>73,984</b>	<b>655,078</b>	<b>9,386,715</b>	<b>106,338</b>	<b>168,307</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>283,559</b>	<b>1,290,359</b>	<b>10,416,910</b>	<b>1,440,955</b>	<b>983,277</b>	<b>1,242,632</b>	<b>710,665</b>	<b>30,823</b>
<b>Liabilities</b>								
Current liabilities:								
Accounts payable	85,834	29,830	49,791	27,467	171,769	47,821	66,201	747
Salaries and benefits payable	5,089	7,237	-	25,470	20,185	-	24,831	1,141
Other accrued liabilities:								
Compensated absences	19,831	23,336	-	61,576	83,449	-	75,522	-
Interest	-	-	24,366	-	-	-	-	-
Insurance claims	-	-	-	-	-	45,156	-	-
Deposits	-	-	-	-	-	432,165	-	-
Current portion of long-term debt	-	-	174,000	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>110,754</b>	<b>60,403</b>	<b>248,157</b>	<b>114,513</b>	<b>275,403</b>	<b>525,142</b>	<b>166,554</b>	<b>1,888</b>
Noncurrent liabilities:								
Long-term debt, net	-	-	6,123,000	-	-	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>6,123,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>110,754</b>	<b>60,403</b>	<b>6,371,157</b>	<b>114,513</b>	<b>275,403</b>	<b>525,142</b>	<b>166,554</b>	<b>1,888</b>
<b>Net Assets</b>								
Invested in capital assets, net of related debt	73,984	655,078	2,988,895	106,338	168,307	-	-	-
Unrestricted	98,821	574,878	1,056,858	1,220,104	539,567	717,490	544,111	28,935
<b>Total Net Assets</b>	<b>\$ 172,805</b>	<b>\$ 1,229,956</b>	<b>\$ 4,045,753</b>	<b>\$ 1,326,442</b>	<b>\$ 707,874</b>	<b>\$ 717,490</b>	<b>\$ 544,111</b>	<b>\$ 28,935</b>
								<b>\$ 8,773,366</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, 2005

	Public Works Administration				Risk Management			Economic Development		
	Garage Division	Information Technology Division	Building Operations Division	Engineering Division	Administration & Financial Services Division	Management Division	Administration Services Division	Development Services Division	Administration Services Division	Total
<b>Operating Revenues</b>										
Charges for services	\$ 1,540,563	\$ 1,187,750	\$ -	\$ 2,969,017	\$ 2,372,700	\$ 7,414,164	\$ 3,417,625	\$ 108,100	\$ 19,009,919	
Rental income	-	-	1,119,300	-	-	-	-	-	1,119,300	
Insurance settlement and refunds	-	-	-	-	-	55,140	-	-	55,140	
Miscellaneous	3,515	9,685	83	671	2,446	-	1,889	-	18,289	
<b>Total Operating Revenues</b>	<b>1,544,078</b>	<b>1,197,435</b>	<b>1,119,383</b>	<b>2,969,688</b>	<b>2,375,146</b>	<b>7,469,304</b>	<b>3,419,514</b>	<b>108,100</b>	<b>20,202,648</b>	
<b>Operating Expenses</b>										
Salaries and benefits	524,465	637,748	-	2,211,724	1,803,461	-	2,174,349	65,449	7,417,196	
Materials and supplies	966,616	582,230	336,152	239,845	194,241	-	796,460	11,560	3,127,104	
Internal services	238,162	34,187	43,568	570,378	211,875	-	264,951	2,712	1,365,833	
Insurance premiums and claims	-	-	-	-	-	6,323,282	-	-	6,323,282	
Depreciation	20,124	158,559	258,533	33,702	19,523	-	-	-	490,441	
<b>Total Operating Expenses</b>	<b>1,749,367</b>	<b>1,412,724</b>	<b>638,253</b>	<b>3,055,649</b>	<b>2,229,100</b>	<b>6,323,282</b>	<b>3,235,760</b>	<b>79,721</b>	<b>18,723,856</b>	
<b>Operating income (loss)</b>	<b>(205,289)</b>	<b>(215,289)</b>	<b>481,130</b>	<b>(85,961)</b>	<b>146,046</b>	<b>1,146,022</b>	<b>183,754</b>	<b>28,379</b>	<b>1,478,792</b>	
<b>Other Nonoperating Revenues (Expenses)</b>										
Investment income	4,242	16,178	20,919	30,702	14,934	21,710	9,739	556	118,980	
Interest expense	-	-	(295,272)	-	-	(674,677)	-	-	(969,949)	
Amortization of bond issue costs	-	-	(4,844)	-	-	-	-	-	(4,844)	
Net loss on disposal of assets	(6,093)	(88,903)	(17,814)	(13,665)	(3,190)	-	-	-	(129,665)	
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,851)</b>	<b>(72,725)</b>	<b>(297,011)</b>	<b>17,037</b>	<b>11,744</b>	<b>(652,967)</b>	<b>9,739</b>	<b>556</b>	<b>(985,478)</b>	
<b>Income (loss)</b>	<b>(207,140)</b>	<b>(288,014)</b>	<b>184,119</b>	<b>(68,924)</b>	<b>157,790</b>	<b>493,055</b>	<b>193,493</b>	<b>28,935</b>	<b>493,314</b>	
Net Assets, July 1, 2004 as previously reported	379,945	1,517,970	3,861,634	1,395,366	550,084	145,081	350,618	-	8,200,698	
Restatement	-	-	-	-	-	79,354	-	-	79,354	
Net Assets, July 1, 2004 as restated	379,945	1,517,970	3,861,634	1,395,366	550,084	224,435	350,618	-	8,280,052	
<b>Net Assets, June 30, 2005</b>	<b>\$ 172,805</b>	<b>\$ 1,229,956</b>	<b>\$ 4,045,753</b>	<b>\$ 1,326,442</b>	<b>\$ 707,874</b>	<b>\$ 717,490</b>	<b>\$ 544,111</b>	<b>\$ 28,935</b>	<b>\$ 8,773,366</b>	

City of Bend, Oregon  
**Combining Statement of Cash Flows**  
Internal Service Fund  
For the fiscal year ended June 30, 2005

	Garage Division	Information Technology Division	Building Operations Division	Engineering Division	Public Works Administration & Support Division	Risk Management Division	Administration & Financial Services Division	Development Administration Services Division	Economic	Total
<b>Cash Flows from Operating Activities</b>										
Cash received from customers	\$ 9,821	\$ 9,685	\$ 83	\$ 1,908,188	\$ 2,446	\$ 366,839	\$ 72,459	\$ -	\$ -	\$ 2,369,521
Cash received from quasi-external operating transactions	1,532,119	1,187,750	1,119,300	1,061,500	2,372,700	7,167,917	3,343,200	108,100	17,892,586	
Cash paid to employees for services	(533,883)	(636,019)	-	(2,228,912)	(1,789,919)	-	(2,160,698)	(64,308)	(7,413,739)	
Cash paid to suppliers for goods and services	(948,846)	(586,800)	(327,310)	(238,697)	(172,748)	(6,268,877)	(801,310)	(10,813)	(9,355,401)	
Cash paid for quasi-external operating transactions	(238,162)	(34,187)	(43,568)	(570,378)	(211,875)	-	(264,951)	(2,712)	(1,365,833)	
Net Cash Provided By (Used For) Operating Activities	(178,951)	(59,571)	748,505	(68,299)	200,604	1,265,879	188,700	30,267	2,127,134	
<b>Cash Flows from Noncapital Financing Activities</b>										
Interfund loan repayment	-	-	-	-	-	243,000	-	-	-	243,000
<b>Cash Flows from Capital and Related Financing Activities</b>										
Principal payments on bonds and certificates	-	-	(173,000)	-	-	-	-	-	-	(173,000)
Interest payments on bonds and certificates	-	-	(295,849)	-	-	(674,677)	-	-	-	(970,526)
Acquisition and construction of capital assets	-	(189,849)	(190,051)	(51,326)	-	-	-	-	-	(431,236)
Net Cash Used For Capital and Related Financing Activities	-	(189,849)	(658,910)	(51,326)	-	(674,677)	-	-	-	(1,574,762)
<b>Cash Flows from Investing Activities</b>										
Investment income	4,242	16,178	20,919	30,702	14,934	21,710	9,739	556	118,980	
Net change in pooled cash and investments	(174,709)	(233,242)	110,514	(88,923)	215,538	855,912	198,439	30,823	914,352	
Pooled Cash and Investments, July 1, 2004	357,719	868,523	914,743	1,423,540	599,432	383,406	499,681	-	5,047,044	
<b>Pooled Cash and Investments, June 30, 2005</b>	\$ 183,010	\$ 635,281	\$ 1,025,257	\$ 1,334,617	\$ 814,970	\$ 1,239,318	\$ 698,120	\$ 30,823	\$ 5,961,396	

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

Internal Service Fund  
 For the fiscal year ended June 30, 2005

	Garage Division	Information Technology Division	Building Operations Division	Engineering Division	Public Works Administration & Support Division	Risk Management Division	Administration & Financial Services Division	Economic Development Administration Services Division	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>									
Operating income (loss)	\$ (205,289)	\$ (215,289)	\$ 481,130	\$ (85,951)	\$ 146,046	\$ 1,146,022	\$ 183,754	\$ 28,379	\$ 1,478,792
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:									
Depreciation	20,124	158,559	258,533	33,702	19,523	-	-	-	490,441
Change in:									
Accounts receivable	(2,138)	-	-	-	-	(2,408)	(721)	-	(5,267)
Inventories	1,136	-	-	-	-	-	-	-	1,136
Prepays and deposits	-	-	-	-	-	-	(3,134)	-	(3,134)
Accounts payable	16,634	(4,570)	8,842	1,148	21,493	-	(4,850)	747	39,444
Salaries and benefits payable	(1,741)	(948)	-	(7,565)	851	-	(4,782)	1,141	(13,044)
Compensated absences payable	(7,677)	2,677	-	(9,623)	12,691	-	18,433	-	16,501
Insurance premiums & claims payable	-	-	-	-	-	54,405	-	-	54,405
Prepays and deposits payable	-	-	-	-	-	67,860	-	-	67,860
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>\$ (178,951)</b>	<b>\$ (59,571)</b>	<b>\$ 748,505</b>	<b>\$ (68,299)</b>	<b>\$ 200,604</b>	<b>\$ 1,265,879</b>	<b>\$ 188,700</b>	<b>\$ 30,267</b>	<b>\$ 2,127,134</b>

**Noncash Capital and Related Financing Activities**

Assets costing \$5,000 or less were written off in the current year due to adjustment of the City's capitalization policy.



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, 2005

	<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	\$ 1,510,700	\$ 1,510,700	\$ 1,540,563	\$ 29,863
Investment income	5,000	5,000	4,242	(758)
Miscellaneous	-	-	3,515	3,515
<b>Total Revenues</b>	<b>1,515,700</b>	<b>1,515,700</b>	<b>1,548,320</b>	<b>32,620</b>
<b>Expenditures</b>				
Current:				
Personal services	563,995	563,995	524,465	39,530
Materials and services	840,600	947,600	966,616	(19,016)
Interfund charges	239,200	239,200	238,162	1,038
Capital outlay	15,500	15,500	-	15,500
Contingency	22,800	(84,200)	-	(84,200)
Unappropriated ending fund balance	125,046	125,046	-	125,046
<b>Total Expenditures</b>	<b>1,807,141</b>	<b>1,807,141</b>	<b>1,729,243</b>	<b>77,898</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(291,441)</b>	<b>(291,441)</b>	<b>(180,923)</b>	<b>110,518</b>
Fund Balance, July 1, 2004	291,441	291,441	303,678	12,237
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 122,755</b>	<b>\$ 122,755</b>

**Reconciliation of Budgetary expenditures to GAAP expenses**

Expenditures - Budgetary Basis	\$ 1,729,243
Loss on disposal of assets is not reported on the budgetary basis but is reported as an expense on the GAAP basis	6,093
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	20,124
<b>Expenses - GAAP Basis</b>	<b>\$ 1,755,460</b>

**Information Technology Division**

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

For the fiscal year ended June 30, 2005

	<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	\$ 1,391,900	\$ 1,391,900	\$ 1,187,750	\$ (204,150)
Investment income	12,500	12,500	16,178	3,678
Miscellaneous	-	-	9,685	9,685
<b>Total Revenues</b>	<b>1,404,400</b>	<b>1,404,400</b>	<b>1,213,613</b>	<b>(190,787)</b>
<b>Expenditures</b>				
Current:				
Personal services	671,280	671,280	637,748	33,532
Materials and services	624,400	624,400	582,230	42,170
Interfund charges	32,400	32,400	34,187	(1,787)
Capital outlay	244,000	244,000	150,798	93,202
Contingency	235,190	235,190	-	235,190
Replacement reserve	265,000	265,000	-	265,000
<b>Total Expenditures</b>	<b>2,072,270</b>	<b>2,072,270</b>	<b>1,404,963</b>	<b>667,307</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(667,870)</b>	<b>(667,870)</b>	<b>(191,350)</b>	<b>476,520</b>
Fund Balance, July 1, 2004	667,870	667,870	791,491	123,621
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 600,141</b>	<b>\$ 600,141</b>

**Reconciliation of Budgetary expenditures to GAAP expenses**

Expenditures - Budgetary Basis	\$ 1,404,963
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(150,798)
Loss on disposal of assets is not reported on the budgetary basis but is reported as an expense on the GAAP basis	88,903
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	158,559
<b>Expenses - GAAP Basis</b>	<b>\$ 1,501,627</b>

City of Bend, Oregon

**Building Operations Division**

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

For the fiscal year ended June 30, 2005

	<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	\$ 1,119,300	\$ 1,119,300	\$ 1,119,300	\$ -
Investment income	15,000	15,000	20,919	5,919
Miscellaneous	-	-	83	83
<b>Total Revenues</b>	<b>1,134,300</b>	<b>1,134,300</b>	<b>1,140,302</b>	<b>6,002</b>
<b>Expenditures</b>				
Current:				
Materials and services	372,000	372,000	336,152	35,848
Interfund charges	32,000	32,000	43,568	(11,568)
Capital outlay	795,900	795,900	215,966	579,934
Debt service	584,400	584,400	468,272	116,128
Contingency	26,853	26,853	-	26,853
Replacement reserves	690,000	690,000	-	690,000
<b>Total Expenditures</b>	<b>2,501,153</b>	<b>2,501,153</b>	<b>1,063,958</b>	<b>1,437,195</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(1,366,853)</b>	<b>(1,366,853)</b>	<b>76,344</b>	<b>1,443,197</b>
<b>Other Financing Sources</b>				
Advance from other fund	500,000	500,000	-	(500,000)
<b>Net change in fund balance</b>	<b>(866,853)</b>	<b>(866,853)</b>	<b>76,344</b>	<b>943,197</b>
<b>Fund Balance, July 1, 2004</b>	<b>866,853</b>	<b>866,853</b>	<b>900,219</b>	<b>33,366</b>
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 976,563</b>	<b>\$ 976,563</b>

**Reconciliation of Budgetary expenditures to GAAP expenses**

Expenditures - Budgetary Basis	\$ 1,063,958
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(215,966)
Amortization of bond issue costs are not reported on the budgetary basis but are reported as expenses on the GAAP basis	4,844
Principal payments on bonds reported as expenditures on the budgetary basis are reported as a reduction of bonds payable on the GAAP basis	(173,000)
Loss on disposal of assets is not reported on the budgetary basis but is reported as an expense on the GAAP basis	17,814
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	258,533
<b>Expenses - GAAP Basis</b>	<b>\$ 956,183</b>

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, 2005

	<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	\$ 3,385,000	\$ 3,385,000	\$ 2,969,017	\$ (415,983)
Investment income	19,000	19,000	30,702	11,702
Miscellaneous	-	-	671	671
<b>Total Revenues</b>	<b>3,404,000</b>	<b>3,404,000</b>	<b>3,000,390</b>	<b>(403,610)</b>
<b>Expenditures</b>				
Current:				
Personal services	2,513,095	2,513,095	2,211,724	301,371
Materials and services	477,000	477,000	239,845	237,155
Interfund charges	606,000	606,000	570,378	35,622
Capital Outlay	70,000	70,000	28,904	41,096
Contingency	503,900	503,900	-	503,900
Unappropriated ending fund balance	350,035	350,035	-	350,035
<b>Total Expenditures</b>	<b>4,520,030</b>	<b>4,520,030</b>	<b>3,050,851</b>	<b>1,469,179</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(1,116,030)</b>	<b>(1,116,030)</b>	<b>(50,461)</b>	<b>1,065,569</b>
<b>Other Financing Sources (Uses)</b>				
Interfund loan repayment	115,500	115,500	-	(115,500)
Advances to other fund	(500,000)	(500,000)	-	500,000
<b>Total Other Financing Sources (Uses)</b>	<b>(384,500)</b>	<b>(384,500)</b>	<b>-</b>	<b>384,500</b>
Net change in fund balance	(1,500,530)	(1,500,530)	(50,461)	1,450,069
Fund Balance, July 1, 2004	1,500,530	1,500,530	1,291,214	(209,316)
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,240,753</b>	<b>\$ 1,240,753</b>

**Reconciliation of Budgetary expenditures to GAAP expenditures**

Expenditures - Budgetary Basis	\$ 3,050,851
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(28,904)
Loss on disposal of assets is not reported on the budgetary basis but is reported as an expense on the GAAP basis	13,665
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	33,702
<b>Expenses - GAAP Basis</b>	<u><u>\$ 3,069,314</u></u>

**Public Works Administration and Support Services Division**

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

For the fiscal year ended June 30, 2005

	Budget		Actual Budget Basis	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for services	\$ 2,372,700	\$ 2,372,700	\$ 2,372,700	\$ -
Investment income	6,000	6,000	14,934	8,934
Miscellaneous	-	-	2,446	2,446
<b>Total Revenues</b>	<b>2,378,700</b>	<b>2,378,700</b>	<b>2,390,080</b>	<b>11,380</b>
<b>Expenditures</b>				
Current:				
Personal services	1,828,148	1,828,148	1,803,461	24,687
Materials and services	235,500	235,500	194,241	41,259
Interfund charges	210,800	210,800	211,875	(1,075)
Capital outlay	174,300	174,300	138,929	35,371
Contingency	260,900	260,900	-	260,900
Unappropriated ending fund balance	159,971	159,971	-	159,971
<b>Total Expenditures</b>	<b>2,869,619</b>	<b>2,869,619</b>	<b>2,348,506</b>	<b>521,113</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(490,919)</b>	<b>(490,919)</b>	<b>41,574</b>	<b>532,493</b>
Fund Balance, July 1, 2004	490,919	490,919	554,342	63,423
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 595,916</b>	<b>\$ 595,916</b>

**Reconciliation of Budgetary expenditures to GAAP expenses**

Expenditures - Budgetary Basis	\$ 2,348,506
Capital outlay reported as expenditures on the budgetary basis are reported as assets on the GAAP basis	(138,929)
Loss on disposal of assets is not reported on the budgetary basis but is reported as expense on the GAAP basis	3,190
Depreciation not reported on the budgetary basis is reported as an expense on the GAAP basis	19,523
<b>Expenses - GAAP Basis</b>	<b>\$ 2,232,290</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, 2005

	<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	\$ 8,250,900	\$ 8,250,900	\$ 7,414,164	\$ (836,736)
Insurance settlements and refunds	15,000	15,000	55,140	40,140
Investment income	17,000	17,000	21,710	4,710
<b>Total Revenues</b>	<b>8,282,900</b>	<b>8,282,900</b>	<b>7,491,014</b>	<b>(791,886)</b>
<b><u>Expenditures</u></b>				
Current:				
Materials and services	6,711,900	6,711,900	6,323,282	388,618
Debt service	829,900	806,500	674,677	131,823
Contingency	266,400	289,800	-	289,800
Insurance reserves	800,000	800,000	-	800,000
Unappropriated ending fund balance	570,006	570,006	-	570,006
<b>Total Expenditures</b>	<b>9,178,206</b>	<b>9,178,206</b>	<b>6,997,959</b>	<b>2,180,247</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(895,306)</b>	<b>(895,306)</b>	<b>493,055</b>	<b>1,388,361</b>
<b><u>Other Financing Sources</u></b>				
Interfund loan repayment	243,000	243,000	243,000	-
<b>Net change in fund balance</b>	<b>(652,306)</b>	<b>(652,306)</b>	<b>736,055</b>	<b>1,388,361</b>
Fund Balance, July 1, 2004	652,306	652,306	569,956	(82,350)
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,306,011</b>	<b>\$ 1,306,011</b>

**Reconciliation of Budgetary expenditures to GAAP expenses**

Other Financing Sources (Uses) - Budgetary Basis	\$ 243,000
Interfund loan repayments reported as other financing source on the budgetary basis are reported as a reduction in assets on the GAAP basis	(243,000)
<b>Other Financing Sources (Uses) - GAAP Basis</b>	<b>\$ -</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, 2005

	<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	\$ 3,379,200	\$ 3,379,200	\$ 3,417,625	\$ 38,425
Investment income	5,100	5,100	9,739	4,639
Miscellaneous	-	-	1,889	1,889
<b>Total Revenues</b>	<b>3,384,300</b>	<b>3,384,300</b>	<b>3,429,253</b>	<b>44,953</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	2,357,788	2,357,788	2,174,349	183,439
Materials and services	939,300	939,300	796,460	142,840
Interfund charges	293,200	293,200	264,951	28,249
Contingency	163,500	163,500	-	163,500
Unappropriated ending fund balance	13,985	13,985	-	13,985
<b>Total Expenditures</b>	<b>3,767,773</b>	<b>3,767,773</b>	<b>3,235,760</b>	<b>532,013</b>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<b>(383,473)</b>	<b>(383,473)</b>	<b>193,493</b>	<b>576,966</b>
Fund Balance, July 1, 2004	383,473	383,473	414,115	30,642
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 607,608</b>	<b>\$ 607,608</b>

City of Bend, Oregon

**Economic Development Administration Services Division**

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

For the fiscal year ended June 30, 2005

	<u>Budget</u>		<u>Actual</u> <u>Budget</u> <u>Basis</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b><u>Revenues</u></b>				
Charges for services	\$ 108,100	\$ 108,100	\$ 108,100	\$ -
Investment income	-	-	556	556
<b>Total Revenues</b>	<b>108,100</b>	<b>108,100</b>	<b>108,656</b>	<b>556</b>
<b><u>Expenditures</u></b>				
Current:				
Personal services	84,725	84,725	65,449	19,276
Materials and services	11,000	11,000	11,560	(560)
Interfund charges	3,000	3,000	2,712	288
Contingency	9,375	9,375	-	9,375
<b>Total Expenditures</b>	<b>108,100</b>	<b>108,100</b>	<b>79,721</b>	<b>28,379</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>28,935</b>	<b>28,935</b>
Fund Balance, July 1, 2004	-	-	-	-
<b>Fund Balance, June 30, 2005</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,935</b>	<b>\$ 28,935</b>



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

Schedule of Expenditures by Appropriation Levels  
 For the fiscal year ended June 30, 2005

	<u>Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance Positive (Negative)</u>
Garage division	\$ 1,766,295	\$ 1,729,243	\$ 37,052
Information technology division	1,572,080	1,404,963	167,117
Building operations division	1,784,300	1,063,958	720,342
Engineering division	4,166,095	3,050,851	1,115,244
Public works administration and support services division	2,448,748	2,348,506	100,242
Risk management division	7,518,400	6,997,959	520,441
Administration and financial services division	3,590,288	3,235,760	354,528
Economic development administration services division	98,725	79,721	19,004
Contingency	1,405,318	-	1,405,318
Other requirements	1,755,000	-	1,755,000
	<b>\$ 26,105,249</b>	<b>\$ 19,910,961</b>	<b>\$ 6,194,288</b>

City of Bend, Oregon

**Statement of Changes in Assets and Liabilities**

Agency Fund

For the fiscal year ended June 30, 2005

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2004</u>		<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2005</u>
<b><u>Assets</u></b>					
Cash and investments	\$ 590,002	\$	7,315,723	\$ (7,010,326)	\$ 895,399
Accounts receivable, net	710		82	(626)	166
<b>Total Assets</b>	<b>\$ 590,712</b>	<b>\$</b>	<b>7,315,805</b>	<b>\$ (7,010,952)</b>	<b>\$ 895,565</b>
<b><u>Liabilities</u></b>					
Amounts held for others	\$ 590,712	\$	7,315,805	\$ (7,010,952)	\$ 895,565
<b>Total Liabilities</b>	<b>\$ 590,712</b>	<b>\$</b>	<b>7,315,805</b>	<b>\$ (7,010,952)</b>	<b>\$ 895,565</b>

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City of Bend, Oregon  
**Schedule of Property Tax Transactions**  
 For the fiscal year ended June 30, 2005

<u>Fiscal Year</u>	<u>Uncollected Balances July 1, 2004</u>	<u>Current Year's Levy</u>	<u>Adjustments, Interest and Discounts</u>	<u>Net Collections</u>	<u>Uncollected Balances June 30, 2005</u>
Prior	\$ 551	\$ -	\$ 368	\$ (306)	613
1995-96	331	-	55	(136)	250
1996-97	230	-	-	-	230
1997-98	359	-	(88)	(31)	240
1998-99	988	-	(235)	(117)	636
1999-00	9,722	-	(6,098)	(1,867)	1,757
2000-01	29,635	-	5,117	(29,846)	4,906
2001-02	80,640	-	(4,440)	(51,128)	25,072
2002-03	251,517	-	(78,200)	(99,106)	74,211
2003-04	421,164	-	98,864	(381,033)	138,995
2004-05	-	17,154,256	(475,507)	(16,163,743)	515,006
<b>Totals</b>	<b>\$ 795,137</b>	<b>\$ 17,154,256</b>	<b>\$ (460,164)</b>	<b>\$ (16,727,313)</b>	<b>761,916</b>

Reconciliation to revenues:

Collections	\$ 16,727,313
Change in property tax receivable	(33,221)
Change in deferred property taxes	18,996
Other	6,743
<b>Total Property Tax Revenues</b>	<b>\$ 16,719,831</b>

<u>Summary by fund</u>	<u>Revenues</u>	<u>Property tax Receivable</u>
General Fund	\$ 8,289,151	\$ 666,361
Fire/EMS Fund	6,320,064	-
Urban Renewal Debt Service Fund	2,110,616	95,555
<b>Totals</b>	<b>\$ 16,719,831</b>	<b>\$ 761,916</b>

City of Bend, Oregon

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

For the fiscal year ended June 30, 2005

Series	Issue Date	Final Maturity Date	Amount of Original Issue	Unmatured and Outstanding July 1, 2004	Bonds Issued	Bonds Called and Matured	Unmatured and Outstanding June 30, 2005
<b>Limited Tax Improvement Bonds:</b>							
Series 1998	06/01/98	06/01/08	\$ 575,000	\$ 175,000	\$ -	\$ 175,000	\$ -
Series 2002	07/25/02	08/01/11	1,071,000	667,000	-	74,000	593,000
Series 2003	01/10/03	12/01/12	1,322,000	994,000	-	174,000	820,000
Total Limited Tax Improvement				1,836,000	-	423,000	1,413,000
<b>Revenue Bonds:</b>							
Water:							
Series 1994	10/01/94	10/01/14	1,000,000	680,000	-	680,000	-
Series 2000	10/01/00	10/01/20	4,000,000	3,610,000	-	140,000	3,470,000
Sewer:							
Series 1994	10/01/94	10/01/14	1,000,000	680,000	-	680,000	-
Series 1997	12/01/97	02/01/18	4,000,000	3,165,000	-	165,000	3,000,000
Series 2000	10/01/00	10/01/20	7,000,000	6,325,000	-	245,000	6,080,000
Series 2002	11/15/02	11/01/22	5,500,000	5,305,000	-	200,000	5,105,000
Total Revenue Bonds				19,765,000	-	2,110,000	17,655,000
<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	255,000	-	50,000	205,000
Airport, series 2003	04/01/03	12/01/13	279,200	257,500	-	22,800	234,700
Fire stations, series 1999	05/01/99	06/01/24	4,275,000	3,860,000	-	120,000	3,740,000
Transportation system series 2000	09/01/00	09/01/20	6,000,000	5,425,000	-	210,000	5,215,000
Police facility, series 2002	06/01/02	12/01/26	7,130,000	6,890,000	-	250,000	6,640,000
Transportation system, fire and street equipment, series 2003	04/01/03	12/01/22	13,050,800	12,457,500	-	667,200	11,790,300
Pension Obligation Bonds, series 2004	05/27/04	06/01/28	13,725,000	13,725,000	-	-	13,725,000
Total Full Faith & Credit Obligation Bonds:				43,970,000	-	1,320,000	42,650,000
<b>Certificates of Participation:</b>							
Fire/EMS equipment, series 1995	08/01/95	08/01/07	3,000,000	1,210,000	-	285,000	925,000
Total Certificates of Participation				1,210,000	-	285,000	925,000
<b>Tax Increment Bonds</b>							
Urban Renewal Advance Refunding							
bonds series 1998	11/01/98	06/01/18	7,485,000	5,850,000	-	310,000	5,540,000
Series 2004A	06/21/04	12/01/06	3,600,000	3,600,000	-	350,000	3,250,000
Series 2004B	06/21/04	12/01/13	6,900,000	6,900,000	-	-	6,900,000
Total Tax Increment Bonds				16,350,000	-	660,000	15,690,000
<b>Notes Payable:</b>							
Oregon Economic & Community Development Department:							
Pacific Aviation Composites	10/15/97	12/01/17	655,000	598,570	-	18,678	579,892
Woodriver Village sewer	01/23/02	01/01/22	300,000	276,543	-	11,807	264,736
Total Notes Payable				875,113	-	30,485	844,628
<b>Total Long-Term Debt</b>				<b>\$ 84,006,113</b>	<b>\$ -</b>	<b>\$ 4,828,485</b>	<b>\$ 79,177,628</b>

City of Bend, Oregon

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

For the fiscal year ended June 30, 2005

Series	Interest Rates on Outstanding Balances	Unmatured and Outstanding July 1, 2004	Bonds Issued	Coupons Called and Matured	Unmatured and Outstanding June 30, 2005
<b>Limited Tax Improvement Bonds:</b>					
Series 1998	4.60% - 5.05%	\$ 35,350	\$ -	\$ (35,350)	\$ -
Series 2002	5.75%	163,702	-	(37,317)	126,385
Series 2003	5.00%	273,875	-	(86,350)	187,525
<b>Total Limited Tax Improvement</b>		<b>472,927</b>	<b>-</b>	<b>(159,017)</b>	<b>313,910</b>
<b>Revenue Bonds:</b>					
<b>Water:</b>					
Series 1994	5.45% - 6.20%	252,793	-	(252,793)	-
Series 2000	4.40% - 5.38%	1,834,200	-	(180,357)	1,653,843
<b>Sewer:</b>					
Series 1994	5.45% - 6.20%	252,793	-	(252,793)	-
Series 1997	4.25% - 5.00%	1,288,408	-	(152,915)	1,135,493
Series 2000	4.40% - 5.38%	3,203,706	-	(315,022)	2,888,684
Series 2002	3.00% - 4.75%	2,536,550	-	(215,011)	2,321,539
<b>Total Revenue Bonds</b>		<b>9,368,450</b>	<b>-</b>	<b>(1,368,891)</b>	<b>7,999,559</b>
<b>Full Faith &amp; Credit Obligation Bonds:</b>					
Airport, series 1999A	5.25% - 5.30%	551,643	-	(44,315)	507,328
Airport, series 1999B	5.38%	96,481	-	(13,975)	82,506
Airport, series 1999C	6.45% - 7.40%	53,215	-	(18,145)	35,070
Airport, series 2003	2.00% - 3.70%	44,948	-	(7,368)	37,580
Fire stations, series 1999	3.80% - 4.85%	2,231,095	-	(178,228)	2,052,867
Transportation system, series 2000	4.35% - 5.30%	2,734,128	-	(270,495)	2,463,633
Police facility, series 2002	4.00% - 5.00%	4,253,316	-	(311,112)	3,942,204
Transportation system, fire and street equipment series 2003	2.00% - 4.50%	4,882,430	-	(431,524)	4,450,906
Pension Obligation Bonds, series 2004	6.16%	15,155,031	-	(829,860)	14,325,171
<b>Total Full Faith &amp; Credit Obligation Bonds:</b>		<b>30,002,287</b>	<b>-</b>	<b>(2,105,022)</b>	<b>27,897,265</b>
<b>Certificates of Participation:</b>					
Fire/EMS equipment, series 1995	5.00% - 5.25%	129,170	-	(55,238)	73,932
<b>Total Certificates of Participation</b>		<b>129,170</b>	<b>-</b>	<b>(55,238)</b>	<b>73,932</b>
<b>Tax Increment Bonds</b>					
Urban Renewal Advance Refunding bonds series 1998	3.75% - 4.85%	2,211,730	-	(260,443)	1,951,287
Series 2004A	5.00%	549,250	-	(161,250)	388,000
Series 2004B	4.25%	2,264,471	-	(276,958)	1,987,513
<b>Total Tax Increment Bonds</b>		<b>5,025,451</b>	<b>-</b>	<b>(698,651)</b>	<b>4,326,800</b>
<b>Notes Payable:</b>					
<b>Oregon Economic &amp; Community Development Department:</b>					
Pacific Aviation Composites	5.01%	266,662	-	(29,552)	237,110
Woodriver Village sewer	3.00% - 5.00%	137,886	-	(12,315)	125,571
<b>Total Notes Payable</b>		<b>404,548</b>	<b>-</b>	<b>(41,867)</b>	<b>362,681</b>
<b>Total Long-Term Debt</b>		<b>\$ 45,402,833</b>	<b>\$ -</b>	<b>\$ (4,428,686)</b>	<b>\$ 40,974,147</b>

City of Bend, Oregon

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

June 30,2005

<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>
2005-06	\$ 159,000	\$ 73,005	\$ 232,005	\$ 77,000	\$ 33,005	\$ 82,000	\$ 40,000
2006-07	167,000	64,370	231,370	81,000	28,520	86,000	35,850
2007-08	179,000	55,276	234,276	88,000	23,776	91,000	31,500
2008-09	188,000	45,534	233,534	91,000	18,659	97,000	26,875
2009-10	200,000	35,290	235,290	97,000	13,340	103,000	21,950
2010-11	218,000	24,372	242,372	109,000	7,647	109,000	16,725
2011-12	165,000	12,638	177,638	50,000	1,438	115,000	11,200
2012-13	137,000	3,425	140,425	-	-	137,000	3,425
	<u>\$ 1,413,000</u>	<u>\$ 313,910</u>	<u>\$ 1,726,910</u>	<u>\$ 593,000</u>	<u>\$ 126,385</u>	<u>\$ 820,000</u>	<u>\$ 187,525</u>

City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
Revenue Bonds**  
June 30, 2005

**Water Revenue Bonds**

Fiscal Year	Total Requirements			Series 2000	
	Principal	Interest	Total	Principal	Interest
2005-06	\$ 145,000	\$ 173,981	\$ 318,981	\$ 145,000	\$ 173,981
2006-07	155,000	167,192	322,192	155,000	167,192
2007-08	160,000	159,986	319,986	160,000	159,986
2008-09	170,000	152,353	322,353	170,000	152,353
2009-10	175,000	144,245	319,245	175,000	144,245
2010-11	185,000	135,648	320,648	185,000	135,648
2011-12	195,000	126,480	321,480	195,000	126,480
2012-13	205,000	116,626	321,626	205,000	116,626
2013-14	215,000	105,750	320,750	215,000	105,750
2014-15	225,000	93,980	318,980	225,000	93,980
2015-16	240,000	81,541	321,541	240,000	81,541
2016-17	250,000	68,433	318,433	250,000	68,433
2017-18	265,000	54,657	319,657	265,000	54,657
2018-19	280,000	40,044	320,044	280,000	40,044
2019-20	295,000	24,591	319,591	295,000	24,591
2020-21	310,000	8,336	318,336	310,000	8,336
	<b>\$ 3,470,000</b>	<b>\$ 1,653,843</b>	<b>\$ 5,123,843</b>	<b>\$ 3,470,000</b>	<b>\$ 1,653,843</b>

**Sewer Revenue Bonds**

Fiscal Year	Total Requirements			Series 1997		Series 2000		Series 2002	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2005-06	\$ 630,000	\$ 658,578	\$ 1,288,578	\$ 175,000	\$ 145,737	\$ 255,000	\$ 303,830	\$ 200,000	\$ 209,011
2006-07	655,000	632,923	1,287,923	180,000	138,037	270,000	291,950	205,000	202,936
2007-08	685,000	605,851	1,290,851	190,000	129,847	280,000	279,368	215,000	196,636
2008-09	710,000	577,382	1,287,382	195,000	121,202	295,000	266,069	220,000	190,111
2009-10	745,000	547,006	1,292,006	205,000	111,940	310,000	251,848	230,000	183,218
2010-11	775,000	514,545	1,289,545	215,000	102,202	325,000	236,685	235,000	175,658
2011-12	810,000	479,759	1,289,759	225,000	91,775	340,000	220,640	245,000	167,344
2012-13	850,000	442,248	1,292,248	235,000	80,750	360,000	203,125	255,000	158,373
2013-14	890,000	401,915	1,291,915	250,000	69,000	375,000	184,199	265,000	148,716
2014-15	935,000	357,902	1,292,902	260,000	56,500	395,000	164,371	280,000	137,031
2015-16	985,000	309,959	1,294,959	275,000	43,500	420,000	142,965	290,000	123,494
2016-17	1,035,000	259,073	1,294,073	290,000	29,750	440,000	119,960	305,000	109,363
2017-18	1,090,000	205,523	1,295,523	305,000	15,253	465,000	95,751	320,000	94,519
2018-19	825,000	149,107	974,107	-	-	490,000	70,144	335,000	78,963
2019-20	865,000	105,828	970,828	-	-	515,000	43,134	350,000	62,694
2020-21	910,000	60,358	970,358	-	-	545,000	14,645	365,000	45,713
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>\$ 14,185,000</b>	<b>\$ 6,345,716</b>	<b>\$ 20,530,716</b>	<b>\$ 3,000,000</b>	<b>\$ 1,135,493</b>	<b>\$ 6,080,000</b>	<b>\$ 2,888,684</b>	<b>\$ 5,105,000</b>	<b>\$ 2,321,539</b>



City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
 Full Faith & Credit Obligations**  
 June 30, 2005

Fiscal Year	Total Requirements			Airport Series 1999		Fire Stations Series 1999		Transportation System Series 2000	
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest
2005-06	\$ 1,360,000	\$ 2,054,039	\$ 3,414,039	\$ 55,000	\$ 72,985	\$ 120,000	\$ 173,427	\$ 220,000	\$ 260,980
2006-07	1,395,000	2,010,619	3,405,619	55,000	69,135	125,000	168,627	230,000	250,910
2007-08	1,435,000	1,965,654	3,400,654	60,000	65,230	130,000	163,502	240,000	240,275
2008-09	1,360,000	1,916,224	3,276,224	65,000	60,880	140,000	158,107	250,000	229,065
2009-10	1,350,000	1,862,355	3,212,355	70,000	56,677	145,000	152,227	265,000	216,027
2010-11	1,455,000	1,804,096	3,259,096	70,000	52,915	155,000	146,065	280,000	201,040
2011-12	1,555,000	1,740,958	3,295,958	75,000	49,152	160,000	139,400	295,000	186,260
2012-13	1,675,000	1,675,165	3,350,165	85,000	45,121	170,000	132,360	305,000	171,707
2013-14	1,710,000	1,602,753	3,312,753	85,000	40,640	180,000	124,795	325,000	156,110
2014-15	1,825,000	1,524,826	3,349,826	125,000	36,177	185,000	116,605	340,000	139,315
2015-16	1,965,000	1,437,693	3,402,693	130,000	29,615	200,000	107,725	360,000	121,105
2016-17	2,100,000	1,341,799	3,441,799	135,000	22,790	210,000	98,125	375,000	101,627
2017-18	2,270,000	1,236,580	3,506,580	145,000	15,635	220,000	88,045	400,000	81,090
2018-19	2,435,000	1,121,229	3,556,229	150,000	7,952	230,000	77,485	420,000	59,360
2019-20	2,480,000	995,476	3,475,476	-	-	245,000	66,445	445,000	36,437
2020-21	2,660,000	866,354	3,526,354	-	-	260,000	54,562	465,000	12,325
2021-22	2,385,000	738,766	3,123,766	-	-	275,000	41,952	-	-
2022-23	2,565,000	612,931	3,177,931	-	-	285,000	28,615	-	-
2023-24	1,910,000	496,280	2,406,280	-	-	305,000	14,798	-	-
2024-25	1,775,000	387,303	2,162,303	-	-	-	-	-	-
2025-26	1,950,000	283,161	2,233,161	-	-	-	-	-	-
2026-27	2,140,000	168,454	2,308,454	-	-	-	-	-	-
2027-28	895,000	54,550	949,550	-	-	-	-	-	-
	<b>\$ 42,650,000</b>	<b>\$ 27,897,265</b>	<b>\$ 70,547,265</b>	<b>\$ 1,305,000</b>	<b>\$ 624,904</b>	<b>\$ 3,740,000</b>	<b>\$ 2,052,867</b>	<b>\$ 5,215,000</b>	<b>\$ 2,463,633</b>

City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
 Full Faith & Credit Obligations (Continued)**  
 June 30, 2005

Fiscal Year	Police Facility and Street Equipment Series 2002		Transportation System, Fire, Airport and Street Equipment Series 2003		Pension Obligation Bonds Series 2004	
	Principal	Interest	Principal	Interest	Principal	Interest
	2005-06	\$ 255,000	\$ 301,013	\$ 710,000	\$ 424,893	\$ -
2006-07	265,000	290,613	720,000	410,593	-	820,741
2007-08	275,000	279,813	730,000	396,093	-	820,741
2008-09	285,000	268,613	570,000	378,818	50,000	820,741
2009-10	200,000	258,913	585,000	360,068	85,000	818,443
2010-11	210,000	250,713	610,000	339,093	130,000	814,270
2011-12	220,000	241,976	630,000	316,656	175,000	807,514
2012-13	230,000	232,695	655,000	294,956	230,000	798,326
2013-14	240,000	222,701	595,000	272,486	285,000	786,021
2014-15	250,000	211,982	580,000	250,603	345,000	770,144
2015-16	260,000	200,663	605,000	228,006	410,000	750,579
2016-17	275,000	188,454	620,000	203,885	485,000	726,918
2017-18	290,000	175,207	650,000	178,160	565,000	698,443
2018-19	305,000	161,000	680,000	150,555	650,000	664,877
2019-20	320,000	145,840	720,000	120,975	750,000	625,779
2020-21	335,000	129,625	750,000	89,175	850,000	580,667
2021-22	355,000	112,375	790,000	54,900	965,000	529,539
2022-23	370,000	94,250	825,000	18,571	1,085,000	471,495
2023-24	390,000	75,250	-	-	1,215,000	406,232
2024-25	415,000	55,125	-	-	1,360,000	332,178
2025-26	435,000	33,875	-	-	1,515,000	249,286
2026-27	460,000	11,508	-	-	1,680,000	156,946
2027-28	-	-	-	-	895,000	54,550
	<b>\$ 6,640,000</b>	<b>\$ 3,942,204</b>	<b>\$ 12,025,000</b>	<b>\$ 4,488,486</b>	<b>\$ 13,725,000</b>	<b>\$ 14,325,171</b>

City of Bend, Oregon

**Schedule of Future Debt Service Requirements of  
Certificates of Participation**

June 30,2005

<u>Fiscal Year</u>	<u>Fire/EMS Equipment</u>	
	<u>Series 1995</u>	
	<u>Principal</u>	<u>Interest</u>
2005-06	\$ 300,000	\$ 40,463
2006-07	300,000	24,938
2007-08	325,000	8,531
	<u>\$ 925,000</u>	<u>\$ 73,932</u>

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

June 30,2005

**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>
2005-06	\$ 825,000	\$ 691,758	\$ 1,516,758	\$ 325,000	\$ 248,508	\$ 500,000	\$ 443,250
2006-07	1,065,000	648,133	1,713,133	340,000	235,508	725,000	412,625
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	-	-
	<u>\$ 15,690,000</u>	<u>\$ 4,326,800</u>	<u>\$ 20,016,800</u>	<u>\$ 5,540,000</u>	<u>\$ 1,951,287</u>	<u>\$ 10,150,000</u>	<u>\$ 2,375,513</u>

City of Bend, Oregon  
**Schedule of Future Debt Service Requirements of  
Notes Payable**  
June 30,2005

Oregon Economic & Community Development Department

<u>Fiscal Year</u>	<u>Total Requirements</u>			<u>Pacific Aviation Composites 1998</u>		<u>Woodriver Village Sewer 2002</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005-06	\$ 35,627	\$ 40,680	\$ 76,307	\$ 23,766	\$ 28,720	\$ 11,861	\$ 11,960
2006-07	35,779	39,225	75,004	23,857	27,650	11,922	11,575
2007-08	35,942	37,704	73,646	23,950	26,564	11,992	11,140
2008-09	48,800	36,134	84,934	36,732	25,450	12,068	10,684
2009-10	54,166	33,906	88,072	42,016	23,705	12,150	10,201
2010-11	54,568	31,308	85,876	42,330	21,605	12,238	9,703
2011-12	54,991	28,672	83,663	42,657	19,489	12,334	9,183
2012-13	60,435	26,004	86,439	48,000	17,357	12,435	8,647
2013-14	71,876	23,050	94,926	54,333	14,957	17,543	8,093
2014-15	72,459	19,536	91,995	54,800	12,241	17,659	7,295
2015-16	78,072	15,975	94,047	60,289	9,501	17,783	6,474
2016-17	78,720	12,116	90,836	60,805	6,487	17,915	5,629
2017-18	84,410	8,162	92,572	66,357	3,384	18,053	4,778
2018-19	18,202	3,903	22,105	-	-	18,202	3,903
2019-20	18,359	3,011	21,370	-	-	18,359	3,011
2020-21	18,523	2,111	20,634	-	-	18,523	2,111
2021-22	23,699	1,184	24,883	-	-	23,699	1,184
	<u>\$ 844,628</u>	<u>\$ 362,681</u>	<u>\$ 1,207,309</u>	<u>\$ 579,892</u>	<u>\$ 237,110</u>	<u>\$ 264,736</u>	<u>\$ 125,571</u>

## 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 115 to 119)

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 120 to 123)

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

### Debt Capacity (pages 124 to 129)

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 130 to 132)

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 133 to 135)

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 three fiscal years

(accrual basis of account; amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 172,484	\$ 198,245	\$ 201,139
Restricted	3,818	3,006	4,031
Unrestricted	29,465	14,505	30,431
<b>Total governmental activities net assets</b>	<b>205,767</b>	<b>215,756</b>	<b>235,601</b>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	104,541	112,729	130,681
Restricted	1,732	1,381	1,207
Unrestricted	10,792	12,486	16,750
<b>Total business-type activities net assets</b>	<b>117,065</b>	<b>126,596</b>	<b>148,638</b>
<b>Primary government</b>			
Invested in capital assets, net of related debt	277,025	310,974	331,820
Restricted	5,550	4,387	5,238
Unrestricted	40,257	26,991	47,181
<b>Total primary government net assets</b>	<b>\$ 322,832</b>	<b>\$ 342,352</b>	<b>\$ 384,239</b>

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

Last three fiscal years

(accrual basis of account; amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Expenses</b>			
Governmental activities:			
General government	\$ 9,020	\$ 10,305	\$ 10,706
Public safety	16,989	18,646	20,007
Public ways and facilities	5,498	7,716	7,624
Community and economic development	4,143	5,061	6,527
Urban renewal	747	797	578
Transit	921	1,245	1,622
Interest on long-term debt	1,408	1,729	2,875
<b>Total governmental activities expenses</b>	<b>38,726</b>	<b>45,499</b>	<b>49,939</b>
Business-type activities:			
Airport	419	428	516
Water	7,291	8,811	8,082
Sewer	6,864	7,390	7,580
Other business activities	357	403	488
<b>Total business-type activities expenses</b>	<b>14,931</b>	<b>17,032</b>	<b>16,666</b>
<b>Total primary government expenses</b>	<b>\$ 53,657</b>	<b>\$ 62,531</b>	<b>\$ 66,605</b>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$ 3,681	\$ 4,683	\$ 5,032
Public safety	1,939	2,130	2,713
Public ways and facilities	2,460	2,724	2,607
Community and economic development	4,276	4,997	6,896
Urban renewal	106	108	67
Transit	78	76	257
Operating grants and contributions	6,223	7,897	8,019
Capital grants and contributions	15,472	10,098	19,179
<b>Total governmental activities program revenues</b>	<b>34,235</b>	<b>32,713</b>	<b>44,770</b>
Business-type activities:			
Charges for services:			
Airport	318	449	467
Water	6,818	8,079	8,767
Sewer	5,928	6,594	7,824
Other business activities	357	428	478
Capital grants and contributions	6,051	10,847	20,758
<b>Total business-type activities program revenues</b>	<b>19,472</b>	<b>26,397</b>	<b>38,294</b>
<b>Total primary government program revenues</b>	<b>\$ 53,707</b>	<b>\$ 59,110</b>	<b>\$ 83,064</b>
<b>Net Revenues (Expense)</b>			
Governmental activities	\$ (4,491)	\$ (12,786)	\$ (5,169)
Business-type activities	4,541	9,365	21,628
<b>Total primary government net revenues (expense)</b>	<b>\$ 50</b>	<b>\$ (3,421)</b>	<b>\$ 16,459</b>



City of Bend, Oregon

**Changes in Net Assets (Continued)**

Last three fiscal years

(accrual basis of account; amounts expressed in thousands)

	<u>2003</u>		<u>2004</u>		<u>2005</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 13,760	\$	15,079	\$	16,701
Transient room taxes	2,120		2,502		2,799
Franchise fees	3,635		3,735		4,283
Unrestricted investment income	657		367		1,169
Other revenues	720		1,092		107
Transfers	(2,158)		-		(45)
<b>Total governmental activities</b>	<b>18,734</b>		<b>22,775</b>		<b>25,014</b>
Business-type activities:					
Unrestricted investment income	445		166		368
Transfers	2,158		-		45
<b>Total business-type activities</b>	<b>2,603</b>		<b>166</b>		<b>413</b>
<b>Total primary government</b>	<b>\$ 21,337</b>	\$	<b>22,941</b>	\$	<b>25,427</b>
<b>Change in Net Assets</b>					
Governmental activities	\$ 14,243	\$	9,989	\$	19,845
Business-type activities	7,144		9,531		22,041
<b>Total primary government</b>	<b>\$ 21,387</b>	\$	<b>19,520</b>	\$	<b>41,886</b>

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

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

<u>General Fund</u>	<u>1996</u>	<u>1997</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>
Reserved	\$ -	\$ -	\$ -	\$ 890	\$ 250	\$ 250	\$ 560	\$ 220	\$ 270	\$ 80
Unreserved	3,437	3,978	4,461	2,724	3,533	4,364	3,976	4,906	6,240	7,132
<u>Total general fund</u>	<u>\$ 3,437</u>	<u>\$ 3,978</u>	<u>\$ 4,461</u>	<u>\$ 3,614</u>	<u>\$ 3,783</u>	<u>\$ 4,614</u>	<u>\$ 4,536</u>	<u>\$ 5,126</u>	<u>\$ 6,510</u>	<u>\$ 7,212</u>
<u>All Other Governmental Funds</u>										
Reserved	\$ 419	\$ 419	\$ 419	\$ 4,203	\$ 1,073	\$ -	\$ -	\$ 2,013	\$ 119	\$ 119
Unreserved, reported in:										
Special revenue funds	3,326	4,530	6,809	8,969	6,066	13,851	8,374	11,535	12,786	15,077
Debt service funds	928	892	544	335	1,270	106	90	3,818	3,006	4,031
Capital projects funds	(1,183)	(1,345)	(62)	(206)	2,856	(1,518)	(1,173)	6	10,599	7,535
<u>Total all other governmental funds</u>	<u>\$ 3,490</u>	<u>\$ 4,496</u>	<u>\$ 7,710</u>	<u>\$ 13,301</u>	<u>\$ 11,265</u>	<u>\$ 12,439</u>	<u>\$ 7,291</u>	<u>\$ 17,372</u>	<u>\$ 26,510</u>	<u>\$ 28,762</u>

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

Last ten fiscal years

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

	<u>1996</u>	<u>1997</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>
<b>Revenues</b>										
Taxes	\$ 7,590	\$ 8,019	\$ 8,353	\$ 8,746	\$ 11,532	\$ 13,171	\$ 14,461	\$ 15,888	\$ 17,635	\$ 19,519
Franchise fees	1,996	1,999	2,131	2,338	2,913	3,625	3,561	3,635	3,735	4,283
Intergovernmental	3,858	4,292	5,030	6,836	5,661	7,068	7,013	7,156	8,308	8,819
Assessments	525	435	942	340	301	119	117	3,856	669	678
License and permits	751	1,025	1,394	1,907	2,300	2,155	2,440	2,929	3,796	5,059
Charges for services	2,893	3,204	3,311	3,955	3,915	3,900	4,776	3,215	3,174	4,668
System development charges	707	1,050	2,096	1,760	1,656	3,489	3,472	4,202	5,388	6,415
Fines and forfeitures	402	379	405	442	465	475	508	492	616	685
Investment income	385	507	584	728	1,023	1,212	763	518	317	995
Proceeds from short-term borrowing	-	-	-	-	2,500	1,450	-	-	2,000	-
Miscellaneous	1,344	103	81	86	919	505	547	830	641	218
<b>Total revenues</b>	<b>20,451</b>	<b>21,013</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>Expenditures</b>										
General government	1,593	1,845	2,263	2,103	2,335	477	201	902	362	428
Public safety	9,120	9,592	10,399	11,642	13,162	14,957	16,636	18,191	19,758	21,472
Public ways and facilities	1,744	1,831	1,981	2,552	3,245	4,325	4,725	5,256	4,988	5,866
Community and economic development	2,158	2,395	2,622	3,228	4,117	4,998	5,031	4,894	5,974	7,407
Urban renewal	101	35	67	275	434	420	653	432	535	380
Transit	301	329	290	379	461	804	914	1,075	1,372	1,946
Debt service:										
Principal	565	780	820	1,115	3,525	2,082	1,024	1,404	4,311	2,442
Interest	474	489	452	496	655	750	924	972	1,468	1,744
Capital outlay	5,144	2,148	2,263	7,853	7,165	10,599	12,965	16,313	8,512	8,662
<b>Total expenditures</b>	<b>21,200</b>	<b>19,444</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>Other Financing Sources (Uses)</b>										
Issuance of long-term debt	2,970	-	575	10,952	-	6,542	493	15,509	10,500	-
Payment to escrow agent	-	-	-	(3,618)	-	-	-	-	-	-
Proceeds from sale of assets	221	4	25	4	15	26	161	720	1,171	7
Transfers in	478	650	1,069	625	562	-	800	2,082	213	795
Transfers out	(512)	(675)	(1,144)	(715)	(530)	(300)	(800)	(4,390)	(361)	(840)
<b>Total other financing sources (uses)</b>	<b>3,157</b>	<b>(21)</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>Net Change in Fund Balance</b>	<b>\$ 2,408</b>	<b>\$ 1,548</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>
Debt service as a percentage of noncapital expenditures	6.5%	7.3%	6.7%	7.4%	15.0%	9.8%	6.5%	7.2%	14.9%	10.0%

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		
	1996	\$ 2,007,290	\$ 2,007,290	\$ 103,699	\$ 103,699	\$ 41,517	\$ 41,517	\$ 2,152,506		
1997	2,222,012	2,222,012	118,061	118,061	44,330	44,330	2,384,403	2,384,403	3.00	100.0%
1998	not available	2,050,598	not available	103,898	not available	51,635	2,586,822	2,206,131	3.36	85.3%
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%

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		
1996	\$ 2.67	\$ 0.44	\$ 3.11	\$ 1.50	\$ 1.94	\$ 0.09	\$ 0.72	\$ 5.49	\$ 12.85	
1997	2.57	0.43	3.00	1.40	2.12	0.09	0.71	5.39	12.71	
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	17.17	
2003	2.80	0.19	2.99	1.46	3.29	0.09	0.69	6.14	17.65	
2004	2.80	0.20	3.00	1.46	4.47	0.09	0.68	6.10	18.80	
2005	2.80	0.24	3.04	1.46	4.94	0.09	0.68	6.10	19.36	

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. Prior to fiscal year 1998 net assessed value equaled real market value. Beginning with fiscal year 1998, Oregon Ballot Measure 50 was implemented where 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  
**Principal Taxpayers**

For the fiscal years ended June 30, 2005 and June 30, 1996  
(amounts expressed in thousands)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005</u>			<u>1996</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	\$ 51,983	1.0%	2	\$ 20,188	0.4%
Bend Millwork Systems, Inc.	Construction products	2	22,037	0.4%	7	9,951	0.2%
Deschutes Brewery Inc	Brewery	3	21,701	0.4%	-	-	0.0%
River Bend Limited Partnership	Real estate developer	4	19,158	0.4%	-	-	0.0%
RPP Bend I LLC	Shopping center	5	16,312	0.3%	-	-	0.0%
Cascade Natural Gas Corporation	Natural gas utility	6	16,117	0.3%	-	-	0.0%
Brooks Resources Corporation	Real estate developer	7	16,000	0.3%	4	18,636	0.3%
Forum Associates II LLC	Shopping center	8	15,909	0.3%	-	-	0.0%
Pacificorp ( PP& L )	Electric utility	9	15,798	0.3%	6	11,114	0.2%
Rivers Edge Investments, LLC	Real estate developer	10	15,139	0.3%	-	-	0.0%
Concord Equity Multiplier	Shopping center				1	20,818	1.0%
Willamette Industries	Construction products				3	19,028	0.9%
Fred Meyer	Shopping center				5	12,780	0.6%
The Riverhouse	Lodging				8	8,736	0.4%
El Dorado Properties	Lodging				9	8,183	0.4%
Overbay Development	Shopping center				10	7,885	0.4%
<b>Total</b>			<u>\$ 210,154</u>	<u>3.9%</u>		<u>\$ 137,319</u>	<u>6.4%</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 \$5,393,862,457 for 2005 and \$2,152,506,463 for 1996.

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Levy Collected</u>		<u>Amount</u>	<u>Percent of Levy Collected</u>
1996	\$ 6,686	\$ 6,109	91.4%	\$ 385	\$ 6,494	97.1%
1997	7,142	6,468	90.6%	406	6,874	96.3%
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%	454	10,080	96.8%
2001	11,517	10,696	92.9%	511	11,207	97.3%
2002	12,781	11,999	93.9%	514	12,513	97.9%
2003	14,093	13,177	93.5%	411	13,588	96.4%
2004	15,411	14,610	94.8%	381	14,991	97.3%
2005	17,154	16,164	94.2%	-	16,164	94.2%

Source:  
 Deschutes County Assessor's Office

**Ratios of Outstanding Debt by Type**

Last ten fiscal years  
(amounts expressed in thousands)

Fiscal Year	Governmental Activities										Business-Type Activities					Ratio of Total Debt to Assessed Value (1)	Total Debt Per Capita (2)
	Full Faith & Credit			Urban			Full Faith & Credit				Revenue Bonds	Notes Payable	Total Primary Government				
	General Obligation Bonds	Limited Tax Improvement Bonds	Renewal Tax Increment Bonds	Certificates of Participation	General Obligation Bonds	Notes Payable	General Obligation Bonds	Urban Renewal Tax Increment Bonds	Notes Payable	Urban Renewal Tax Increment Bonds				Full Faith & Credit Obligation Bonds	Certificates of Participation		
1996	\$ 490	\$ 3,420	\$ 4,000	\$ -	\$ 3,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 395	\$ 1,940	\$ 845	\$ 16,125	0.75%	\$ 526	
1997	375	3,185	3,855	-	2,485	-	-	-	-	-	380	1,880	883	14,498	0.61%	449	
1998	255	2,940	3,700	-	1,810	-	-	-	-	-	365	5,820	1,459	17,914	0.81%	531	
1999	130	2,690	7,250	-	1,140	-	-	-	-	-	350	5,645	1,409	25,504	1.10%	716	
2000	-	2,420	6,990	-	790	-	-	-	-	-	335	5,440	1,358	23,638	0.70%	467	
2001	-	2,140	6,720	540	395	-	-	-	-	-	320	16,230	1,304	39,774	1.08%	753	
2002	-	1,845	6,440	461	-	-	-	-	-	-	305	15,665	1,469	44,970	1.11%	816	
2003	-	1,535	6,150	-	-	-	-	-	-	-	285	20,580	905	63,515	1.43%	1,100	
2004	-	1,210	16,350	-	-	-	-	-	-	-	-	19,765	875	84,006	1.72%	1,336	
2005	-	925	15,690	-	-	-	-	-	-	-	-	17,655	845	79,178	1.47%	1,214	

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

## 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 General Bonded to Assessed Value (1) Per Capita (2)	
	General Obligation Bonds	Full Faith & Credit Obligation Bonds	Certificates of Participation	Limited Tax Improvement Bonds					Value (1)	Per Capita (2)
1996	\$ 3,625	\$ -	\$ 3,815	\$ 1,900	\$ 9,340	\$ 928	\$ 8,412	0.43%	\$ 305	
1997	2,860	-	3,565	1,455	7,880	892	6,988	0.33%	244	
1998	2,065	-	3,305	1,565	6,935	544	6,391	0.31%	206	
1999	1,270	5,845	3,040	1,045	11,200	335	10,865	0.48%	314	
2000	790	5,805	2,755	500	9,850	56	9,794	0.29%	194	
2001	395	11,665	2,460	460	14,980	106	14,874	0.41%	284	
2002	-	18,465	2,150	320	20,935	90	20,845	0.52%	380	
2003	-	31,455	1,820	2,605	35,880	947	34,933	0.81%	621	
2004	-	43,970	1,210	1,836	47,016	824	46,192	0.96%	747	
2005	-	42,650	925	1,413	44,988	1,031	43,957	0.83%	690	

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, 2005

<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	<u>\$ 1,413,000</u>	<u>100.0%</u>	<u>\$ 1,413,000</u>
Overlapping Debt			
Deschutes County	38,060,000	43.4%	16,536,271
Bend-LaPine Administrative School District No. 1	40,820,000	62.0%	25,289,745
Central Oregon Community College	6,140,000	36.4%	2,235,101
Bend Library District	<u>6,080,000</u>	<u>79.7%</u>	<u>4,843,997</u>
Total overlapping debt	<u>91,100,000</u>	<u>53.7%</u>	<u>48,905,114</u>
Total direct and overlapping debt	<u>\$ 92,513,000</u>	<u>54.4%</u>	<u>\$ 50,318,114</u>

Source:  
 State of Oregon, Treasury Department

Notes:

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

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

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

		<u>June 30, 2005</u>
Real market value	x	\$ 7,716,886,468 <u>3%</u>
General obligation debt limit at 3% of real market value		231,506,594
General obligation debt subject to limit per ORS 287.001(1)	44,988,000	
Less: Funds applicable to the payment of principal thereof per ORS 287.004(2)		
General obligation debt service fund	(1,030,725)	<u>                    </u>
Net debt subject to 3% limitation		<u>43,957,275</u>
Legal debt margin		<u><u>187,549,319</u></u>
Debt capacity percent		81%

<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>
1996	64,575	8,412	56,163	87%
1997	71,532	6,988	64,544	90%
1998	77,605	6,391	71,214	92%
1999	83,378	10,865	72,513	87%
2000	122,817	9,794	113,023	92%
2001	136,829	14,874	121,955	89%
2002	155,255	20,845	134,410	87%
2003	180,285	34,933	145,352	81%
2004	205,371	46,192	159,179	78%
2005	231,506	43,957	187,549	81%

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			
1996	\$ 3,754	\$ 2,384	\$ 1,370	\$ 30	\$ 56	\$ 86	15.9	\$ 9.75	\$ 10.55
1997	4,086	2,584	1,502	30	55	85	17.7	9.75	10.55
1998	4,269	2,723	1,546	30	54	84	18.4	9.75	10.55
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

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 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		
1996	\$ 4,024	\$ 2,404	\$ 1,620	\$ 30	\$ 56	\$ 86	18.8	\$ 15.16
1997	4,204	2,583	1,621	30	55	85	19.1	15.77
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

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 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>
1996	30,630	16.0	1,914	\$ 693,096	\$ 22,628	11,807	7.1%
1997	32,273	19.0	1,699	762,837	23,637	12,111	7.3%
1998	33,740	19.0	1,776	840,328	24,906	12,363	6.7%
1999	35,635	19.0	1,876	906,341	25,434	12,779	5.8%
2000	50,650	32.5	1,558	1,346,986	26,594	13,015	4.9%
2001	52,800	32.5	1,625	1,467,787	27,799	13,200	5.6%
2002	55,080	32.5	1,695	1,515,416	27,513	13,473	7.1%
2003	57,750	32.5	1,777	1,610,070	27,880	13,729	7.8%
2004	62,900	32.5	1,935	Not available	Not available	13,729	6.5%
2005	65,210	32.5	2,006	Not available	Not available	14,888	5.5%

Source:

- (1) Population figures obtained from Portland State University Population Research Center
- (2) Per capita income figures are for Deschutes County and are obtained from the State of Oregon Employment Division.
- (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, 2005 and June 30, 1996

<u>Employer</u>	<u>Product or Service</u>	<u>2005</u>			<u>1996</u>		
		<u>Ranking</u>	<u>Employees</u>	<u>Percent of Total City Employment (1)</u>	<u>Ranking</u>	<u>Employees</u>	<u>Percent of Total City Employment (1)</u>
St. Charles Medical Center	Health care	1	2,023	2.9%	2	1,188	2.4%
Deschutes County	Government	2	875	1.3%	5	650	1.3%
Bend-LaPine School District No. 1	Education	3	816	1.2%	1	1,600	3.2%
Mt. Bachelor Ski Resort	Recreation	4	750	1.1%	3	850	1.7%
Beaver Motor Coaches	Luxury motorhome	5	654	0.9%	7	420	0.8%
iSKY Inc.	Call center	6	625	0.9%	-	-	-
JELD-WEN (Pozzi)	Windows and doors	7	521	0.7%	10	369	0.7%
Hap Taylor & Son, Inc.	Construction	8	465	0.7%	-	-	-
Bend Memorial Clinic	Health Care	9	460	0.7%	-	-	-
The Lancair Company	Private aircraft	10	447	0.6%	-	-	-
State of Oregon	Government	-	-	-	4	762	1.5%
Deschutes National Forest	Government	-	-	-	6	627	1.3%
Crown Pacific	Wood products	-	-	-	8	370	0.7%
Central Oregon Community College	Education	-	-	-	9	382	0.8%
	<b>Total</b>		<b>7,636</b>	<b>11%</b>		<b>7,218</b>	<b>14.5%</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 69,600 for June 2005 and 49,676 for June 1996 (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>	
1996	103	\$ 21,319	686	\$ 55,004	\$ 504,266
1997	130	22,280	662	62,322	466,825
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	525	104,113	2,265	466,473	1,469,066

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>1996</u>	<u>1997</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>
<b>General government</b>										
Administration & finance	22.0	22.8	22.0	22.5	24.8	25.8	24.8	26.8	30.1	27.4
Information technology	3.0	3.0	3.0	3.4	4.0	5.0	6.0	6.5	7.0	8.0
Public works administration/Laboratory	14.3	14.3	17.3	15.8	17.8	21.8	20.5	22.0	28.0	27.0
Garage	5.5	5.5	5.5	5.5	5.5	7.0	7.0	7.0	7.0	7.0
Economic development administration	-	-	-	-	-	-	-	-	-	2.0
<b>Public safety</b>										
Police	66.1	68.1	67.5	80.5	84.5	89.0	92.0	94.0	96.0	95.0
Fire/EMS	57.4	57.4	59.8	60.8	62.6	67.5	67.0	72.0	76.0	74.0
Municipal court	3.5	3.5	3.5	3.0	3.0	3.0	4.0	4.0	4.0	4.0
<b>Public ways and facilities</b>										
Transportation operations	19.7	18.7	21.0	19.7	24.7	30.0	27.0	28.0	28.0	30.0
Engineering	10.0	11.5	11.0	11.0	12.0	21.0	23.0	22.0	25.0	25.0
<b>Community and economic development</b>										
Community development administration	11.0	5.0	2.0	3.5	3.0	5.5	5.0	4.5	5.0	4.0
Planning	4.0	10.5	9.5	15.3	16.3	14.3	15.0	16.5	19.5	20.5
Building	5.0	8.5	11.0	13.0	14.0	16.0	16.0	20.5	25.5	32.5
Community Development Block Grant Program	-	-	-	-	-	-	-	1.0	1.0	-
<b>Other</b>										
Urban renewal	-	-	-	-	1.0	2.0	2.0	2.0	2.0	1.0
Transit	9.8	0.5	-	-	-	-	1.0	1.0	1.0	1.0
Airport	-	-	-	-	-	-	-	-	-	0.5
Water	21.0	21.0	19.0	23.0	23.3	20.5	20.0	22.0	21.0	21.0
Sewer	16.5	16.5	16.3	17.3	18.3	19.0	19.0	21.0	20.0	21.0
Other Business-Type	-	-	-	-	-	-	1.0	1.0	2.0	2.0
<b>Total</b>	<b>268.7</b>	<b>266.7</b>	<b>268.2</b>	<b>294.2</b>	<b>314.6</b>	<b>347.3</b>	<b>350.3</b>	<b>371.8</b>	<b>398.1</b>	<b>402.9</b>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Program</b>			
<b>Public safety</b>			
Police:			
Physical arrest	3,778	3,778	4,009
Traffic violations	12,406	15,339	16,000
Calls for service	53,610	56,957	57,249
Fire/EMS:			
Fire responses	359	334	324
Ambulance responses	4,144	4,249	4,614
Inspections conducted	1,000	1,321	2,995
<b>Public ways and facilities</b>			
Streets resurfaced (lane miles)	6.50	7.60	10.70
Streets cleaned (curb miles)	34,689	35,369	33,688
Street signs repaired/replaced	2,620	2,290	2,297
<b>Community and economic development</b>			
Permits issued	11,726	13,388	16,985
Buildings inspections performed	35,172	55,051	72,891
<b>Transit</b>			
Total miles driven	305,589	306,600	303,776
Total trips scheduled	122,599	131,200	131,223
Passengers	92,418	96,900	102,685
<b>Water</b>			
New connections	640	1,310	1,984
Average daily consumption (million gallons):			
Winter	5.07	5.20	6.00
Summer	19.67	19.70	16.00
Peak consumption (million gallons)	25.73	26.00	27.00
<b>Sewer</b>			
New connections	1,210	2,057	1,878
Daily average treatment (million gallons)	4.60	4.96	5.40
Sewerlines cleaned (miles)	53.60	63.60	57.00
<b>Downtown Parking</b>			
Tickets issued	9,312	11,390	11,790
Permits issued	4,857	4,982	5,219

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

<u>Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Public safety</b>			
Police:			
Main station	1	1	1
Patrol units	18	20	21
Fire/EMS stations	5	5	5
<b>Public ways and facilities</b>			
Street (miles)	302	344	350
Streetlights	1,925	1,925	2,020
Traffic signals	n/a	44	48
<b>Transit</b>			
Buses	21	25	25
<b>Airport</b>			
Runway (feet)	5,005	5,005	5,005
Hangars	13	14	14
<b>Water</b>			
Water mains (miles)	310	330	400
Reservoirs	13	13	13
Wells	16	16	16
Fire hydrants	3,700	3,879	4,345
Maximum daily capacity of plant ( million gallons)	29.50	33.35	34.00
Service connections	15,980	17,290	19,274
<b>Sewer</b>			
Treatment plant	1	1	1
Sewerlines (miles)	280	400	450
Large pump stations	62	80	86
Small pump stations	271	271	271
Maximum daily capacity of plant (million gallons)	11.00	11.00	12.00
Service connections	16,870	18,927	20,805

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

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

**TKW***Talbot, Korvola & Warwick* [LLP]  
*Certified Public Accountants & Consultants*4800 S.W. Macadam, Suite 400 • Portland, Oregon 97239-3973  
503/274-2849 • Fax 503/274-2853**AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATIONS**

October 21, 2005

Honorable Mayor and City Council  
City of Bend  
Bend, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bend, Oregon (the City), as of and for the year ended June 30, 2005, and have issued our report thereon dated October 21, 2005. 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**

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

**ACCOUNTING RECORDS**

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

**ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES**

Oregon Revised Statutes Chapter 295 requires that each depository throughout the period of its possession of public fund deposits shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of adequacy of collateral securing depository balances indicated that collateral was sufficient during the year ended June 30, 2005.

**INVESTMENTS**

Our review of deposit and investment balances indicated that, during the year ended June 30, 2005, the City was in compliance with ORS 294 as it pertains to investment of public funds.

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

Page 2

**LEGAL REQUIREMENTS RELATING TO DEBT**

The general obligation bonded debt of the City is in compliance with the limitation imposed by Oregon Revised Statutes. We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the City's bonded debt, at June 30, 2005.

**BUDGET COMPLIANCE**

A description of the budgeting process is included in the Notes to the Basic Financial Statements. The City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2005, and the preparation and adoption of its budget for the year ending June 30, 2006, except that the Tourist/Promotion Economic Development Fund exceeded appropriations in materials and services by \$1,767, the Community Development Block Grant Construction Fund exceeded appropriations in materials and services by \$1,690, and the Airport Fund debt service expenditure also exceeded appropriations by \$61 for year ended June 30, 2005. Additionally, the Improvement District Construction Fund has a deficit fund balance of \$304,542 at June 30, 2005.

**INSURANCE POLICIES AND FIDELITY BONDS**

We have reviewed the City's insurance and fidelity bond coverage at June 30, 2005. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies covering City-owned property at June 30, 2005.

**PUBLIC CONTRACTS**

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

**PROGRAMS FUNDED FROM OUTSIDE SOURCES**

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

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

Page 3

**FINANCIAL REPORTING REQUIREMENTS**

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

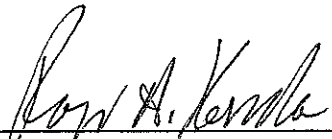
**HIGHWAY FUNDS**

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

\* \* \* \* \*

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

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

By   
\_\_\_\_\_  
Roger A. Korvola, Partner





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

October 21, 2005

Honorable Mayor and City Council  
City of Bend  
Bend, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bend, Oregon (the City) as of and for the year ended June 30, 2005, and have issued our report thereon dated October 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement

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

Page 2

Compliance and Other Matters (Continued)

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*.

\* \* \* \* \*

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



Certified Public Accountants

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

October 21, 2005

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

We have audited the compliance of the City of Bend, Oregon (the City) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

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

Page 2

**Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants, caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

\* \* \* \* \*

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

*Helbert, Knoble & Warwick, LLP*

Certified Public Accountants

CITY OF BEND, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2005

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

**Financial Statements:**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes \_\_\_\_\_ No X

Reportable condition(s) identified that are not considered to be material weakness(es)? Yes \_\_\_\_\_ None reported X

Noncompliance material to financial statements noted? Yes \_\_\_\_\_ No X

**Federal Awards:**

Internal control over major programs:

Material weakness(es) identified? Yes \_\_\_\_\_ No X

Reportable condition(s) identified not considered to be material weakness(es)? Yes \_\_\_\_\_ None reported X

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of *Circular A-133* Yes \_\_\_\_\_ No X

Identification of major programs:

CFDA NUMBER

14.218

20.106

NAME OF PROGRAM OR CLUSTER

Community Development Block  
Grants/Entitlement Grants  
Airport Improvement Program

CITY OF BEND, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2005

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

**Federal Awards (Continued):**

Identification of major programs (Continued):

Dollar threshold used to distinguish  
between type A and B programs \$300,000

Auditee qualified as low-risk auditee? Yes X No     

**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH  
GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

No matters were reported.

**SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

No matters were reported.

City of Bend, Oregon

**Schedule of Expenditures of Federal Awards**

For the fiscal year ended June 30, 2005

<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>		
Formula Grants for Other Than Urbanized Areas	20.509	\$ 3,079
Formula Grants - Job Access Reverse Commute (JARC)	20.516	40,990
State and Community Highway Safety	20.600	8,623
<u>Federal Transit Administration</u>		
Federal Transit Formula Grants	20.507	548,298
<u>Federal Aviation Administration:</u>		
Airport Improvement Program	20.106	373,260
<b>Total Department of Transportation</b>		<b>974,250</b>
<u>Department of Justice</u>		
<u>Office of Community Oriented Policing Services:</u>		
Public Safety Partnership and Community Policing Grants	16.710	18,130
<u>Office of Justice Programs/ Bureau of Justice Assistance:</u>		
Local Law Enforcement Block Grants Program	16.592	1,488
Bulletproof Vest Partnership Program	16.607	2,771
<u>Oregon Department of Justice/Deschutes County</u>		
Marijuana Grant	16.XXX	1,587
<u>Office of National Drug Crime Prevention/Oregon State Police</u>		
High Intensity Drug Traffic Area Grant	16.XXX	106,969
<b>Total Department of Justice</b>		<b>130,945</b>
<u>Department of Homeland Security</u>		
<u>Office of Justice/Oregon State Police</u>		
State Domestic Preparedness Equipment Support Program	97.004	7,313
<u>US Fire Administration</u>		
Assistance to Firefighters Grant	97.044	23,215
<u>Federal Emergency Management Agency/Oregon State Police</u>		
Homeland Security Grant - Law Enforcement Terrorism Prevention Program (LETPP)	97.067	78,440
<b>Total Department of Homeland Security</b>		<b>108,968</b>
<u>Department of Housing and Urban Development</u>		
CDBG Direct Entitlement Grant Funds	14.218	209,495
<u>Oregon Economic and Community Development Department:</u>		
Community Development Block Grants/State's Program	14.228	186,886
<b>Total Department of Housing and Urban Development</b>		<b>396,381</b>
<b>Total Federal Assistance</b>		<b>\$ 1,610,544</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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