CITY OF BEND

City Hall
710 NW Wall Street
Bend, OR 97703

RESOLUTION NO. 3501

A Resolution of the City Council amending Appendix A, Exhibit 5, of Resolution No. 2783 to Re-adopt the City's Fiscal Policies

Findings

A. Resolution No. 2783 was adopted by the City Council on May 19, 2010. This resolution adopted a process for establishing and a mechanism for maintaining Council Policies.

B. The City's Fiscal Policies were included as Appendix A, Exhibit 5 to Resolution No. 2783.

C. The Fiscal Policies were later amended by adoption of Resolution No. 2893 on September 19, 2012, Resolution No. 3008 on October 21, 2015, Resolution No. 3018 on December 16, 2015, Resolution No. 3055 on December 7, 2016, Resolution No. 3081 on June 21, 2017, Resolution No. 3140 on December 5, 2018, Resolution No. 3164 on June 19, 2019, Resolution No. 3263 on June 16, 2021, Resolution No. 3338 on June 21, 2023, Resolution No. 3393 on June 20, 2024, and Resolution No. 3443 on June 18, 2025.

D. Updates to the Fiscal Policies are recommended to reflect industry best practices, Council priorities, and comply with certain laws. The current re-adoption and amendment is to the Fiscal Policies as amended since 2011.

Resolution

Based on these findings, the City Council of the City of Bend resolves as follows:

1. The City readopts the Fiscal Policies, as amended on the attached Exhibit A.
2. Resolution No. 2783 is amended by replacing Appendix A, Exhibit 5, with the attached Exhibit A.

Adopted by the Bend City Council

November 18, 2026

Yes: Franzosa, Méndez, Norris, Perkins, Platt, Riley

No:

For

Melanie Kebler, Mayor

Attest:

Ashley Bontje

Ashley Bontje, City Recorder

Approved as to form:

Ian Leitheiser, City Attorney

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CITY OF BEND
&
BEND URBAN RENEWAL AGENCY
FISCAL POLICIES

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Resolution Number: **Revised: November 2026**

Adopted:

1. Purpose

These Financial Polices apply to both the City of Bend and the Bend Urban Renewal Agency (BURA). Unless otherwise noted, references to the "City" include BURA.

The City and BURA are committed to sound fiscal management through financial integrity, responsible stewardship of public resources, strategic planning, accountability, and transparency. These policies establish the framework for financial decision-making and support the long-term financial stability and sustainability of the organization.

These policies are designed to guide day-to day and long-range fiscal planning and decision-making, and to achieve the following key financial goals:

1. Maintain a stable financial foundation to support essential municipal services and community well-being.
2. Deliver services efficiently, effectively, and at a reasonable cost.
3. Provide and preserve critical public facilities, utilities, infrastructure, and capital assets.
4. Protect and strengthen the City's creditworthiness to minimize borrowing costs and demonstrate sound financial management.
5. Maintain financial resilience to address economic fluctuations, changing service demands, and unforeseen events.
6. Adhere to recognized financial management and reporting standards, including those established by the Government Finance Officers Association (GFOA), Governmental Accounting Standards Board (GASB), and other applicable professional standards.
7. Comply with all applicable financial laws, regulations, and legal requirements.
8. Promote intergenerational equity by aligning the costs of long-lived infrastructure with the periods over which future taxpayers and ratepayers benefit from those investments.

To achieve these goals, the Fiscal Policies address financial planning and forecasting, revenue management, investment and asset management, budgeting, expenses and internal controls, debt management, reserves, and accounting and financial reporting. Majority of these policies apply to all funds, but some are called out as specific to an individual fund or group of fund types. Policies are reviewed and updated every two years in preparation for budget development. However, policies may be updated as needed subject to Council approval.

2. Financial Planning Policies

1. The City will maintain a long-term financial plan to support strategic decision-making and fiscal sustainability. The plan will include projected revenues, expenditures, and reserve balances for at least five years and may extend beyond that period when warranted by specific financial, operational, or capital planning needs. The City will identify potential financial challenges and strategies to achieve, maintain, or restore structural balance.
2. Financial plans will be strategic, meeting regulatory requirements and reflecting the Council's and the community's priorities for service while providing resources that realistically fund routine operations.

Economic Development Funding Policies

1. The City may provide economic development incentives when they support community goals and generate a demonstrable public benefit. Public benefits may include but are not limited to, the following:
    a. Expanding employment base opportunities, increasing assessed property value, or adding affordable housing.
    b. Providing basic infrastructure improvements beyond those required for the development itself.
    c. Enhancing access to public facilities, services, or infrastructure.
2. Economic development incentives may include formation of improvement or redevelopment districts, reimbursement, exemption or deferral of certain fees and charges, use of discount lease rates or other forms of financial incentives that are allowed by law or City code.
3. Proposed economic development incentives will be evaluated by the appropriate departments, including Finance, to assess anticipated public benefits, costs, risks, and impacts on the City's operating and capital budgets.
4. A fiscal impact analysis and City Manager recommendation will be provided to the City Council before approval of any significant economic development incentive. The City Council will determine the terms and conditions of approved incentives, including any performance or repayment requirements.
5. Funding sources for economic development incentives must be identified and evaluated before approval.
6. Economic development incentives will not be approved unless the anticipated public benefits reasonably outweigh the costs and risks to the City and the incentive can be supported without materially adversely affecting the City's financial condition, credit rating, or service delivery.

Pension and Retirement Policies

1. The City is an employer-participant in the State of Oregon Public Employees Retirement System (PERS). Actuarial valuations of PERS are performed for the Public Employees Retirement Board (PERB) to evaluate PERS' assets and liabilities and indicate its current and prospective financial condition. The PERB determines employer-participant contribution rates, which are then used to calculate each employer-participant's annual required contribution. It is the City's policy to make contributions at no less than the rate established by PERB and required by ORS 238.225. All current pension liabilities shall be funded on an annual basis.
2. The City provides certain health and dental care benefits for retired employees. Funding the liability for future retiree benefits will be determined by City Council action.

3. Budget Policies

The City's adopted budget is required to comply with Oregon Local Budget law as detailed in Oregon Revised Statutes (ORS) 294.305 to 294.565. The budget must also comply with any applicable Oregon Administrative rule, generally accepted accounting principles, or adopted city code or policy. The budget cycle includes four phases: development, approval, adoption, and execution.

Budget Development, Approval, & Adoption

1. The City will adopt a biennial budget with participation from all departments.
2. The biennial budget must be approved by the Budget Committee and then adopted by the City Council no later than June 30 of each odd-numbered year.
3. The City will budget using the modified accrual basis of accounting.
4. The City will strive to maintain budgeting practices consistent with the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award criteria.
5. The budget process will allocate resources in alignment with City Council goals, strategic priorities, and departmental service objectives.
6. Resources will be utilized in compliance with city code, city resolution, city ordinance, funding contract, or other requirements that may direct how funds are to be expended.
7. The City Council will adopt appropriations at the fund, program, or category level as allowed by Oregon Budget Law.
8. General government administrative and central service costs will be distributed across operating funds and capital projects using a cost allocation plan.
9. Appropriations will be managed within the limits approved by the Budget Committee and adopted or subsequently amended by the City Council in compliance with Oregon Budget Law.
10. Budget appropriations will be made in compliance with the financial policies of the City including policies related to debt issuance, debt coverage ratios, and financial reserves.
11. Performance measures will be incorporated into departmental budgets and used to evaluate service delivery, operational effectiveness, and progress toward organizational goals.
12. Funding priority will be given to maintaining essential public services. The City will strive to preserve service levels and the quality of core services before expanding existing programs or adding new services. Essential services include:
    a. Police protection
    b. Fire protection
    c. Street construction, maintenance, and lighting
    d. Sewer services
    e. Stormwater services
    f. Water services
    g. Planning, zoning, and subdivision administration.
13. A Staffing Position Schedule will be adopted as part of the biennial budget. This includes regular full-time equivalent (FTE) and limited-term employees (LTE) for each operating fund or department. Any increase in the total number of authorized positions during the biennium requires City Manager approval and must not result in the fund, department, division or program exceeding its budgeted amount for Personnel Services. The City Manager may reassign positions, reorganize departments, or convert limited-term positions to regular positions provided the total personnel financial budget for the fund,

department, division or program is not increased. Any change in FTE or organizational structure which requires the Personnel budget to increase, must first be approved by the City Council.

Budget Changes After Adoption

1. Any requests for formal budget adjustments or supplemental appropriations will be reviewed by the City Manager's Office and Finance Department for fiscal impact and available funding prior to Council consideration in accordance with Oregon Budget Law.
2. The Budget Officer (City Manager) will conduct a mid-biennium budget review and recommend adjustments as necessary to maintain fiscal sustainability and service priorities.

Budget Monitoring

1. The Finance Department will provide the City Council monthly financial reports comparing actual revenues and expenditures to budget by fund. This will be included in the council packet for the second business meeting of the month.
2. An in-depth financial analysis and current staffing position schedule will be provided to City Council on a quarterly basis.

4. Revenue Policies

1. The City will maintain a diversified and stable revenue structure to reduce reliance on any single revenue source and minimize the impact of revenue fluctuations.
2. When evaluating adoption of new revenue sources, the City will consider long-term sustainability, implementation impacts, administrative and operating costs, community acceptance, and implications on economic competitiveness.
3. One-time or nonrecurring revenues will be used only for one-time expenditures. The City will avoid using temporary revenues to fund ongoing operations or to balance the budget.
4. The cost of revenue collection should be reasonable and not exceed the benefit of the revenues collected.
5. Before selling a major asset or terminating a revenue-generating arrangement, the City will evaluate the short- and long-term impacts on financial sustainability and future revenue projections.
6. Unrestricted revenues will be recorded in the General Fund and allocated at the discretion of the City Council unless otherwise designated by policy, code, or law.
7. Revenue forecasts will be prepared using objective, analytical methods and industry best practices. Estimates for volatile revenues will be conservative and supported by documented assumptions and identified risks.
8. The City will not use deficit financing or borrowing to fund ongoing operations. Long-term revenue shortfalls will be addressed through expenditure reductions, revenue enhancements, or a combination of both.

Fees, Charges, & Rates Policies

1. User fees and charges will be established for services that primarily benefit specific individuals or organizations. Fees should recover the full cost of service whenever practical to minimize subsidization by taxpayers. Fees will be reviewed annually to reflect changes in service levels, demand, and costs. Formal studies will be conducted periodically.
2. Enterprise funds including the Water, Water Reclamation (Sewer), and Stormwater Funds will be self-supporting through user fees. Rates will be based on long-range financial plans with a forecast period of at least five years and will be established to meet debt service obligations and maintain a targeted minimum debt service coverage ratio of 1.50, or a higher ratio necessary to support the systems' strong credit standing with rating agencies.

Fee Deferral Policies

1. When authorized by law, certain fees may be deferred by City Council action provided a demonstrable public benefit exists. Council may take action to pay fees on behalf of an applicant and must identify the funding source to pay such fees in the action.
2. Deferred fees, charges, or assessments will be documented through a promissory note or other approved agreement and may include interest, administrative charges, penalties, or other collection costs.

Grant Funding

1. Grants will be evaluated for matching requirements, ongoing resource commitments, and overall benefit before acceptance.
2. Grant applications must follow the internal adopted process for grant consideration, application, review and acceptance. This includes requirements that when acceptance of grant funds would be required upon award, the applications must be reviewed before submission by both the Finance Department and City Attorney's Office.
3. The City Manager may accept one-time grant awards of $250,000 or less unless otherwise restricted by grant terms. City Council approval is required for grants exceeding $250,000, multi-year grants, or grants that fund additional staffing.

CASH MANAGEMENT AND INVESTMENT POLICIES

1. The City will invest City funds in accordance with the following priorities: (1) legality, (2) safety, (3) liquidity, and (4) yield.
2. The City will maintain and comply with a City Council approved Investment Policy that governs investment activities. The Investment Policy is a separate document and complements these Fiscal Policies.
3. The City will pool cash balances from multiple funds to maximize investment efficiency and earnings. Investment income will be allocated to participating funds in a manner consistent with applicable laws, accounting standards, and City policy.
4. All investment securities will be held by an independent third-party custodian to provide safekeeping and security of City assets.
5. Quarterly investment reports will be provided to the City Council. These reports will summarize investment performance, portfolio holdings, and compliance with the City's Investment Policy.

5. Expenditure Control Policies

1. The City will maintain effective internal controls and procedures to ensure expenditures comply with the legally adopted and amended budget and applicable laws, regulations, and policies. Department Directors and Division Managers are responsible for managing their budgets, achieving approved service objectives, and monitoring expenditures within authorized spending limits. All disbursements are subject to Finance Department review and approval by the Chief Financial Officer or designee.
2. Expenditures exceeding adopted appropriations require Council authorization through a budget adjustment resolution.
3. The City will manage expenditures to promote efficient, cost-effective service delivery while maintaining service levels approved by the City Council.

Personnel Expenditures

1. Any changes in FTE numbers must be pre-approved by the City Manager. Personnel-related expenditures must remain within the budgeted allocations. Increases to the personnel budget allocation must be approved by the City Council.
2. Compensation planning and collective bargaining decisions will consider the full cost of compensation, including salaries, benefits, retirement contributions, implementation, management, and other personnel-related expenses. Ongoing personnel costs will be supported by sustainable operating revenues.

Goods, Services & Asset Purchases

1. Goods and services purchases must comply with the City's procurement code, purchasing policies, grant agreements, debt provisions, and applicable state and federal requirements.
2. The City will evaluate the current and long-term financial impacts before acquiring a major asset or entering into an arrangement that creates significant fixed or ongoing operating costs.
3. Capital assets with an individual acquisition cost exceeding $10,000 and a useful life greater than two years will be capitalized and depreciated in accordance with the City's capitalization policy. Assets below these thresholds will generally be recorded as operating expenditures. The capitalization threshold applies to individual assets rather than groups of assets.

Fund Specific Expenditure Policies

Fund expenditures may be restricted to designated purposes by city code, contract, agreement, or law. The following expenditure targets have been identified for budget development guidance. These are funding/expenditure targets that are subject to available funding being analyzed and balanced with operational needs given the unpredictable nature of public funding.

- Bike, Pedestrian, and Transportation Safety-
  The City will target utilizing 20% of the budget for Street Preservation for projects that support bike, pedestrian, and transportation safety. Reasons for deviating from this target will be explained to the Budget Committee and Council in the biennial budget document.

6. CAPITAL IMPROVEMENT PROGRAM (CIP) POLICIES

A Capital Improvement Plan (CIP) is a multi-year planning document that identifies, prioritizes, and schedules major capital projects and the funding sources identified to support them. The CIP plan helps the City to do the following:

1. Plan for future infrastructure needs by identifying projects several years in advance
2. Prioritize limited resources among competing capital needs
3. Coordinate funding sources to fund projects and identify opportunities to consolidate or stack projects to maximize efficient use of time and resources as well as to limit impacts of construction on community
4. Communicate investments in infrastructure to community, council, staff and other stakeholders.
5. Implement strategic goals by linking capital investments to organizational priorities.

CIP Planning

1. The City will maintain a five-year Capital Improvement Program (CIP) that is updated annually and integrated with the budget and long-range financial planning processes. The CIP will be financially balanced, and the City Council will hold a public hearing to obtain community input before adoption.
2. Utility and transportation master plans will guide CIP development and be prepared in accordance with Oregon land use requirements. Public involvement will be incorporated into the master planning process and encouraged during project prioritization.
3. The City will use a project prioritization process to allocate capital resources effectively. Factors reviewed include, but are not limited to: city-wide program project review, funding availability, community growth needs, acceptability of user rate impacts, council goals and direction, community input, state or local requirements. Staff develops a 5-year CIP plan that is reviewed, amended as directed, and adopted annually by city council.
4. CIP projects presented for approval will include documented justification, project scope, estimated total project costs, anticipated operating and maintenance impacts, and identified funding sources.
5. Twenty-year master plans will be prepared for the utility and transportation systems which will be utilized to provide guidance in updating the 5-year CIP.
6. The City will develop and prioritize GO Bond projects using a transparent process that considers community needs, asset conditions, public safety, regulatory requirements project readiness, and alignment with City Council goals. Public input will be incorporated throughout the process, and the final project list will be approved by the City Council before being presented to voters.

CIP Funding

1. The City will pursue the most cost-effective funding strategy for capital projects, including grants, contributions, and state or federal financing programs when available and appropriate.
2. The City will prioritize pay-as-you-go financing for recurring capital, maintenance, and equipment replacement needs. Pay-as-you-go financing may also be used for major capital projects when current revenues and reserves are sufficient or when debt financing is not in the City's best financial interest or would unduly affect the City's credit rating.
3. The City may use debt financing for capital projects when:

a. The useful life of the asset supports long-term financing and complies with applicable tax and legal requirements.
b. Reliable revenues are available to meet debt service obligations.
c. Financing conditions are favorable.
d. Debt issuance will not adversely affect the City's strong credit standing or financial position.
e. A project is required by law or regulation and alternative funding sources are unavailable or insufficient.

CIP Implementation

1. Each CIP project will be assigned a project manager responsible for project planning, coordination, budget oversight and compliance, regulatory compliance, schedule management, expenditure approval for payment, and status reporting.
2. If project bid costs are below budget, remaining funds will be returned to reserves or reallocated through the regular budget or supplemental budget process. If project costs exceed budget, the City will evaluate options including:
    a. Revising project scope or phasing.
    b. Reallocating funding from lower-priority projects.
    c. Using available reserves, subject to policy and budget constraints.
    d. Deferring the project.
    e. Canceling the project.
3. The City will maintain its infrastructure, facilities, equipment, and other capital assets to protect public investment, meet regulatory requirements, and minimize long-term costs. The City recognizes that deferred maintenance increases future financial obligations and will provide for the planned maintenance, repair, and replacement of capital assets through an appropriate combination of current revenues, reserves, and debt financing.
4. The City will establish capital equipment reserves to provide funding of vehicles and equipment. The City will also establish major repairs and replacement (R&R) reserves to provide for funding of major repairs and replacements. R&R reserves will be used for significant system or facility repairs, replacement or maintenance costs that are unanticipated and exceed ongoing repair and maintenance expenditures in the fund's operating budget. Long term forecast will be used to determine available capacity to fund repair and replacement of capital assets and infrastructure and avoid a significant unfunded liability from deferred maintenance. If resources are not sufficient to fully fund R&R reserve without program impacts, alternatives will be presented to the City Council during the budget process.

CIP Updates and Changes

1. The five-year Capital Improvement Program (CIP) will be reviewed and updated annually.
2. Significant changes to the CIP, including the addition of projects, major scope revisions, reprioritization, or substantial budget changes, require approval by the City Council or City Manager, as authorized. Staff will provide at least annual updates to the Council on master plans, CIP priorities, project status, cost estimates, schedules, and potential impacts on rates and fees.

7. DEBT MANAGEMENT POLICIES

The debt management policy sets forth comprehensive guidelines for the financing of capital expenditures. It is the objective of the policies that:

1. The City will obtain financing only when prudent
2. The process for identifying the timing and amount of debt or other financing be as efficient as possible
3. The most favorable interest rate and other related costs be obtained
4. When appropriate, future financial flexibility be maintained.

Debt is defined to include voter approved general obligation bonds, tax increment financing, full faith and credit bonds, lease purchase obligations, revenue bonds, special assessment obligations, promissory notes, lines and letters of credit, interfund borrowings, variable rate debt, equipment financing agreements and any other contractual arrangement that obligates the City to make future principal and interest payments. Debt can be long-term or short-term.

Debt will not be issued unless a reliable and specifically identified repayment source has been analyzed and determined to be sufficient to meet debt service obligations.

Long-Term Debt

1. Long-term debt will not be used to fund operating expenditures, balance the budget, or finance costs that should be paid from current revenues.
2. When issuing long-term debt, the City will ensure that the debt is soundly financed by:
    a. Incurring debt only when necessary for capital improvements that cannot reasonably be funded or is not appropriate to be funded from current resources.
    b. Ensuring that capital projects financed through long-term debt shall have a repayment term that does not exceed the useful life of the financed asset. This precludes future generations of rate payers or taxpayers from paying debt service on an asset that no longer provides benefit and prevents debt capacity from being tied up servicing a defunct asset in the event the assets needs replacing.
    c. Determining the benefits of financing exceeds the cost of the debt issuance.
    d. Analyzing the source of repayment, debt service coverage ratios and the impact of debt service on annual fixed costs prior to issuance of long-term debt
    e. Structing the debt on a level payment plan to the extent practical considering the forecasted available pledged revenues and impact on the City's total overall debt payment schedules.

Short-Term Debt

1. Short-term debt, including interfund loans when permitted by law, may be used to address temporary cash flow needs or bridge financing requirements.

Refunding Bond/Debt

A debt refunding is a refinancing transaction in which an issuer replaces existing debt with new debt under more favorable terms that result in financial savings for the City.

1. The City will issue Advance Refunding Bonds (as defined by federal tax law) when advantageous, legally permissible, prudent and when the net present value savings is a minimum of three percent of the purchase price of the refunding bonds (defined as the par amount of the refunding bonds, plus net original issue premium, or less net original issue discount).
2. The City will issue Current Refunding Bonds (as defined by federal tax law) when advantageous, legally permissible, prudent and when the net present value savings exceeds $100,000.
3. Refundings may also be undertaken for other reasons when legally permissible, prudent and when in the best interest of the City.

Debt Issuance Process

1. The Chief Financial Officer (CFO), in coordination with the City's financing team, bond council, and financial advisors, will oversee the issuance and administration of all City debt and recommend financing strategies to the City Manager and City Council that are in alignment with the City's debt issuance policies.
2. All debt issuances and promissory notes require authorization by resolution of the City Council and be included in the adopted budget or adopted budget as amended through the supplemental budget process.
3. Debt may be issued on either a competitive or negotiated basis. Bank placements and other private offerings are authorized under circumstances such as required need for flexibility for use of property, interim financings, or to avoid the cost of public sale for smaller issuances. The Chief Financial Officer will recommend the financing method that best serves the City's financial interests based on market conditions, transaction complexity, and overall cost.
4. ORS 287A.050 establishes a limitation on the amount of general obligation bond the City may issue. This limitation is 3% of the City's Real Market Value as certified by the Deschutes County Assessor. "General obligation bonds" are defined by ORS 287A.010(10) to mean exempt bonded indebtedness, as defined in ORS 310.140, that is secured by a commitment to levy ad valorem taxes outside the limits of sections 11 and 11b, Article XI, of the Oregon constitution (i.e., voter approved, unlimited tax general obligation bonds). Additionally, ORS 287A.050(3) excludes certain types of general obligation bonded indebtedness from being included in the limitation, including for example general obligation bonds issued for water supply, treatment or distribution or sanitary or storm sewage collection or treatment.
5. The City is not required to include full faith and credit obligations when computing its statutory general obligation bond debt limit; however, the City's policy is to limit full faith and credit obligations to no more than 3 percent of Real Market Value as certified by the Deschutes County Assessor.
6. The City will maintain debt levels that protect its long-term financial capacity.
7. The City will manage its finances to maintain strong credit ratings from nationally recognized rating agencies and preserve access to capital markets at the lowest practical cost. The City will strive to achieve and maintain ratings within the high-grade category through prudent financial management, sound fiscal policies, and sustainable debt practices.

8. All City funds issuing debt should target maintaining a minimum debt service coverage ratio of 1.50, or a higher level necessary to support strong credit rating with rating agencies.
9. Utility funds debt coverage ratios should be maintained at a minimum of 1.50 or at a level sufficient to protect the credit rating of the utility fund.

Post-Issuance Compliance

The City will comply with all bond covenants, arbitrage requirements, disclosure and other requirements specified by law.

1. External Advisors and Tax Compliance
    a. The City shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the tax certificate and agreement ("Tax Certificate") and/or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and certain other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds. This shall include, without limitation, consultation in connection with any potential changes in use of Bond-financed or refinanced assets.
    b. The City shall engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds, unless the Tax Certificate documents that arbitrage rebate will not be applicable to an issue of Bonds.
    c. Unless otherwise provided by the transaction documentation relating to the Bonds, unexpended Bond proceeds shall be segregated from other funds of the City, and the investment of Bond proceeds shall be managed by the City.

2. Arbitrage Rebate and Yield

Unless the Tax Certificate documents that arbitrage, rebate will not be applicable to an issue of Bonds, the Chief Financial Officer, or persons reporting to the Chief Financial Officer-shall be responsible for:

    a. Either (a) engaging the services of a Rebate Service Provider and, prior to each rebate calculation date, causing the trustee or other financial institution to deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider, or (b) undertaking rebate calculations itself and retaining or obtaining periodic statements concerning the investment of Bond proceeds;
    b. Providing to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider; monitoring efforts of the Rebate Service Provider;
    c. Monitoring efforts of the Rebate Service Provider;
    d. Assuring payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed;
    e. During the construction period of each capital project financed in whole or in part by Bonds, monitoring the investment and expenditure of Bond proceeds and consulting with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months or 18 months, as applicable, following the issue date of the Bonds; and

f. Retaining copies of all arbitrage reports, investment records and trustee statements.

3. Use of Bond Proceeds and Bond-Financed or Refinanced Assets

The City shall prepare (or cause to be prepared) regular, periodic statements regarding the investments and transactions involving Bond proceeds. The City's Chief Financial Officer, or persons under the supervision of the Chief Financial Officer, shall be responsible for:

a. Monitoring the use of Bond proceeds (including investment earnings and including reimbursement of expenditures made before bond issuance) and the use of the financed asset throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate relating to the Bonds;
b. Maintaining records identifying the assets or portion of assets that are financed or refinanced with proceeds of each issue of Bonds (including investment earnings and including reimbursement of expenditures made before bond issuance), including a final allocation of Bond;
c. Consulting with bond counsel, City's counsel and other legal counsel and advisers in the review of any change in use or transfer of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds;
d. To the extent that the City discovers that any applicable tax restrictions regarding use of Bond proceeds and Bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal counsel and advisers to determine a course of action to preserve the tax-exempt status of the bonds.

Continuing Disclosure

a. The Chief Financial Officer, or persons under the supervision of the Chief Financial Officer, shall have a clear understanding of the continuing disclosure requirements for each bond transaction.
b. Internal procedures shall be developed that identify the information that is obligated to be submitted in an annual filing, disclose the dates on which filings are to be made, list the material events as stated by the Securities and Exchange Commission (SEC) and the continuing disclosure agreement, and identify the person responsible for making the filings.
c. The Annual Comprehensive Financial Report (ACFR) may fulfill annual financial information obligations. The information provided in an ACFR does not have to be replicated when filing with Electronic Municipal Market Access (EMMA) portal. If the City agrees to furnish information that is outside the scope of its ACFR, that information may be included as a supplement to the ACFR when filing with EMMA.
d. As recommended in the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program, the City should complete its audited annual financial information within 180 days of the end of its fiscal year. Upon its completion, the ACFR should immediately be submitted to EMMA.
e. Material event notices will be filed within 10 business days of the event.

8. Reserve Policies

Reserve policies are a financial management strategy that defines the appropriate level, use, and replenishment of governmental fund balances and cash reserves to ensure financial stability and service continuity. These reserve policies significantly influence the budget process because they establish the minimum financial resources that must be maintained before available revenues can be allocated to spending, program, or capital projects.

The City will maintain adequate reserves and contingencies in each fund to:

a. Mitigate short-term revenue volatility and temporary revenue shortfalls.
b. Manage economic downturns and unforeseen financial challenges.
c. Address unanticipated operating needs that arise during the fiscal year.
d. Sustain essential services during emergencies or disasters.
e. Meet cash flow needs pending receipt of taxes, grants, and other revenues.
f. Absorb minor claims, litigation settlements, and other unexpected liabilities.
g. Fund vehicle and equipment replacement without excessive reliance on debt.
h. Support routine repair and replacement needs of facilities and equipment.
i. Satisfy debt service reserve requirements.
j. Maintain financial stability and strong credit standing with rating agencies.

It is the policy of the City that:

1. Reserves will be used only for one-time or temporary purposes consistent with this policy. If reserve balances fall below established targets, the City will develop and implement a plan to restore reserves. When feasible, reserves should be replenished within one fiscal year and no later than five years after use.
2. Unless otherwise stated below, justified, required by contract, agreement, or law, the City will maintain undesignated reserves of at least 16 percent of annual operating expenditure in all operating funds.
3. City Council may adopt fund-specific reserve policies to establish reserve targets and requirements tailored to the unique financial and operational needs or requirements of an individual fund. The following funds have the fund specific reserve policies as stated below.

a. General Fund-

The City will maintain General Fund unassigned reserves of at least 16 percent of General Fund operating expenditure. Balances in the General Fund Stabilization Fund will be considered when evaluating compliance with this target. Reserve levels will be reviewed annually. General Fund may carry designated reserves for resources that are restricted for specific uses by policy, agreement, or law.

b. Planning Fund-

The Planning Fund will target reserves equal to six months of operating expenditure. If reserves fall below this target, a General Fund subsidy may be provided when financially feasible. Reserves exceeding eight months of operating expenditure may be transferred back to the General Fund if a General Fund Subsidy was provided within the biennium.

c. Building Safety Fund-

The Building Safety Fund will target maintaining reserves equal to at least 18 months of operating expenditures.

d. Private Development Engineering Fund-

The Private Development Engineering Fund will target maintaining reserves equal to at least 18 months of operating expenditures.

e. Insurance Reserve Fund-

The City will maintain reserves within the Insurance Fund to address self-insured risks, significant claims, and catastrophic events. These reserves will be used only for costs that exceed departmental operating budgets and available fund reserves.

f. Water Service Funds-

The Water Services Funds (Water, Water Reclamation, and Stormwater) will maintain operating reserves of at least 25% (three months) of annual operating expenditures.

g. Water Fund-

The Water fund will

- maintain operating reserves of at least 25% (three months) of annual operating expenditures
- maintain a rate stabilization reserve of at least $1.5 million.

h. Water Reclamation Fund-

The Water Reclamation Fund will

- maintain operating reserves of at least 25% (three months) of annual operating expenditures.
- maintain a rate stabilization reserve of at least $1.0 million.

i. Stormwater Fund-

The Stormwater Fund will maintain operating reserves of at least 25% (three months) of annual operating expenditures.

The ending fund balance and reserves of the Water and Water Reclamation Funds will be prioritized as follows:

1. Required debt service reserves and coverage
2. Operating reserves
3. Rate stabilization reserves.
4. Repair and Replacement (R&R) reserves which have been identified as a minimum of $5 million for both Water and Water Reclamation funds.

General Fund Stabilization Fund

The City will maintain and manage a General Fund Stabilization Fund in accordance with this policy.

1. The purpose of the General Fund Stabilization Fund is that it will be utilized to provide for severe economic downturns or major unforeseen events (as determined by Council action) where a significant portion of revenues supporting critical basic operations are projected to decline for more than 2 years or permanently, and such decline cannot be absorbed by the department or fund. In these events, the City will need time to effect reductions, consolidate operations, reprioritize critical programs or implement an alternate revenue source. The General Fund Stabilization Fund will provide temporary support to minimize the impacts to community members who rely on the critical operations of the City.

2. The General Fund Stabilization Fund will be maintained to protect and enhance the City's credit rating. In the event that the City's General Fund Reserves temporarily fall below desired levels, the General Fund Stabilization Fund will serve to ensure that the City's credit rating is not adversely affected.

3. The General Fund Stabilization Fund will be funded annually as follows:
    a. 50% of investment earnings of the General Fund
    b. 50% of investment earnings of all other operating funds except as prohibited by law or by internal policy
    c. Excess revenues and/or additional allocations from the General Fund as recommended by the Chief Financial Officer and/or City Manager and approved by City Council. Examples of excess revenues include one-time payments from franchisees as a result of an audit, refunds or other one-time discretionary payments not anticipated to be needed for current operations.

4. The General Fund Stabilization Fund will only be used to provide temporary support for critical basic services and operations meeting the criteria established by this policy. In no event will the General Fund Stabilization Fund be used to fund new programs or to fund expenditures that should otherwise be funded with operating revenues, contingencies and reserves.

5. All request for use of the General Fund Stabilization Fund will include the following:
    a. Projection of revenues indicating decline for more than 2 years or permanent decline as a result of economic downturn or unforeseen event
    b. Analysis that revenue decline is so significant that it cannot be absorbed in the department or fund's operating budget through increases in other revenues or reduction of current expenditures
    c. Determination that critical basic services and operations will be affected, and community members will be negatively impacted
    d. Determination that request meets any other criteria determined by Council
    e. Plan of action and long-term financial solution to address the revenue shortfall

6. All requests for use of the General Fund Stabilization Fund will be presented to Council along with City Manager's recommendation. The City Council shall make the final decisions concerning appropriation of funds from the General Fund Stabilization Fund.

9. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICIES

The City will maintain its accounting records and financial reporting systems in compliance with the following standards:

1. Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB).
2. Governmental accounting, auditing, and financial reporting standards prescribed by the Government Finance Officers Association (GFOA).
3. Government Auditing Standards issued by the Comptroller General of the United States.
4. Applicable Oregon Revised Statutes and administrative requirements governing municipal finance.
    1. U.S. Office of Management and Budget (OMB) Circular A-133
    2. Local, State, and Federal grant compliance requirements.

The primary responsibility for the City's financial reporting and internal controls rests with City staff senior management as overseen by the City Council.

The City will maintain a system of internal controls designed to safeguard assets, ensure accurate financial reporting, promote operational efficiency, and support compliance with applicable laws, regulations, and policies.

Financial Reporting Policies and Annual Audit

1. The Finance Department will provide monthly financial reports comparing actual revenues and expenditures to budget by fund as well as provide a quarterly in-depth financial analysis and current staffing position schedule reflecting any changes since budget adoption.
2. An annual independent audit of the City's financial statements and federal grant programs will be conducted in accordance with Oregon law and applicable auditing standards.
3. The City will maintain accounting records, financial reporting practices, and internal controls with the objective of receiving an unmodified audit opinion.
4. The Finance Department will prepare an Annual Comprehensive Financial Report (ACFR) and seek recognition through the GFOA Certificate of Achievement for Excellence in Financial Reporting program or its successor program.
5. The City will comply with all continuing disclosure requirements associated with outstanding debt as required by SEC Regulation 15-C-2-12. Departments are responsible for notifying the Chief Financial Officer of significant financial events that may require disclosure to investors, regulatory agencies, or the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) system. Significant events include delinquencies and defaults related to the City's bonds, adverse tax opinions or events affecting the tax-exempt status of bonds, the release, substitutions or sale of property securing repayment of bonds and other events having a significant impact on the City's finances and outstanding bonds.
6. Capital assets with an individual acquisition cost exceeding $10,000 and a useful life greater than two years will be capitalized and depreciated in accordance with the City's capitalization policy. Assets below

these thresholds will generally be recorded as operating expenditures. The capitalization threshold applies to individual assets rather than groups of assets.

Audit Committee

The City Council provides oversight of the City's financial reporting, audit functions, and internal controls through an Audit Committee which consists of three council appointed council members. The Audit Committee is authorized to oversee external audit services, review audit results and investigations, and engage independent professional advisors as necessary to fulfill their responsibilities.

Accommodation Information for People with Disabilities & Language Assistance Services
You can obtain this information in alternate formats such as Braille, electronic format, etc. Free language assistance services are also available. Please email **accessibility@bendoregon.gov** or call 541-693-2198. Relay Users Dial 7-1-1. All requests are subject to vendor processing times and should be submitted 48-72 hours in advance of events.

Servicios de asistencia lingüística e información sobre alojamiento para personas con discapacidad
Puede obtener esta información en formatos alternativos como Braille, formato electrónico, etc. También disponemos de servicios gratuitos de asistencia lingüística. Póngase en contacto en correo electrónico **accessibility@bendoregon.gov** o número de teléfono 541-693-2198. Los usuarios del servicio de retransmisión deben marcar el 7-1-1. Por favor, envíe sus solicitudes con 48-72 horas de antelación al evento; todas las solicitudes están sujetas a los tiempos de procesamiento del proveedor.