



Bend Metro Park & Recreation District

annual financial report

Fiscal Year Ending June 30, 2015

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Bend Park &
Recreation
DISTRICT





Bend Park & Recreation
DISTRICT

**BEND METRO PARK AND RECREATION DISTRICT,
OREGON**

Annual Financial Report

For the Year Ended June 30, 2015

Report Prepared by the District Finance Department

Lindsey Lombard, Finance Director

Amy Crawford, Finance Manager



Bend Park &
Recreation
DISTRICT

Table of Contents

	Page
Introductory Section	
Organizational Chart	ii
Directory of District Officials	iii
Financial Section	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Notes to Financial Statements	26
Required Supplementary Information	
Schedule of the Proportionate Share of the Net Pension Liability (Asset)	54
Schedule of Employer Contributions	55
General Fund and Major Special Revenue Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	56
System Development Charges Special Revenue Fund	57

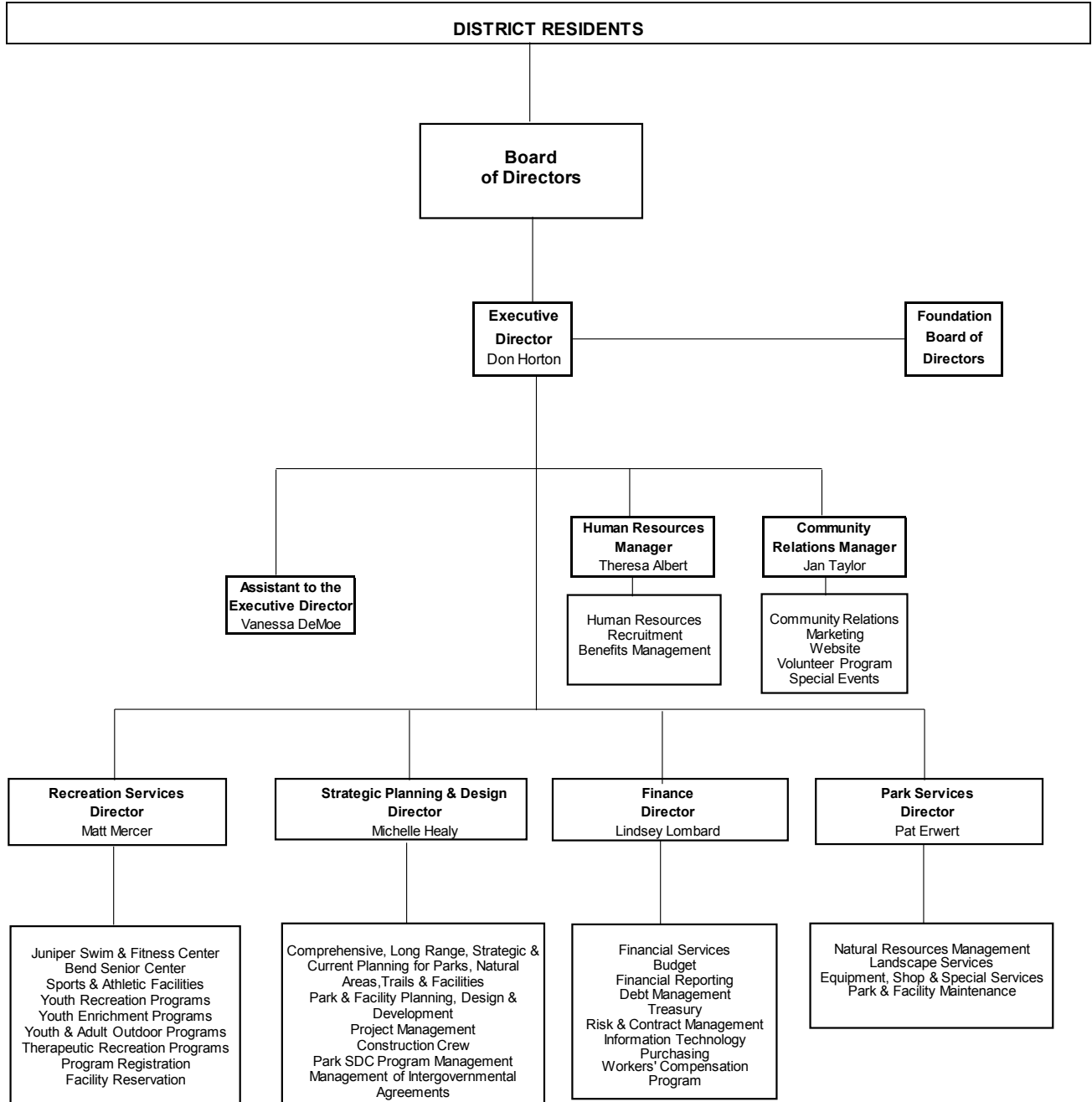
Table of Contents

	Page
Other Supplementary Information	
Major Governmental Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Bond Capital Projects Fund	60
General Obligation Bond Debt Service Fund	61
Facility Capital Projects Fund	62
Nonmajor Governmental Funds:	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	65
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Facility Rental Special Revenue Fund	66
Equipment Capital Projects Fund	67
Other Financial Schedules	
Schedule of Property Tax Transactions	70
Schedules of Future Debt Service Requirements of Long-term Debt	
General Obligation Bonds	71
Loan Payable	72
AUDIT COMMENTS	
Audit Comments and Disclosures Required by State Regulations	74

INTRODUCTORY SECTION

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Organizational Chart
For the Year Ended June 30, 2015



BEND METRO PARK AND RECREATION DISTRICT, OREGON

Directory of District Officials
For the Year Ended June 30, 2015

Board of Directors

<u>Name</u>	<u>Term Expires</u>
Scott Wallace Bend, OR	June 30, 2015
Dan Fishkin Bend, OR	June 30, 2015
Ted Schoenborn Bend, OR	June 30, 2017
Nathan Hovekamp Bend, OR	June 30, 2017
Craig Chenoweth Bend, OR	June 30, 2017

Registered Agent and Office

Don P. Horton
Administrative Office
799 SW Columbia Street
Bend, OR 97702

Principal Officials

Don P. Horton, Executive Director
Lindsey Lombard, Finance Director
Michelle Healy, Strategic Planning and Design Director
Matt Mercer, Recreation Services Director
Pat Erwert, Park Services Director

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bend Metro Park and Recreation District

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Bend Metro Park and Recreation District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Bend Metro Park and Recreation District as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Required Supplementary Information (budgetary comparison information for the General and major special revenue funds) 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. The budgetary comparison information for these funds has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Required Supplementary Information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bend Metro Park and Recreation District's basic financial statements. The other supplementary information and other financial schedules sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information and Other Financial Schedules, as listed in the Table of Contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and other financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Standards*, we have also issued a report titled "Audit Comments and Disclosure Required by State Regulations" dated December 17, 2015, which is also not a required part of the financial statements. The purpose of that report is to address specific matters required by the State of Oregon.

PRICE FRONK & CO.
Certified Public Accountants & Consultants

By: 
Candace S. Fronk – a partner

December 17, 2015

Management's Discussion and Analysis For the Year Ended June 30, 2015

The management of the Bend Metro Park and Recreation District (District) provides readers of the District's financial statements this narrative overview and analysis of the financial activities and financial position of the District for the fiscal year ended June 30, 2015. Management's Discussion and Analysis (MD&A) focuses on currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The District's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) by \$104,709,098 at June 30, 2015. Of this amount, \$20,249,621 may be used to meet the District's on-going obligations to citizens and creditors, compared to \$15,848,626 as of June 30, 2014, as restated.
- The District's net position at June 30, 2015 increased by \$10,732,726 from the prior year. This increase in net position is resultant of a combination of: capital assets increasing by \$23 million; cash and investments decreasing by \$12.3 million; net pension asset increasing by \$3.7 million; deferred outflows of resources increasing by \$90,000; total liabilities increasing by \$2.3 million; and deferred inflows of resources increasing by \$2.2 million.
- The District's governmental funds reported a combined fund balance of \$29,222,519, a decrease of \$13,227,893, from June 30, 2014. Of this balance, \$244,991, or .8%, is nonspendable; \$14,965,523, or 51.2%, is restricted; \$8,684,528, or 29.8%, is committed; \$1,500,000, or 5.1% is assigned; and \$3,827,477, or 13.1% is unassigned.
- The District's assets and deferred outflows of resources totaled \$147.8 million at June 30, 2015 consisting of \$112 million in capital assets, \$32.2 million in cash and cash equivalents, \$1.1 million in net pension asset, \$1.9 million in receivables and other assets, and \$600,000 in deferred outflows of resources. Total assets and deferred outflows of resources increased by \$13 million from the prior year.
- The District's liabilities and deferred inflows of resources totaled \$43.1 million at June 30, 2015 consisting of \$33.5 million in debt, \$2.9 million in accounts payable, \$4.5 million in other liabilities, and \$2.2 million in deferred inflows of resources. Total liabilities and deferred inflows of resources increased by \$1.9 million from the prior year.
- The District generated program revenues of \$12.5 million from its governmental activities. Direct expenses of all programs totaled \$17.7 million. General revenues which include taxes and investment earnings totaled \$15.9 million.
- The District's Assessed Valuation of Taxable Property increased by 6.5%, to approximately \$9.5 billion, in fiscal year ending June 30, 2015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements and other required supplementary information. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements.

Government-wide financial statements. The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies.

Management's Discussion and Analysis, continued

The Statement of Net Position focuses on resources available for future operations. It includes all of the District's assets and deferred outflows of resources and all of its liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. This is only one measure, however, and the reader should consider other indicators such as general economic conditions in the District, changes in property tax base, and the age and condition of capital assets used by the District.

The Statement of Activities focuses on all of the current fiscal year's revenue and expenses. The statement presents information showing how the District's net position changed during the fiscal year. All changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program relies on taxes or other general revenues for funding.

Both of the government-wide financial statements are divided into two categories:

Governmental activities. Governmental activities are supported by general revenue sources such as taxes, charges for services, and grants and contributions. These services include general government services (administration, information technology, human resources, risk management, financial services and community relations), planning and development, facility rental, park services and recreation services.

Component units. The District includes the Bend Park and Recreation Foundation as a discretely presented component unit. The sole purpose of this legally separate non-profit organization is to provide support and significant additional funding for the District.

The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements. The fund financial statements provide more detailed information about the District's major funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Major funds are separately reported while all others are combined into a single, aggregated presentation. All of the funds of the District can be classified into one category:

Governmental funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on how cash and other financial assets that can readily be converted to cash flow in and out, and the balances remaining at year-end that are available for future spending. This short-term view of the District's financial position helps the reader determine whether the District has sufficient resources to cover expenditures for its basic services in the near future. Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financial decisions. A reconciliation that follows the governmental fund statements explains the relationship (differences) between the two statements.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for those funds that are considered significant (major) to the District taken as a whole. These financial statements report five major funds: General Fund, System Development Charges (SDC) Special Revenue Fund, Bond Capital Projects Fund, General Obligation Debt Service Fund, and Facility Capital Projects Fund. The other two governmental funds are combined into a single, aggregated presentation.

Management's Discussion and Analysis, continued

The District adopts an annual appropriated budget for its funds. To demonstrate compliance with the budget, budgetary comparison statements for all appropriated funds are provided following the notes to the financial statements.

The basic governmental fund financial statements can be found on pages 18–25 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-51 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons for the General Fund and major special revenue funds. These comparisons can be found on pages 54-60 of this report.

Other supplementary information. The combining statements and budget to actual schedules for the major and nonmajor governmental funds are presented in this section, and can be found on pages 62-65 of this report.

Government-wide Financial Analysis

The District applied the pension reporting standards to its fiscal year 2014-15 financial statements, as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These standards had a significant impact on the government-wide statements resulting in a large prior period adjustment and affected the categories of pension expense, assets, and deferred inflows and outflows of resources. The State of Oregon's retirement system actuaries determined that the pension expense to report in fiscal year 2014-15 is a negative amount and, as the net fiduciary assets exceed the total pension liability, the District's share of the collective net pension liability is reported as a pension asset in the current fiscal year. Further discussion of the implementation of GASB Statements No. 68 and No. 71 can be found later in the Management's Discussion and Analysis and in the notes to the financial statements.

Net Position

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of June 30, 2015, the District had a positive net position balance – assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources - of \$104,709,098. This is an increase of 10.3% over prior year.

The most significant portion of the District's net position 81%, or \$84,459,477 represents its investment in capital assets net of related debt (land, buildings, improvements, and vehicles, equipment and software, net of accumulated depreciation). The District uses these capital assets to provide services to District residents. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, as the capital assets will not be liquidated to service the debt. An additional portion of the District's net position, \$9,002,872 or 9%, represents resources that are restricted for use in its long-term capital projects and debt service requirements. The remaining 10%, or \$11,246,749 of the District's net position may be used to meet the District's future obligations to community citizens and creditors.

The following is a condensed statement of net position and an analysis of the change in the District's financial position from the prior year:

Management's Discussion and Analysis, continued

Net Position

	June 30		
	2015	2014 (as restated)	Change
Assets other than capital assets and net pension asset	\$ 34,115,429	\$ 45,764,432	\$(11,649,003)
Net pension asset	1,140,713	-	1,140,713
Capital assets, net	111,956,898	88,993,547	22,963,351
Total assets	<u>147,213,040</u>	<u>134,757,979</u>	<u>12,455,061</u>
Deferred outflows of resources	<u>619,992</u>	<u>430,877</u>	<u>189,115</u>
Current liabilities	6,256,049	4,374,611	1,881,438
Net pension liability	-	2,568,133	(2,568,133)
Noncurrent liabilities	34,639,068	34,269,740	369,328
Total liabilities	<u>40,895,116</u>	<u>41,212,484</u>	<u>(317,368)</u>
Deferred inflows of resources	<u>2,228,818</u>	<u>-</u>	<u>2,228,818</u>
Net position:			
Invested in capital assets, net of related debt	84,459,477	78,127,746	6,331,731
Restricted	9,002,872	7,016,473	1,986,399
Unrestricted	11,246,749	8,832,153	2,414,596
Total net position	<u>\$ 104,709,098</u>	<u>\$ 93,976,372</u>	<u>\$ 10,732,726</u>

Changes in Net Position

The District's net position increased by \$10,732,726 during fiscal year 2014-15. The largest change in net position is due to the change in accounting for the District's defined benefit pension plan. Pension payments to the state retirement system the District made during the current fiscal year of \$480,381 are reported as deferred outflows of resources instead of expense and the pension expense is reported as a negative \$1,529,352. These two adjustments to expense account for \$2,009,733 of the increase in net position.

Other impacts on the increase in net position include:

- System development charge revenue increased by nearly \$500,000 from the prior year, a combination of both fee increases and growth in residential development.
- Recreation services charges for services increased by \$280,000 due to increased customer participation, fee increases and community growth.
- Capital grants and contributions are up by \$777,000 from prior year, due to a few larger contributions from community organizations and members - for the Bend Whitewater Park project and additional Pickleball courts at Pine Nursery Park.
- Property taxes increased by just over \$808,000, this was due to a combination of: statutorily allowable increases in assessed value on existing properties and new residential and commercial development.
- Expenses for governmental activities decreased by 2.7% from last year, or just over \$500,000. Expenses would have increased by just over \$1 million, or 5.6% except for the impact caused by the change in accounting for the pension expense, as noted earlier.
- The remaining increase in net position is a reflection of increases in District services to serve the growth in the community.

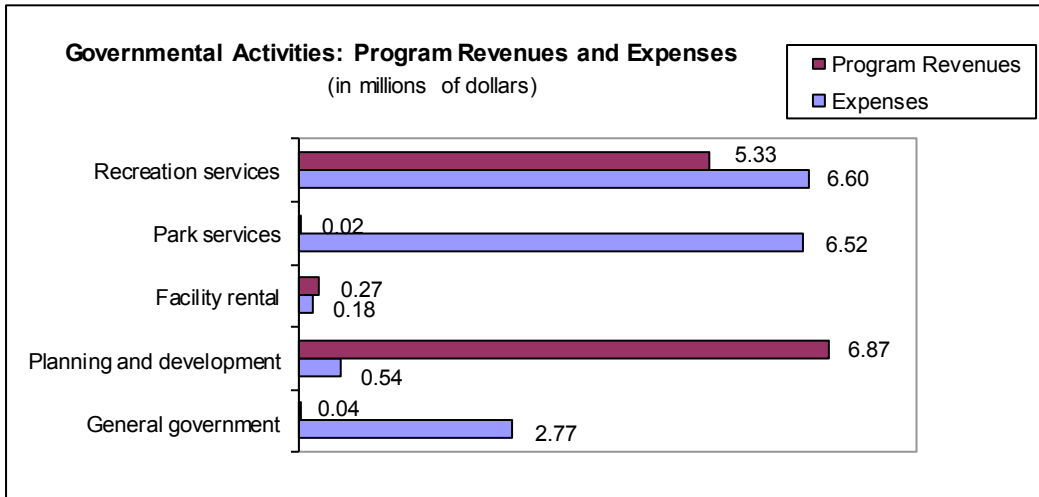
Management's Discussion and Analysis, continued

The details of the District's changes in net position for fiscal year ended June 30, 2015 are as follows:

	Changes in Net Position		
	Fiscal Year Ended June 30		
Revenues	2015	2014 (as restated)	Change
Program revenues:			
Charges for services	\$ 11,029,356	\$ 10,289,056	\$ 740,300
Operating grants and contributions	50,151	88,817	(38,666)
Capital grants and contributions	1,441,960	664,908	777,052
General revenues:			
Property taxes	15,395,348	14,587,221	808,127
Investment earnings	206,154	224,952	(18,798)
Other	328,242	69,381	258,861
Total revenues	<u>28,451,211</u>	<u>25,924,335</u>	<u>2,526,876</u>
Expenses			
General government	2,771,181	2,669,407	101,774
Planning and development	538,205	661,638	(123,433)
Facility rental	176,509	205,579	(29,070)
Park services	6,522,644	6,519,040	3,604
Recreation services	6,603,770	6,989,230	(385,460)
Interest on long-term debt	1,106,175	1,177,051	(70,876)
Total expenses	<u>17,718,485</u>	<u>18,221,945</u>	<u>(503,460)</u>
Change in net position	10,732,726	7,702,390	3,030,336
Net position - beginning of year	93,976,372	88,411,238	5,565,134
Net position - end of year	104,709,098	96,113,628	8,595,470
Prior period adjustments:			
GASB # 68 (PY deferred outflow)	-	430,877	(430,877)
GASB # 68 (PY net pension liability)	-	(2,568,133)	2,568,133
Net position - ending	<u>\$ 104,709,098</u>	<u>\$ 93,976,372</u>	<u>\$ 10,732,726</u>

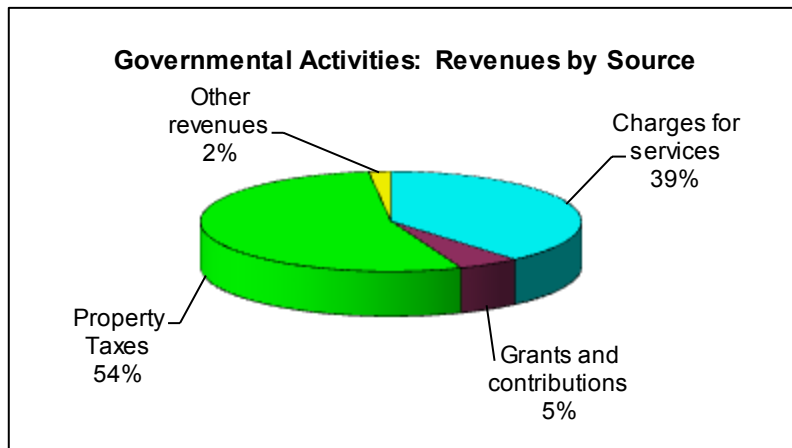
All governmental programs utilize general revenues to support their functions. Some programs such as general government and park services are fully dependent on general revenues to fund operations. Other programs, such as recreation services, are only subsidized by general revenues. The following chart compares the revenues and expenses for each of the District's governmental 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 planning and development include system development charges of \$5,305,916 and capital grants and contributions of \$1,441,960. These revenues are expended on acquisitions and development of capital assets, and not operational expenses.

The next chart shows the percent of the total for each source of revenue supporting governmental activities.



Management's Discussion and Analysis, continued

Financial Analysis of the District's Funds

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

Governmental funds

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

As of the end of fiscal year 2014-15, the District's governmental funds reported combined ending fund balances of \$29.2 million, which reflects a decrease of approximately \$13.2 million from the prior year's fund balances. Changes, amounts and percentages, in the fund balances of the governmental funds were:

• General Fund	Increase of \$649,782, or 13.3%
• System Development Charges Fund	Increase of \$1,907,159, or 27.3%
• Bond Capital Projects Fund	Decrease of \$17,701,843, or 74.8%
• General Obligation Debt Service Fund	Increase of \$79,240, or 133.2%
• Facility Capital Projects Fund	Increase of \$1,761,795, or 29.4%
• Nonmajor other governmental funds	Increase of \$75,974, or 8.8%

Significant changes in ending fund balances of the District's major funds are as follows:

The **General Fund** is the primary operating fund of the District. Principal sources of revenue are property taxes, charges for services, intergovernmental revenues and contributions. Primary expenditures are made for personnel, materials and services, debt service, and facility costs necessary to provide quality park maintenance, recreational, and planning, design, and development services for the community, and general administration of the District's operations. As of June 30, 2015, the fund balance of the General Fund was \$5.5 million. Of this fund balance, \$1,707,491 is nonspendable or assigned for future expenditures and \$3,827,477 is unassigned.

As a measure of the General Fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. The General Fund's spendable fund balance represents 33% of total General Fund expenditures and 30% of total General Fund combined expenditures and net transfers, exceeding the District's financial policy guideline of 17 percent. These percentages were 56% and 36%, respectively, in the prior year. The significant change in these percentages is due to combining the Recreation Services Fund with the General Fund in fiscal year 2014-15. This added significantly more expenditures to the General Fund without also increasing the fund's ending fund balance.

The General Fund's ending fund balance increased by \$649,782 or 13.3% during fiscal year 2014-15. Revenues exceeded current expenditures by \$4,018,286. These net resources along with Transfers In were used primarily to fund District services through transfers to other funds in the amount of \$3,262,714.

As compared to the prior fiscal year, General Fund revenues increased by just under \$1.1 million, largely due to \$747,000 (5.8%) in increased property tax collections and \$283,000 (5.7%) more in recreation charges for services. Expenditures increased by just over \$1 million (6.9%). This increase was primarily in personnel services, as the District expanded its staff in all areas in order to support the increase in demand for services from the growing community.

The **System Development Charges Special Revenue Fund** is used to account for development fees assessed on new residential construction within the District boundaries, and is expended on the acquisition and development of parks and trails. There had been a significant slowdown in growth in residential development in Bend caused by the national economic recession, which decreased system development charge (SDC) revenue

Management's Discussion and Analysis, continued

for fiscal years 2006-07 through 2009-10. However, since then, SDC revenue has seen annual increases. SDC revenues in fiscal year 2014-15 saw an increase of \$482,000 (10%) over the prior year. Capital outlay in this fund was \$2.8 million – equivalent to the amount expended in the prior year. The ending fund balance increased by \$1.9 million from the prior year balance. This fund balance of \$8,894,150 is entirely restricted by state law to capacity-enhancing and reimbursement projects for park and trail facilities within the District.

The **Bond Capital Projects Fund** accounts for the financial resources received from the voter approved general obligation bond passed in November 2012. Primary expenditures of this fund are acquisition and construction of park, recreation and trail related capital projects promised to the community. The District issued general obligation bonds in June of 2013, in the amount of \$29 million. The unspent bond proceeds in the Bond Capital Projects Fund accounted for just under \$6 million of the District's ending fund balance at June 30, 2015, which was a decrease of \$17.7 million from the prior year. Capital outlay in this fund was nearly \$17.8 million this fiscal year. The ending fund balance of \$5,962,651 is restricted by state and federal law for capital projects.

The **General Obligation Bond Debt Service Fund** accounts for the accumulation of resources, primarily property tax revenue, to pay principal and interest payments on the 2013 general obligation bonded debt. The fund balance of \$138,722 is restricted by state law for debt service.

The **Facility Capital Projects Fund** accounts for major capital project activities of the District that are not accounted for in the SDC Fund or the Bond Capital Projects Fund. The principal financing source is from a transfer of property taxes from the General Fund. It also receives revenues from capital-related grants and contributions. The District is carrying forward into next fiscal year a large fund balance to pay for significant planned future projects – largely the future major expansion of the Bend Senior Center. These reserves are also for the purpose of major repair and replacement of capital assets as they end their useful life. The fund balance increased by \$1.7 million. This fund balance of \$7,755,853 is committed for the purposes of land acquisitions, park development and other facility capital projects.

General Fund Budgetary Highlights

Original budget compared to final budget and actual results

The General Fund's original budget was not amended in fiscal year 2015. For the year, actual revenues were greater than budgetary estimates by 4%, largely due to higher property tax collections than projected. Actual expenditures were 84.5% of the budgeted expenditures. The significant underspending in expenditures occurred in personnel services and materials and services by 2% and 11%, respectively, and also in not needing to use any of the \$1.5 million in operating contingency.

Capital Asset and Debt Administration

Capital assets

As of June 30, 2015, the District had invested just under \$112 million in capital assets (net of accumulated depreciation). The book value of the depreciable assets is 65% of historical cost. This investment in capital assets includes land, parks, trails, buildings and improvements, equipment and furnishings. This investment increased by a net amount (additions, deductions and depreciation) of over \$22.9 million over the prior year, or 25.8%. The largest majority of the capital expenditures (89%) occurred in the Bond Capital Projects Fund in the current fiscal year.

Management's Discussion and Analysis, continued

Capital Assets (Net of Accumulated Depreciation)

	June 30		
	2015	2014	Change
Land including right-of-way	\$ 46,474,126	\$ 40,896,066	\$ 5,578,060
Construction in progress	19,690,479	7,686,066	12,004,413
Artwork	230,000	230,000	-
Buildings and building improvements	22,780,911	21,292,252	1,488,659
Improvements other than buildings	21,736,503	17,869,876	3,866,627
Vehicles, equipment and software	1,044,879	1,019,287	25,592
Total capital assets	<u>\$ 111,956,898</u>	<u>\$ 88,993,547</u>	<u>\$ 22,963,351</u>

Significant capital asset additions, totaling over \$25.5 million for fiscal year 2015, were as follows:

- Acquisition of land for a future community park at \$3.6 million,
- Construction in progress on the Pavilion in the amount of \$6.9 million,
- Construction in progress on the Bend Whitewater Park in the amount of \$6.7 million,
- Acquisition and development of Discovery Community Park in the amount of \$5.2 million,
- Development and improvements at the Pine Nursery Community Park in the amount of \$1.1 million
- Design, engineering and improvements at three community parks in the amount of \$244,000,
- Design and engineering at four neighborhood parks in the amount of \$131,000,
- Development of the Deschutes River Trail and other trails, totaling \$344,000,
- Design and engineering for Riley Ranch Nature Reserve, in the amount of \$154,000,
- Asset management and access plan expenditures at Juniper Swim and Fitness Center, Bend Senior Center, and other District facilities in the approximate amount of \$411,000, and
- Purchases of vehicles, equipment and technology totaling \$284,000.

Offsetting these additions were depreciation and retirements of assets.

Additional information on the District's capital assets is included in Note 3 on page 36 of this report.

Long-term debt and other long-term obligations

As of June 30, 2015 the District had \$36,324,521 in debt and other long-term obligations (employee and development-related obligations) outstanding. Debt decreased by \$1.1 million while other long-term obligations increased by \$1.7 million.

Outstanding Debt and Obligations

	June 30		
	2015	2014	Change
General obligations bonds	\$ 27,450,000	\$ 28,230,000	\$ (780,000)
Premium on general obligation bonds	1,664,615	1,757,094	(92,479)
Full faith & credit obligations	-	4,640,000	(4,640,000)
Loan payable	4,431,464	-	4,431,464
Compensated absences	423,144	402,262	20,882
Developer agreement payable	1,867,969	202,349	1,665,620
System development charges credit	-	44,298	(44,298)
Other post-employment benefits payable	487,329	421,287	66,042
Total outstanding obligations	<u>\$ 36,324,521</u>	<u>\$ 35,697,290</u>	<u>\$ 627,231</u>

Management's Discussion and Analysis, continued

The General obligations general obligation bonds, related to park and recreation facilities, will be paid off in fiscal year 2033. Of the amount outstanding at year-end, \$815,000 is due within one year. The 2005 Full Faith and Credit Obligation, related to the Juniper Swim and Fitness Center renovation and expansion, was refunded in December 2014 with a bank placement loan payable that will be paid off in fiscal year 2025. Of the amount outstanding at year-end for the loan payable, \$395,051 is due within one year.

Moody's Investors Service has assigned a credit rating of Aa3 to the District for its general obligation bonds.

State statutes limit the amount of general obligation debt that park and recreation districts may issue up to 2.5% of all the real market value (RMV) of all taxable properties within the district as reflected in the last certified assessment roll. With a real market value of \$14.8 billion, the current debt limitation for the District is \$370,975,205. As of June 30, 2015, the District's remaining general obligation debt capacity is \$341,860,590. The District has only issued 7.8% of its capacity.

Additional information on the District's long-term debt and other long-term obligations is included in Note 7 on pages 37-39 of this report.

Economic Factors and Budget Information for the Next Year

- The District is dependent on property taxes, charges for services, grants, contributions and investment earnings to support its operations. Property taxes made up approximately 54.5% of the District's total revenue sources in fiscal year 2015, charges for services (including SDCs) provided 38.5%, grants and contributions provided 5%, and investment earnings and other revenues provided 2%.
- An increase in PERS contribution rates, effective July 1, 2015, combined with increased staffing, is anticipated to increase the District's expenditure for its defined benefit retirement plans for fiscal year 2016 by approximately \$200,000, or 39%, over prior year. Because rates are actuarially set every other year, rates for 2016 will remain unchanged, and will also cost the District at least an additional \$200,000 more in that fiscal year. The recent interim valuation issued by PERS in September 2015 indicates that PERS employer rates could increase significantly over the next several rate-setting biennia. This expected increase is due to: the State Supreme Court decision to nullify the bulk of the cost saving legislative changes from the 2013 legislative session; changes to a number of actuarial assumption changes approved by the PERS Board in 2015; and a down-turn in the investment market in calendar year 2015. The next rate setting valuation will be completed in the fall of 2016 setting rates for fiscal years 2018 and 2019.
- With the local community's population and economic growth, the District's Assessed Valuation of Taxable Property increased from fiscal year 2015 to fiscal year 2016 by 7.6% to approximately \$10.2 billion.
- SDCs collected in fiscal year 2015 were up by nearly \$500,000 from the prior year, an increase of 10%. Fiscal year 2016 has already seen a significant growth in residential development in the community. So far in the first four months of the current fiscal year 2016, SDC collections are up \$2.8 million as compared to the same time period last year – an increase of 182%. This reflects the need for the District to continue to provide its current level of service in parks, trails and recreation facilities to a very quickly growing community over the next few years.
- In order to continue to provide exceptional services for the growing community, the District has increased staffing levels in the fiscal year 2016 budget by 6.6 full-time positions - from 91 to 97.6, and 7 FTE in part-time positions from prior fiscal year.

The District's budget planning process starts with the District's vision, mission and value statements. These statements serve the purpose of defining for the public, staff and Board of Directors why our organization exists, who we serve and how we serve them. These statements drive our budgetary priorities. These guiding statements are as follows:

Management's Discussion and Analysis, continued

Our vision:

To be a leader in building a community connected to nature, active lifestyles and one another.

Our mission:

To strengthen community vitality and foster healthy, enriched lifestyles by providing exceptional park and recreation services.

We value:

- **Excellence** by striving to set the standard for quality programs, parks and services through leadership, vision, innovation and dedication to our work.
- **Environmental Sustainability** by helping to protect, maintain and preserve our natural and developed resources.
- **Fiscal Accountability** by responsibly and efficiently managing the financial health of the District today and for generations to come.
- **Inclusiveness** by reducing physical, social and financial barriers to our programs, facilities and services.
- **Partnerships** by fostering an atmosphere of cooperation, trust and resourcefulness with our patrons, coworkers, and other organizations.
- **Customers** by interacting with people in a responsive, considerate and efficient manner.
- **Safety** by promoting a safe and healthy environment for all who work and play in our parks, facilities and programs.
- **Staff** by honoring the diverse contributions of each employee and volunteer, and recognizing them as essential to accomplishing our mission.

Requests for Information

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning information provided in this report or requests for additional financial information should be addressed to Bend Park & Recreation District Finance Department, 799 SW Columbia Street, Bend, Oregon 97702, or by email to lindsey@bendparksandrec.org or amy@bendparksandrec.org.

BASIC FINANCIAL STATEMENTS

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Statement of Net Position
June 30, 2015

	Primary Government Governmental Activities	Component Unit Bend Park and Recreation Foundation
Assets		
Current assets:		
Cash and cash equivalents	\$ 32,178,990	\$ 563,693
Property taxes receivable	424,279	-
System development fees receivable	767,916	-
Accounts receivable	499,253	-
Prepaid expenses	244,991	-
Total current assets	<u>34,115,429</u>	<u>563,693</u>
Net pension asset	<u>1,140,713</u>	-
Capital assets:		
Land, construction in progress and artwork	66,394,605	-
Other capital assets (net of accumulated depreciation)	45,562,293	-
Total capital assets	<u>111,956,898</u>	-
Total assets	<u>147,213,040</u>	<u>563,693</u>
Deferred outflows of resources		
Deferred charge on refunding	139,611	-
Contributions subsequent to measurement date	480,381	-
Total deferred outflows of resources	<u>619,992</u>	-
Liabilities		
Current liabilities:		
Accounts payable	2,877,469	289,837
Accrued liabilities	403,451	-
Deposits payable	131,308	-
Accrued interest payable	86,007	-
Unearned revenue	1,072,360	-
Compensated absences	60,903	-
Developer agreement payable	414,500	-
Current portion of long-term debt	1,210,051	-
Total current liabilities	<u>6,256,049</u>	<u>289,837</u>
Noncurrent liabilities:		
Compensated absences	362,241	-
Other post-employment benefits payable	487,329	-
Developer agreement payable	1,453,470	-
Long-term debt due in more than one year	32,336,028	-
Total noncurrent liabilities	<u>34,639,068</u>	-
Total liabilities	<u>40,895,116</u>	<u>289,837</u>
Deferred inflows of resources		
Changes in proportion	27,704	-
Net difference (projected and actual earnings)	2,201,114	-
Total deferred inflows of resources	<u>2,228,818</u>	-
Net position		
Net investment in capital assets	84,459,477	-
Restricted for:		
Capital projects	8,864,150	-
Debt service	138,722	-
Temporarily restricted - Program activities	-	156,865
Permanently restricted - Endowment	-	54,787
Unrestricted	11,246,749	62,204
Total net position	<u>\$ 104,709,098</u>	<u>\$ 273,856</u>

The notes to the financial statements are an integral part of this statement.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Bend Park and Recreation Foundation
Primary Government:						
Governmental activities:						
General government	\$ 2,771,181	\$ 35,594	\$ -	\$ -	\$ (2,735,587)	\$ -
Planning and development	538,205	5,427,787	-	1,441,960	6,331,542	-
Facility rental	176,509	265,622	-	-	89,113	-
Park services	6,522,644	8,048	12,549	-	(6,502,047)	-
Recreation services	6,603,770	5,292,305	37,602	-	(1,273,863)	-
Interest on long-term debt	1,106,175	-	-	-	(1,106,175)	-
Total primary government	\$ 17,718,485	\$ 11,029,356	\$ 50,151	\$ 1,441,960	\$ (5,197,018)	-
Component unit:						
Bend Park and Recreation Foundation	\$ 355,750	\$ -	\$ 388,738	\$ -		32,988
General revenues:						
Property taxes:						
Levied for general purposes					13,574,247	-
Levied for bonded debt					1,821,101	-
Investment earnings					206,154	-
Gain on disposition of capital assets					66,690	-
Other revenues					261,552	29,532
Total general revenues					15,929,744	29,532
Change in net position					10,732,726	62,520
Net position, July 1, 2014 (as previously reported)					96,113,628	211,336
Less prior period adjustment					(2,137,256)	-
Net position, July 1, 2014 (as restated)					93,976,372	211,336
Net position, June 30, 2015					\$ 104,709,098	\$ 273,856

The notes to the financial statements are an integral part of this statement.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Balance Sheet
Governmental Funds
June 30, 2015**

	<u>General</u>	<u>System Development Charges</u>	<u>Bond Capital Projects</u>	<u>General Obligation Debt Service</u>
Assets				
Pooled cash and investments	\$ 6,844,043	\$ 8,168,696	\$ 8,253,941	\$ 131,918
Receivables:				
Property taxes	382,355	-	-	41,924
System development fees	-	767,916	-	-
Accounts	138,859	-	-	-
Due from other funds	5,635	-	-	-
Prepaid items	207,491	30,000	-	-
Total assets	<u>\$ 7,578,383</u>	<u>\$ 8,966,612</u>	<u>\$ 8,253,941</u>	<u>\$ 173,842</u>
Liabilities				
Accounts payable	\$ 414,318	\$ 72,462	\$ 2,285,655	\$ -
Accrued payroll liabilities	335,990	-	-	-
Accrued compensated absences	60,903	-	-	-
Other current liabilities payable	67,461	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	5,635	-
Unearned revenue	852,444	-	-	-
Total liabilities	<u>1,731,116</u>	<u>72,462</u>	<u>2,291,290</u>	<u>-</u>
Deferred inflow of resources				
Unavailable revenue - property taxes	<u>312,299</u>	<u>-</u>	<u>-</u>	<u>35,120</u>
Fund balances				
Nonspendable:				
Prepaid items	207,491	30,000	-	-
Restricted for:				
Capital projects	-	8,864,150	5,962,651	-
Debt service	-	-	-	138,722
Committed to:				
Capital projects - facilities	-	-	-	-
Facility rental activities	-	-	-	-
Capital projects - equipment	-	-	-	-
Assigned:				
Future expenditures	1,500,000	-	-	-
Unassigned:	3,827,477	-	-	-
Total fund balances	<u>5,534,968</u>	<u>8,894,150</u>	<u>5,962,651</u>	<u>138,722</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 7,578,383</u>	<u>\$ 8,966,612</u>	<u>\$ 8,253,941</u>	<u>\$ 173,842</u>

(continued)

The notes to the financial statements are an integral part of this statement.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Balance Sheet
Governmental Funds, continued
 June 30, 2015

	Facility Capital Projects	Other Governmental	Total
Assets			
Pooled cash and investments	\$ 7,581,392	\$ 1,199,000	\$ 32,178,990
Receivables:			
Property taxes	-	-	424,279
System development fees	-	-	767,916
Accounts	275,013	85,381	499,253
Due from other funds	-	-	5,635
Prepaid items	-	7,500	244,991
Total assets	<u>\$ 7,856,405</u>	<u>\$ 1,291,881</u>	<u>\$ 34,121,064</u>
Liabilities			
Accounts payable	\$ 100,552	\$ 4,482	\$ 2,877,469
Accrued payroll liabilities	-	-	335,990
Accrued compensated absences	-	-	60,903
Other current liabilities payable	-	-	67,461
Deposits payable	-	131,308	131,308
Due to other funds	-	-	5,635
Unearned revenue	-	219,916	1,072,360
Total liabilities	<u>100,552</u>	<u>355,706</u>	<u>4,551,126</u>
Deferred inflow of resources			
Unavailable revenue - property taxes	-	-	347,419
Fund balances			
Nonspendable:			
Prepaid items	-	7,500	244,991
Restricted for:			
Capital projects	-	-	14,826,801
Debt service	-	-	138,722
Committed to:			
Capital projects - facilities	7,755,853	-	7,755,853
Facility rental activities	-	481,601	481,601
Capital projects - equipment	-	447,074	447,074
Assigned:			
Future expenditures	-	-	1,500,000
Unassigned:			
Total fund balances	<u>7,755,853</u>	<u>936,175</u>	<u>29,222,519</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 7,856,405</u>	<u>\$ 1,291,881</u>	<u>\$ 34,121,064</u>

The notes to the financial statements are an integral part of this statement.

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BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

June 30, 2015

Total fund balances for governmental funds		\$ 29,222,519
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		111,956,898
Deferred outflows of resources:		
Contributions subsequent to measurement date (pension plan)		480,381
Debt refunding costs, net of amortization		139,611
Net pension asset is not an available resource and, therefore, is not reported in the funds.		1,140,713
Some revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and are therefore reported as deferred inflows of resources in the governmental funds, i.e. property taxes.		347,419
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Interest on bonds and loan payable is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, current and noncurrent, are reported in the Statement of Net Position.		
Balances at June 30, 2015 are:		
Interest payable	\$ (86,007)	
Developer agreement payable	(1,867,969)	
Accrued compensated absences, portion due or payable in more than one year	(362,241)	
Other post-employment benefits	(487,329)	
Loan payable	(4,431,464)	
GO bond debt and premium on issuance, net	<u>(29,114,615)</u>	
Total noncurrent liabilities and accrued interest		(36,349,625)
Deferred inflows of resources (related to pension):		
Net difference between projected and actual earnings on investments		(2,201,114)
Changes in proportion and differences between employer contributions and proportionate share of contributions		<u>(27,704)</u>
Net position of governmental activities		<u>\$ 104,709,098</u>

The notes to the financial statements are an integral part of this statement.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds**

For the Year Ended June 30, 2015

	General	System Development Charges	Bond Capital Projects	General Obligation Debt Service
Revenues				
Property taxes	\$ 13,635,883	\$ -	\$ -	\$ 1,814,900
Charges for services	5,327,899	-	-	-
System development fees	-	5,305,916	-	-
Contributions	37,602	-	-	-
Grants	12,549	-	-	-
Investment earnings	34,969	40,189	92,506	3,671
Reimbursement for interfund services	129,919	-	-	-
Miscellaneous	202,157	-	-	-
Total revenues	<u>19,380,978</u>	<u>5,346,105</u>	<u>92,506</u>	<u>1,818,571</u>
Expenditures				
Current:				
Personnel services	10,893,045	-	-	-
Materials and services	4,469,647	4,924	-	-
Debt service	505,783	-	-	1,739,331
Capital outlay	222,007	2,812,022	17,794,349	-
Total expenditures	<u>16,090,482</u>	<u>2,816,946</u>	<u>17,794,349</u>	<u>1,739,331</u>
Excess (deficiency) of revenues over expenditures	<u>3,290,496</u>	<u>2,529,159</u>	<u>(17,701,843)</u>	<u>79,240</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	622,000	-	-	-
Transfers out	(3,262,714)	(622,000)	-	-
Total other financing sources (uses)	<u>(2,640,714)</u>	<u>(622,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	649,782	1,907,159	(17,701,843)	79,240
Fund balances, July 1, 2014	<u>4,885,186</u>	<u>6,986,991</u>	<u>23,664,494</u>	<u>59,482</u>
Fund balances, June 30, 2015	<u>\$ 5,534,968</u>	<u>\$ 8,894,150</u>	<u>\$ 5,962,651</u>	<u>\$ 138,722</u>

(continued)

The notes to the financial statements are an integral part of this statement.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds, continued
For the Year Ended June 30, 2015

	Facility Capital Projects	Other Governmental	Total
Revenues			
Property Taxes	\$ -	\$ -	\$ 15,450,783
Charges for services	-	265,622	5,593,521
System development fees	-	-	5,305,916
Contributions	1,321,822	-	1,359,424
Grants	120,138	-	132,687
Investment earnings	30,249	4,570	206,154
Reimbursement for interfund services	-	-	129,919
Miscellaneous	40,000	19,395	261,552
Total revenues	<u>1,512,209</u>	<u>289,587</u>	<u>28,439,956</u>
Expenditures			
Current:			
Personnel services	-	101,790	10,994,835
Materials and services	-	59,298	4,533,869
Debt service	-	-	2,245,114
Capital outlay	<u>2,863,128</u>	<u>272,490</u>	<u>23,963,996</u>
Total expenditures	<u>2,863,128</u>	<u>433,578</u>	<u>41,737,814</u>
Excess (deficiency) of revenues over expenditures	<u>(1,350,919)</u>	<u>(143,991)</u>	<u>(13,297,858)</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	69,965	69,965
Transfers in	3,112,714	150,000	3,884,714
Transfers out	-	-	(3,884,714)
Total other financing sources (uses)	<u>3,112,714</u>	<u>219,965</u>	<u>69,965</u>
Net change in fund balances	1,761,795	75,974	(13,227,893)
Fund balances, July 1, 2014	<u>5,994,058</u>	<u>860,201</u>	<u>42,450,412</u>
Fund balances, June 30, 2015	<u>\$ 7,755,853</u>	<u>\$ 936,175</u>	<u>\$ 29,222,519</u>

The notes to the financial statements are an integral part of this statement.

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BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015**

Net change in fund balances - total governmental funds \$ (13,227,893)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, various miscellaneous transactions involving capital assets (i.e. disposals, donations, etc.) impact the net position.

Capital asset additions	\$ 25,439,122	
Capitalized labor	68,235	
Depreciation expense	(2,540,731)	
Disposals - cost	(218,029)	
Disposals - accumulated depreciation	<u>214,754</u>	
Total net effect of capital assets		22,963,351

Revenues in the Statement of Activities that do not provide current financial resources, are not reported as revenues in the funds (i.e. the change in unavailable revenue - property taxes). (55,436)

The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments/(new debt):		
General obligation bonds	\$ 780,000	
Amortization of bond premium	92,479	
Full faith and credit obligation-refunded	4,640,000	
Loan payable	<u>(4,431,464)</u>	
Total net effect of long-term debt		1,081,015

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds.

Accrued interest payable	\$ 10,792	
Accrued compensated absences	(20,882)	
Accrued other postemployment benefit obligations	(66,042)	
Deferred charge on refunding	139,611	
Pension (expense)	1,529,532	
Developer agreement payable	(1,665,620)	
System development charges credit payable	<u>44,298</u>	
Total net effect of resources that are not expenses		<u>(28,311)</u>

Total adjustments for fiscal year ended June 30, 2015 23,960,619

Change in net position, June 30, 2015 \$ 10,732,726

The notes to the financial statements are an integral part of this statement.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Bend Metro Park and Recreation District (District) and its component unit have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The more significant of the District's policies are described below.

A. The Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations 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 its will on the component unit, 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 Bend Metro Park and Recreation District, Oregon (the primary government) and its component unit, an entity whose primary purpose is for the financial benefit of the District.

Discretely Presented Component Unit. The Bend Park and Recreation Foundation (the Foundation), is a legally separate non-profit corporation, organized in November 1977, dedicated to assisting the District in providing park and recreational opportunities to residents of the District. Since the services of the Foundation are for the direct benefit of the District, the Foundation has been included in the reporting entity. However, as the District has no ability to impose its will over the Foundation's Board of Directors, the elected officials of the District are not financially accountable for the Foundation. Therefore, the Foundation is presented as a discretely presented component unit, and is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Separate financial statements for the Foundation can be obtained at the Administrative Office of the Bend Metro Park and Recreation District, 799 SW Columbia Street, Bend, OR 97702.

B. Organization

The Bend Metro Park and Recreation District, Oregon, was formed May 28, 1974, as an Oregon municipal corporation under the Oregon Revised Statutes for special districts. The Board of Directors, composed of five board members, forms the legislative branch of the District government, while the Executive Director acts as the administrative head. As its mission, the District acquires, develops, constructs and maintains parks, trails and natural areas for the use and benefit of the District residents; provides a diverse selection of quality recreational programs and classes; and owns, operates and maintains recreational facilities, including the Juniper Swim and Fitness Center, the Bend Senior Center, Aspen Hall and Hollinshead Barn.

The accounts of the District are organized on the basis of funds. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating government functions and activities. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances (net position), revenues, and expenditures (expenses).

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 1 – Summary of Significant Accounting Policies, continued

C. Government-wide and Fund Financial Statements

The government-wide financial statements report information on all activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been eliminated from these statements. The primary government is reported separately from the legally separate component unit from which the primary government receives direct benefit.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees 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 and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental funds. The major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured by a fund. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide Financial Statements

The government-wide financial statements are accounted for using an *economic resources measurement focus*, whereby all assets and liabilities are included in the Statement of Net Position. The increases and decreases in net position are presented in the government-wide Statement of Activities. These funds use the *accrual basis of accounting* whereby revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants and contributions. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenues from grants and contributions are recognized when all eligibility requirements have been satisfied. The effect of interfund activity such as transfers, advances and loans is eliminated.

Amounts reported as program revenues in the Statement of Activities include 1) fees and charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Property taxes are reported as general revenues, as are unrestricted investment earnings.

Governmental Fund Financial Statements

The governmental fund financial statements are accounted for using a *current financial resources measurement focus*, whereby only current assets and current liabilities generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures, and Changes in Fund Balances present increases and decreases in those net current assets. These funds use the *modified accrual basis of accounting* whereby revenues are recorded only when susceptible to accrual (i.e. when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined and “available” is defined as being 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 fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 1 – Summary of Significant Accounting Policies, continued

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Financial Statements, continued

Property taxes are assessed on a July 1 – June 30 fiscal year basis. The taxes are levied as of July 1 based on assessed values as of January 1. Property tax payments are due in three equal installments, on November 15, February 15 and May 15. A discount of 3% is available if taxes are paid in full by November 15 and a discount of 2% on the unpaid balance is available if taxes are paid in full by February 15. Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the following May 15. The Deschutes County Treasurer is the tax collection agent for the District. The District's 2015 fiscal year tax levy was \$15,814,457.

Tax revenue is considered available for expenditure upon receipt by the County, which serves as the intermediary collection agency. Uncollected property taxes are shown on the governmental balance sheet as receivables. Collections within sixty days subsequent to year-end have been accrued and the remaining taxes receivable are recorded as deferred revenue on the modified accrual basis of accounting since they are not deemed available to finance operations of the current period.

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 District) are determined to be met when the underlying expenditures are recorded.

Charges for services are recognized as revenues when measurable and available, and when earned. Miscellaneous revenues and investment earnings are recognized as revenues when received because they are generally not measurable until actually received.

Governmental Funds

Governmental funds finance all governmental functions of the District. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in current financial resources, rather than upon net income determination. Currently, the District has only governmental funds, and no proprietary or fiduciary funds. The following are the District's major governmental funds:

General Fund – The General Fund is the general operating fund of the District. Principal sources of revenue are property taxes, charges for services, intergovernmental revenues and contributions. Primary expenditures of the General Fund are made for personnel, materials and services, and facility costs necessary to provide quality park maintenance, recreational, and planning, design, and development services for the community, and general administration of the District's operations.

System Development Charges Special Revenue Fund – The System Development Charges Special Revenue Fund is used to account for the acquisition and development of parks and trails. Financing is provided by a system development fee levied against developing properties. Expenditures are restricted by state law to capacity-enhancing and reimbursement projects for park and trail facilities.

Bond Capital Projects Fund – The Bond Capital Projects Fund is used to account for the financial resources received from the voter approved general obligation bond passed in November, 2012. This fund details the acquisition and construction of the approved capital projects, utilizing the bond proceeds.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 1 – Summary of Significant Accounting Policies, continued

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Funds, continued

General Obligation Debt Service Fund – The General Obligation Debt Service Fund accounts for the accumulation of resources to pay principal and interest on certain general obligation long-term bonded debt. The primary source of revenue is property taxes.

Facility Capital Projects Fund – The Facility Capital Projects Fund accounts for major capital project activities. Principal revenue is from a transfer in from the General Fund. Primary expenditures of the fund are land acquisitions, park development and other facility capital projects.

On June 3, 2014, the District's Board of Directors adopted Resolution No. 364 to abolish the Recreation Services Special Revenue Fund and to transfer any remaining balance to the General Fund, effective June 30, 2014. The Board deemed that the necessity for maintaining this separate fund had ceased to exist, and that all revenues and expenditures related to the recreation services would be accounted for in the General Fund beginning July 1, 2015.

Other Governmental Funds

Other governmental funds include all nonmajor funds of the District. Following are the District's other governmental funds, one special revenue fund and one capital project fund:

Facility Rental Special Revenue Fund
Equipment Capital Projects Fund

E. 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.

F. Self-insurance

The District retains a portion of the risk of loss for medical, dental and vision employee benefits. Claims expense is reduced by amounts recovered or expected to be recovered. Claims expense is accounted for in the District's basic financial statements in the General Fund.

G. Pooled Cash and Investments

The District maintains a common cash and investments pool for all District 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. Interest earned on the pooled cash and investments is allocated monthly based on each fund's average cash and investments balance as a proportion of the District's total pooled cash and investments.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 1 – Summary of Significant Accounting Policies, continued

H. Receivables

All receivables are considered to be collectible; therefore, no allowance for doubtful accounts is necessary.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

J. Capital Assets

Capital assets include land, right-of-way (included with land), artwork, buildings, improvements, vehicles and equipment, and other tangible and intangible assets with an initial individual cost of more than \$5,000 and have initial useful lives extending beyond a single reporting period.

All capital assets have been capitalized in the government-wide financial statements. In accordance with the current financial resources measurement focus, capital assets are not capitalized in the governmental fund financial statements. All purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Historical cost is measured by the cash or cash equivalent price of obtaining an asset including ancillary charges necessary to place the asset into its intended location and condition for use. Donated capital assets are reported at their estimated fair value at the time of acquisition plus ancillary charges, if any. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Amounts expended for maintenance and repairs are charged to expenditures/expenses in the appropriate funds as incurred and are not capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land, right-of-ways and artwork). Depreciation is an accounting process to allocate the cost of capital assets to expense in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. All estimates of useful lives are based on actual experience by the District with identical or similar capital assets. Depreciation is calculated on the straight-line basis. The estimated useful lives of the various categories of assets are as follows:

<u>Category</u>	<u>Estimated useful life</u>
Buildings and building improvements	10-50 years
Improvements other than buildings	20 years
Vehicles, equipment and software	5-10 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts and, if appropriate, a gain or loss on the disposal is recognized.

General capital assets are reported net of accumulated depreciation in the governmental activities column in the government-wide Statement of Net Position. Depreciation expense on general capital assets is reported in the government-wide Statement of Activities as expenses.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 1 – Summary of Significant Accounting Policies, continued

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports two items in this category – the deferred charge on refunding debt and the contributions to the Oregon Public Employees Retirement System (OPERS) pension plan made subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position and/or the governmental funds balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources, as a result of the accounting for the OPERS pension plan, are reported on the Statement of Net Position. Deferred inflows of resources are reported on the governmental funds balance sheet as a result of reporting using the modified accrual method. The government funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Unearned Revenue

Governmental funds recognize deferred outflows in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The government-wide financial statements report unearned revenue only for amounts that have been received, but not earned. The District's unearned revenue is related to payments received prior to June 30 for recreation programs or facility reservations that occur July 1 or after. The District does not record unearned revenue for the annual or quarterly passes for use at the Juniper Swim & Fitness Center or the Bend Senior Center.

N. Compensated Absences

Liabilities for vacation pay are recorded in the Statement of Net Position when vested or earned by employees. Payment of vacation pay to any employee is liquidated from the General and Facility Rental funds which have been used to record the personnel cost of the employee immediately prior to separation. Sick leave pay does not vest and is recorded as leave is taken.

O. Developer Agreement Payable

The District enters into agreements to reimburse various developers for the development of certain parks through system development charges collected from properties established as recovery areas. This liability will be liquidated from the System Development Charges Special Revenue Fund. Payable amounts as of the reporting period can be found in Note 7.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 1 – Summary of Significant Accounting Policies, continued

P. Other Post-Employment Benefits Obligation (OPEB)

The net OPEB obligation is recognized as a long-term liability in the Statement of Net Position. The liability reflects the present value of expected future payments.

Q. Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation,
3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's governing board (the District's highest level of decision-making authority),
4. *Assigned* fund balance classification is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. Intent is expressed when the District's Board of Directors approves which resources should be "set-aside" during the adoption of the upcoming fiscal year's annual budget. The District's Executive Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Audited Financial Statements, and
5. *Unassigned* fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

R. Fund Balance Policy

The District's Board of Directors adopted a General Fund Minimum Fund Balance Policy. The fund balance of the District's General Fund has been accumulated to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain an unrestricted fund balance of not less than 17% of annual operating expenditures for the fiscal year. In the event that the General Fund minimum fund balance decreases to a level below the target level established in this policy, the district will develop a plan to restore reserves to the targeted level.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 1 – Summary of Significant Accounting Policies, continued

R. Fund Balance Policy, continued

When an expenditure is incurred for purposes for which amounts in any of the fund balance classifications could be used, it shall be the policy of the District to spend the most restricted dollars before less restricted in the following order:

1. Nonspendable (if funds become spendable)
2. Restricted
3. Committed
4. Assigned
5. Unassigned

S. Appropriation and Budgetary Controls

The District 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 function (personal services, material and services, capital outlay, debt service, interfund transfers and operating contingency) for all funds.

The District's Board of Directors 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 of the Board of Directors. The resolution 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 of less than 10% of the fund's original budget may be adopted at a regular meeting of the Board. A supplemental budget greater than 10% of the fund's original budget requires public hearings, publication in newspapers and approval by the Board. Budget amounts shown in the financial statements include the original budget, supplemental budgets and budget transfers. All appropriations terminate on June 30.

T. Adoption of new GASB Pronouncements – Statement No. 68 and 71

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* and in November 2013, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements provide guidance for accounting for net pension liabilities/(assets), including definition of balances to be included in deferred inflows and deferred outflows of resources.

Net pension liability/(asset) – Previous standards defined pension liabilities in terms of Annually Required Contribution. Statement No. 68 defines the net pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position.

Deferred inflows of resources and deferred outflows of resources – Statement No. 68 and Statement No. 71 require recognition of deferred inflows and outflows of resources associated with the difference between projected and actual earnings on pension plan investments, differences between expected and actual economic and demographic factors, changes in employer proportion, differences between employer contributions and proportionate share of contributions, changes in assumptions about future economic or demographic factors and contributions subsequent

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 1 – Summary of Significant Accounting Policies, continued

T. Adoption of new GASB Pronouncements – Statement No. 68 and 71, continued

to the measurement period. These differences are to be recognized in pension expense using a systematic and rational method over the appropriate closed multiyear period.

Statement No. 68 and 71 are effective for financial statement periods beginning after June 15, 2014, with the effects of accounting change to be applied retroactively by restating the financial statements. The District adopted these pronouncements in the current year and, accordingly, has restated amounts of affected balances within the financial statements as of June 30, 2014. Additional information can be found in Note 10 – Public Employees Retirement System Pension Plan and Note 11 - Change in Accounting Principle.

Note 2 – Cash and Investments

The District maintains a common cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed in the Statement of Net Position as "Pooled cash and investments". The District's investment of cash funds is regulated by Oregon Revised Statutes. Under these guidelines, cash funds may be invested in bank accounts; general obligation issues of the United States, its agencies, and certain states; certain guaranteed investments issued by banks; and the State of Oregon Local Government Investment Pool. The Statutes require that all bank deposits in excess of the FDIC or FSLIC insurance amounts be collateralized with securities held by the bank. During the year, the District did not purchase any repurchase agreements or reverse repurchase agreements.

Cash and investments at June 30, 2015, consisted of the following:

	District	Foundation
Cash on hand	\$ 4,050	\$ -
Deposits with banks	2,766,401	451,861
Oregon Community Foundation	-	111,832
Local Government Investment Pool	29,408,539	-
Total pooled cash and investments	<u>\$ 32,178,990</u>	<u>\$ 563,693</u>

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that all bank deposits in excess of the FDIC or FSLIC insurance amounts be collateralized through the Oregon State Treasurer's Public Funds Collateralization Program. This program provides a structure for specified depositories to participate in a shared liability collateral pool. Securities pledged by individual institutions may range from 10% to 110% of public fund deposits depending on the financial institution's level of capitalization as determined by its federal regulatory authority. The aggregate Oregon public fund collateral pledged at June 30, 2015, was \$1,446,787,655 for reported public funds of \$1,818,055,422. The custodian, Federal Home Loan Bank of Seattle, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The District's funds were held by financial institutions that participated in the State Treasurer's program and were in compliance with statutory requirements.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 2 – Cash and Investments, continued

Investments

The District participates in the Oregon State Treasurer’s Local Government Investment Pool (LGIP), a non-SEC regulated, open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895. The LGIP is administered by the State Treasurer and the Oregon Investment Council with the advice of the Oregon Start-Term Fund Board. The Oregon State Treasurer’s Office has calculated the fair value of the underlying investments of the LGIP and the District’s share of market value is reflected below. The portfolio has at least 50% of its investments maturing within 93 days and up to 25% maturing in one to three years.

<u>Investment</u>	<u>Fair Value</u>
Local Government Investment Pool	\$29,408,539

Investments – Discretely Presented Component Unit

Investments of the Bend Park and Recreation Foundation at year-end consist of \$111,832 of marketable securities in an endowment fund held by The Oregon Community Foundation.

Investments are carried at fair market value. Donated investments usually consist of stock where the fair market value on date of receipt is determined based on quoted market prices. In the absence of donor stipulations, donated investments may be sold immediately to generate cash for operations. Investment income is recognized when received and classified as unrestricted, unless restricted by the donor. Gains and losses are recorded in the statement of activities as increases or decreases in unrestricted net position unless their use is restricted by the donor.

<u>Investment</u>	<u>Fair Value</u>
The Oregon Community Foundation	\$111,832

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond the limits provided by state statutes.

Credit Risk

Oregon Revised Statutes limit investments to obligations of the United States Treasury and United States Government agencies and instrumentalities, certain bankers’ acceptances, repurchase agreements, certain high-grade commercial paper and corporate bonds and obligations of states and municipalities. The District has no investment policy that would further limit its investment choices. The District’s investment in the LGIP is not rated.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of a counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investment in the LGIP is not deemed to be a security, which is a transferable financial instrument that evidences ownership and is, therefore, not subject to custodial credit risk.

Governmental Accounting Standards Board (GASB) Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools,” requires that investments be reported at fair value and the change in fair value of investments be reported as revenue in the operating statement. The District’s investments consist solely of government pool investments. At June 30, 2015, fair value approximated cost and no change in fair value of investments was recorded.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 3 – Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land including right-of-way	\$ 40,896,066	\$ 5,578,060	\$ -	\$ 46,474,126
Construction in progress	7,686,066	15,446,802	(3,442,389)	19,690,479
Artwork	<u>230,000</u>	<u>-</u>	<u>-</u>	<u>230,000</u>
Total capital assets not being depreciated	<u>48,812,132</u>	<u>21,024,862</u>	<u>(3,442,389)</u>	<u>66,394,605</u>
Capital assets being depreciated:				
Buildings and building improvements	29,275,937	2,359,387	-	31,635,324
Improvements other than buildings	28,489,477	5,281,342	-	33,770,819
Vehicles, equipment and software	<u>4,246,404</u>	<u>284,155</u>	<u>(218,029)</u>	<u>4,312,530</u>
Total capital assets being depreciated	<u>62,011,818</u>	<u>7,924,884</u>	<u>(218,029)</u>	<u>69,718,673</u>
Less accumulated depreciation for:				
Buildings and building improvements	(7,983,685)	(870,728)	-	(8,854,413)
Improvements other than buildings	(10,619,601)	(1,414,715)	-	(12,034,316)
Vehicles, equipment and software	<u>(3,227,117)</u>	<u>(255,288)</u>	<u>214,754</u>	<u>(3,267,651)</u>
Total accumulated depreciation	<u>(21,830,403)</u>	<u>(2,540,731)</u>	<u>214,754</u>	<u>(24,156,380)</u>
Total capital assets being depreciated, net	<u>40,181,415</u>	<u>5,384,153</u>	<u>(3,275)</u>	<u>45,562,293</u>
Total capital assets, net	<u>\$ 88,993,547</u>	<u>\$ 26,409,015</u>	<u>\$ (3,445,664)</u>	<u>\$ 111,956,898</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 352,476
Facility rental	25,027
Park services	1,724,036
Recreation services	<u>439,192</u>
Total depreciation expense - primary government	<u>\$ 2,540,731</u>

Note 4 – Deferred Outflows of Resources

The difference between the carrying value of refunded debt and its reacquisition price was deferred and is amortized on the straight-line basis over the period benefitted. The contributions made to OPERS during the year ended June 30, 2015 have been classified as a deferred outflow of resources.

Deferred Outflows of Resources	Amount
Deferred charges on refunding debt (FF&C 2005)	\$ 139,611
Contributions made to the defined benefit plan subsequent to measurement date	<u>480,381</u>
Total Deferred Outflows of Resources	<u>\$ 619,992</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 5 – Interfund Transfers

Interfund transfers during fiscal year ended June 30, 2015, consisted of the following:

<u>Description</u>	<u>Amount</u>
From the General Fund to the Facility Capital Projects Fund for land acquisitions and capital construction projects.	\$ 3,112,714
From the General Fund to the Equipment Capital Projects Fund for equipment acquisitions.	150,000
From the System Development Charges Special Revenue Fund to the General Fund for reimbursement of personnel services.	<u>622,000</u>
	<u>\$ 3,884,714</u>

Note 6 – Due to/Due from Other Funds

The composition of the due to/due from balance as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bond Capital Projects Fund	\$ 5,635

The outstanding balances between funds result from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) timing of when the payments between funds are made.

Note 7 – Long-Term Obligations

The District has issued debt for the purpose of supporting its capital financing activities. The types of debt are discussed below and each debt type reports the range of maturities for each of its outstanding debt issue. The District's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations. Outstanding debt amounts are as of June 30, 2015.

General Obligation Bonds

The District issued general obligation bonds to provide financing for the acquisition and construction of major capital facilities and improvements. General obligation bonds, Series 2013, were issued on June 5, 2013, in the amount of \$29,000,000. The District is authorized to levy an unlimited ad valorem tax to pay for these bonds.

Oregon state law limits general obligation debt to 2.5% of real market value. At June 30, 2015 the District's unused debt margin is \$354.3 million.

General obligation bonds currently outstanding are as follows:

	<u>Interest Rate(s)</u> <u>Outstanding</u> <u>Debt</u>	<u>Date of Issue</u>	<u>Years of</u> <u>Maturity</u>	<u>Amount of</u> <u>Original Issue</u>	<u>Outstanding</u> <u>June 30, 2015</u>
Capital Improvements, Series 2013	2% - 4.5%	June 5, 2013	2013 to 2032	\$29,000,000	\$ 27,450,000

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 7 – Long-Term Obligations, continued

General Obligation Bonds, continued

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	<u>General Obligation Bond</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 815,000	\$ 943,731
2017	885,000	927,431
2018	950,000	909,732
2019	1,015,000	881,231
2020	1,080,000	850,781
2021-2025	6,615,000	3,644,706
2026-2030	9,200,000	2,123,857
2031-2033	<u>6,890,000</u>	<u>464,888</u>
	<u>\$ 27,450,000</u>	<u>\$ 10,746,357</u>

Refunding

On December 16, 2014, after a competitive bidding process, the District entered into an agreement with a bank to provide \$4,439,611 to refund the outstanding balance of the Full Faith and Credit Obligations, Series 2005 (Juniper Swim and Fitness Center Renovation and Expansion Project). Proceeds from the bank placement were used to pay the principal and interest on the refunded obligations. As a result, the refunded obligations have been fully redeemed in the current fiscal year and the liability has been removed from the Statement of Net Position. This refunding was undertaken to reduce total future debt service payments by \$366,300 over ten years, and resulted in an economic gain of \$322,317.

Loan Payable

The District has entered into Financing Agreement, Series 2014, for the purpose of refunding the Full Faith and Credit Obligations, Series 2005 (Juniper Swim and Fitness Center Renovation and Expansion Project). The principal balance of this loan on June 30, 2015 is \$4,431,464, with an interest rate of 2.47% with maturities through fiscal year 2025. Details for the activity of the loan payable can be found in the changes in long-term liabilities schedule at the end of this note.

Annual debt service requirements to maturity for the loan payable is as follows:

Year Ending June 30	<u>Loan Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 395,051	\$ 111,281
2017	406,049	101,084
2018	416,047	90,915
2019	425,489	80,496
2020	434,153	70,032
2021-2025	<u>2,354,675</u>	<u>179,790</u>
	<u>\$ 4,431,464</u>	<u>\$ 633,598</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 7 – Long-Term Obligations, continued

Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 was as follows:

	June 30, 2014	Increases	Decreases	June 30, 2015	Due Within One Year
General obligations bonds	\$ 28,230,000	\$ -	\$ (780,000)	\$ 27,450,000	\$ 815,000
Premium on general obligation bond	1,757,094	-	(92,479)	1,664,615	-
Full faith and credit obligations	4,640,000	-	(4,640,000)	-	-
Loan payable	-	4,439,611	(8,147)	4,431,464	395,051
Compensated absences	402,262	531,655	(510,774)	423,144	60,903
Developer agreement payable	202,349	3,267,609	(1,601,989)	1,867,969	414,500
Other post-employment benefits payable	421,287	92,715	(26,673)	487,329	-
Total long-term obligations	<u>\$ 35,652,992</u>	<u>\$ 8,331,591</u>	<u>\$ (7,660,062)</u>	<u>\$ 36,324,521</u>	<u>\$ 1,685,454</u>

The above liabilities will be liquidated from the funds where the liability was incurred.

Note 8 – Deferred Inflows of Resources and Unearned Revenue

Governmental Funds Balance Sheet: Unavailable revenues are reported as deferred inflows of resources on the governmental funds balance sheet. These are revenues which are earned, but not available to liquidate liabilities of the current period. Unearned revenues are reported on the governmental funds balance sheet, and are revenues which are available to liquidate liabilities of the current period, but are not yet earned. For the District, these are revenues related to recreation and reservation services. For the year ended June 30, 2015, these balances were:

	Deferred Inflows of Resources - Property Taxes	Unearned Revenue	Total Deferred Inflows of Resources and Unearned Revenue
General Fund	\$ 312,299	\$ 852,444	\$ 1,164,743
General Obligation Debt Service Fund	35,120	-	35,120
Nonmajor Funds	-	219,916	219,916
Total Deferred Inflows of Resources and Unearned Revenue	<u>\$ 347,419</u>	<u>\$ 1,072,360</u>	<u>\$ 1,419,779</u>

Statement of Net Position: An acquisition of net position, applicable to a future reporting period, is reported as deferred inflows of resources on the Statement of Net Position. For the year ended June 30, 2015, these balances, related to pensions by application of GASB Statement No. 68, were:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments.	\$ 2,201,114
Changes in proportion and differences between District contributions and proportionate share of contributions.	27,704
	<u>\$ 2,228,818</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 9 – Risk Management

The District 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 District is a member of the Special Districts Insurance Services (SDIS). SDIS was created by the Special Districts Association of Oregon in 1984 for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. SDIS is fully funded by its members, who pay annual assessments on an experience rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. The District obtains insurance from SDIS for the following coverages: general liability limit of \$10,000,000 per occurrence; a public employee dishonesty bond for claims up to \$250,000; and various real, personal and inland marine property coverage for replacement costs. The District also carries commercial insurance for workers' compensation and employee health, life and disability coverages. Settled claims from these risks have not exceeded insurance limits in any of the past three years.

Note 10 – Public Employees' Retirement System Pension Plan

Plan Name and Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS produces an independently audited Comprehensive Annual Financial Report and Actuarial Valuation which can be found at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits Provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 10 – Public Employees' Retirement System Pension Plan, continued

Benefits Provided, continued

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238, continued

Death Benefits, continued

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

2. OPSRP Pension Program (OPSRP DB)

OPSRP is a hybrid-plan consisting of two components: the pension program (the defined benefit portion) and the individual account program (the defined contribution portion).

Defined Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary.

Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 10 – Public Employees' Retirement System Pension Plan, continued

Benefits Provided, continued

2. OPSRP Pension Program (OPSRP DB), continued

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Defined Contribution Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates, based on a percentage of payroll, first became effective July 1, 2013. The District's employer contributions for the year ended June 30, 2015 were \$480,381, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2015 were 8.98% for Tier One/Tier Two, and 7.8% for OPSRP Pension Program. Covered employees are required by state statute to contribute 6% of their annual salary for OPSRP Individual Account Program, but the employer is allowed to pay all or none of the employees' contribution in addition to the required employers' contribution. The District does not contribute the 6% "pick-up" for employees.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 10 – Public Employees’ Retirement System Pension Plan, continued

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported an asset of \$1,140,713 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The District’s proportion of the net pension asset was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the District’s proportion was 0.0503%, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized a negative pension expense of \$1,053,167. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments.	\$ -	\$ 2,201,114
Changes in proportion and differences between District contributions and proportionate share of contributions.	-	27,704
District contributions subsequent to the measurement date.	<u>480,381</u>	<u>-</u>
Total	<u>\$ 480,381</u>	<u>\$ 2,228,818</u>

\$480,381 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Deferred Outflow / (Inflow) of Resources</u>
2016	\$ (556,302)
2017	(556,302)
2018	(556,302)
2019	(556,302)
2020	(3,610)
Thereafter	<u>-</u>
	<u>\$ (2,228,818)</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 10 – Public Employees’ Retirement System Pension Plan, continued

Actuarial Assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

(Source: June 30, 2014 PERS CAFR, p. 54)

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 10 – Public Employees' Retirement System Pension Plan, continued

Actuarial Assumptions, continued

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 10 – Public Employees’ Retirement System Pension Plan, continued

Long-term Expected Rate of Return, continued

Asset Class	Target Allocation*	Annual Arithmetic Return	Compounded Annual (Geometric) Return	Standard Deviation
Core Fixed Income	7.20%	4.70%	4.50%	6.60%
Short-Term Bonds	8.00%	3.76%	3.70%	3.45%
Intermediate-Term Bonds	3.00%	4.23%	4.10%	5.15%
High Yield Bonds	1.80%	7.21%	6.66%	11.10%
Large Cap US Equities	11.65%	8.60%	7.20%	17.90%
Mid Cap US Equities	3.88%	9.38%	7.30%	22.00%
Small Cap US Equities	2.27%	10.38%	7.45%	26.40%
Developed Foreign Equities	14.21%	8.73%	6.90%	20.55%
Emerging Foreign Equities	5.49%	11.51%	7.40%	31.70%
Private Equity	20.00%	11.95%	8.26%	30.00%
Hedge Funds/Absolute Return	5.00%	6.46%	6.01%	10.00%
Real Estate (Property)	13.75%	7.27%	6.51%	13.00%
Real Estate (REITS)	2.50%	8.41%	6.76%	19.45%
Commodities	1.25%	7.71%	6.07%	19.70%
Assumed Inflation - Mean			2.75%	2.00%

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund revised as of December 18, 2012 and the revised allocation adopted at the June 26, 2013 OIC meeting.

(Source: June 30, 2014 PERS CAFR; p. 55)

Sensitivity Rate of the District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,415,618	\$ (1,140,713)	\$ (4,148,535)

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 10 – Public Employees’ Retirement System Pension Plan, continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report that can be found at <http://www.oregon.gov/pers>.

Subsequent Event - Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled in the *Moro v. State of Oregon* decision that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability/(asset) has not been determined. However, OPERS' third-party actuaries have estimated the impact of the Moro decision under one method, which is summarized below.

<u>OPERS System-Wide</u>	<u>June 30, 2014 Measurement Date</u>	
	<u>Prior to Moro</u>	<u>After Moro (estimated)</u>
Net Pension Liability (Asset)		
Total pension liability	\$ 63,130,000,000	\$ 68,050,000,000
Fiduciary net position	<u>65,400,000,000</u>	<u>65,400,000,000</u>
Net pension liability (asset)	<u>\$ (2,270,000,000)</u>	<u>\$ 2,650,000,000</u>

The amounts noted above are for the entire OPERS system, of which the District's proportionate share at the measurement date was .05032451%, and is estimated as shown below:

<u>District</u>	<u>June 30, 2014 Measurement Date</u>	
	<u>Prior to Moro</u>	<u>After Moro (estimated)</u>
Net Pension Liability (Asset)		
Total pension liability	\$ 31,769,863	\$ 34,245,829
Fiduciary net position	<u>32,910,576</u>	<u>32,910,576</u>
Net pension liability (asset)	<u>\$ (1,140,713)</u>	<u>\$ 1,335,253</u>

Note 11 – Change in Accounting Principle

Based on implementation of GASB Statements No. 68 and No. 71, the District restated the beginning net position for the Governmental Activities. Net position has been restated as follows:

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 11 – Change in Accounting Principle, continued

	<u>Governmental Activities</u>
Net position - beginning (as originally reported)	\$ 96,113,628
Cumulative effect of change in accounting principle	<u>(2,137,256)</u>
Net position - beginning (as restated)	<u>\$ 93,976,372</u>

Note 12 – Other Post Employment Benefits (OPEB)

Effective for the year ended June 30, 2010, the District adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The OPEB for the District combines two separate plans. The District provides an implicit rate subsidy for retiree Health Insurance Continuation premiums and a contribution to the State of Oregon’s PERS cost-sharing multiple-employer defined benefit plan.

Plan Description

The OPEB for the District includes an implicit rate subsidy for retiree health insurance. Per ORS 243.303, the District is required to provide retirees and their dependents with group health and dental insurance from the date of retirement to age 65 and the premium cannot be separately rated from the group for health care insurance coverage of officers and employees of the District. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for payment of the full premium for coverage elected.

Funding Policy

The District has not established a trust fund to supplement the costs for the net OPEB obligation. The District’s funding policy provides for contributions at amounts sufficient to fund benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The District’s annual other postemployment benefit cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The District has chosen to amortize the unfunded liability over 10 years on a rolling basis.

The following table shows the components of the District’s annual OPEB cost for the current and two preceding years, the amount actually contributed to the plan, and changes to the District’s net OPEB obligation.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements
June 30, 2015

Note 12 – Other Post Employment Benefits (OPEB), continued

Health Insurance Continuation, continued

Annual OPEB Cost and Net OPEB Obligation, continued

	For the Year Ended June 30		
	2015	2014	2013
<u>Determination of Annual Required Contribution</u>			
Normal cost at year-end	\$ 50,435	\$ 47,580	\$ 44,887
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	78,191	72,601	67,313
Annual required contribution (ARC)	<u>\$ 128,626</u>	<u>\$ 120,181</u>	<u>\$ 112,200</u>
<u>Determination of Net OPEB Obligation</u>			
Annual required contribution	\$ 128,626	\$ 120,181	\$ 112,200
Interest on prior year net OPEB obligation	14,745	12,357	9,986
Adjustment to annual required contribution	<u>(50,656)</u>	<u>(42,451)</u>	<u>(34,306)</u>
Annual OPEB expense	92,715	90,087	87,880
Benefit payments	<u>(26,673)</u>	<u>(21,845)</u>	<u>(20,147)</u>
Increase in net OPEB obligation	66,042	68,242	67,733
Net OPEB obligation - beginning of year	<u>421,287</u>	<u>353,045</u>	<u>285,312</u>
Net OPEB obligation - end of year	<u>\$ 487,329</u>	<u>\$ 421,287</u>	<u>\$ 353,045</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations as of June 30 were as follows. The information is not available for the year preceding:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 87,880	23%	\$ 353,045
June 30, 2014	\$ 90,087	24%	\$ 421,287
June 30, 2015	\$ 92,715	29%	\$ 487,329

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$559,818 and the value of the assets was \$0, resulting in an unfunded actuarial liability of \$559,818.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	-	\$ 424,288	\$ 424,288	0%	\$ 5,573,280	8%
7/1/2012	-	\$ 559,818	\$ 559,818	0%	\$ 6,189,547	9%

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 12 – Other Post Employment Benefits (OPEB), continued

Health Insurance Continuation, continued

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members), and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit cost method (PUC) was used. The actuarial assumptions included a discount rate of 3.5% for unfunded liabilities, based on the expected long-term annual investment returns for Oregon's Local Government Investment Pool and comparable investments. An annual healthcare cost trend rate of 12.0% is assumed in the 1st year, and varies from 5.50% to 7.75% in future years due to the timing of the excise tax scheduled to affect health care benefits beginning in 2018. The rates include projected annual payroll increases of 3.5%. Retirement and withdrawal rates were based on Oregon PERS valuation assumptions as of December 31, 2011.

Because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to approximate the funding progress of the plan. In consideration of healthcare cost trends, the plan assumes that each newly retired participant will purchase medical insurance with premiums of at least the benefit provided by the plan. The amortization period was considered closed, meaning all active participants, inactive participants with vested benefits and retired participants receiving medical insurance premium benefits were included in the valuation period.

The valuation of assets is based on market value as of the first day of the plan year, increased by the amount of any accrued contributions and decreased by the amount of any accrued expenses.

Oregon Public Employees Retirement System – Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution (currently \$60 per month) toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues an independently audited Comprehensive Annual Financial Report and Actuarial Valuation which can be found at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2015

Note 12 – Other Post Employment Benefits (OPEB), continued

Oregon Public Employees Retirement System – Retirement Health Insurance Account (RHIA), continued

Funding Policy, continued

must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating agencies are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59% of annual covered payroll for Tier 1 & 2 and .49% for OPSRP. The rates for years July 1, 2015 through June 30, 2017 will be 0.53% of annual covered payroll for Tier 1 & 2 and .45% for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA which equaled the required contributions for that year were included with the payments for the retirement plan described in Note 8 above and were approximately \$33,580, \$32,030 and \$28,284, respectively, for the years ended June 30, 2015, 2014 and 2013.

Note 13 – Commitments and Contingent Liabilities

At June 30, 2015, the District was committed on outstanding construction, engineering, consulting, service and equipment purchase contracts totaling \$5,597,578.

The District is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of District management, based upon the advice of legal counsel with respect to such litigation and claims, the ultimate disposition of these matters will not have a material adverse effect on the financial position or results of operations of District funds.

Note 14 – Related Party Transactions

During fiscal year ended June 30, 2015, the District had multiple related party transactions with Scott Wallace, one member of the District's Board of Directors. Scott Wallace is the president and principal geologist of the Wallace Group, an earth science and engineering firm, based in Bend. These transactions were for engineering and science services conducted in the ordinary course of the District's operations, and were largely selected through a competitive selection process. For the year ended June 30, 2015, the District paid the Wallace Group \$33,269 for services which the District directly contracted, and of this \$2,334 was included in the District's accounts payable at fiscal year-end. The District also has contracted with various general contractors for construction projects, of which the Wallace Group has served as a sub-contractor. The District does not directly contract with the Wallace Group for these services and does not directly pay the Wallace Group, and therefore no dollar amounts are available.

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REQUIRED SUPPLEMENTARY INFORMATION

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Last Two Fiscal Years*

Year Ended June 30,	(a) Proportion of the net pension liability (asset)	(b) Proportionate share of the net pension liability (asset)	(c) Covered payroll	(b/c) Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2015	0.050%	\$ (1,140,713)	\$ 7,767,331	-14.69%	103.60%
2014	0.050%	\$ 2,568,133	\$ 6,929,756	37.06%	91.97%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Schedule of Employer Contributions
Last Two Fiscal Years*

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2015	\$ 480,381	\$ 480,381	\$ -	\$ 7,767,331	6.18%
2014	\$ 430,877	\$ 430,877	\$ -	\$ 6,929,756	6.22%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
General Fund**

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 13,050,000	\$ 13,050,000	\$ 13,635,883	\$ 585,883
Charges for services	5,243,661	5,243,661	5,327,899	84,238
Grants	11,500	11,500	12,549	1,049
Investment earnings	30,000	30,000	34,969	4,969
Contributions	61,350	61,350	37,602	(23,748)
Reimbursement for interfund services	125,000	125,000	129,919	4,919
Miscellaneous	116,500	116,500	202,157	85,657
Total revenues	<u>18,638,011</u>	<u>18,638,011</u>	<u>19,380,978</u>	<u>742,967</u>
Expenditures				
Current:				
Personnel services	11,157,798	11,157,798	10,893,045	264,753
Materials and services	4,999,831	4,999,831	4,469,647	530,184
Debt service	540,000	540,000	505,783	34,217
Capital outlay	317,130	317,130	222,007	95,123
Contingency	2,025,000	2,025,000	-	2,025,000
Total expenditures	<u>19,039,759</u>	<u>19,039,759</u>	<u>16,090,482</u>	<u>2,949,277</u>
Excess (deficiency) of revenues over expenditures	<u>(401,748)</u>	<u>(401,748)</u>	<u>3,290,496</u>	<u>3,692,244</u>
Other Financing Sources (Uses)				
Transfers in	622,000	622,000	622,000	-
Transfers out	<u>(3,262,714)</u>	<u>(3,262,714)</u>	<u>(3,262,714)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,640,714)</u>	<u>(2,640,714)</u>	<u>(2,640,714)</u>	<u>-</u>
Net change in fund balance	(3,042,462)	(3,042,462)	649,782	3,692,244
Fund balance, July 1, 2014	<u>4,542,462</u>	<u>4,542,462</u>	<u>4,885,186</u>	<u>342,724</u>
Fund balance, June 30, 2015	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 5,534,968</u>	<u>\$ 4,034,968</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
System Development Charges Special Revenue Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
System development fees	\$ 5,476,531	\$ 5,476,531	\$ 5,305,916	\$ (170,615)
Investment earnings	1,400	1,400	40,189	38,789
Total revenues	<u>5,477,931</u>	<u>5,477,931</u>	<u>5,346,105</u>	<u>(131,826)</u>
Expenditures				
Current:				
Materials and services	70,000	70,000	4,924	65,076
Capital outlay	<u>11,334,491</u>	<u>11,334,491</u>	<u>2,812,022</u>	<u>8,522,469</u>
Total expenditures	<u>11,404,491</u>	<u>11,404,491</u>	<u>2,816,946</u>	<u>8,587,545</u>
Excess (deficiency) of revenues over expenditures	<u>(5,926,560)</u>	<u>(5,926,560)</u>	<u>2,529,159</u>	<u>8,455,719</u>
Other Financing Uses				
Transfers out	<u>(622,000)</u>	<u>(622,000)</u>	<u>(622,000)</u>	-
Total other financing uses	<u>(622,000)</u>	<u>(622,000)</u>	<u>(622,000)</u>	-
Net change in fund balance	(6,548,560)	(6,548,560)	1,907,159	8,455,719
Fund balance, July 1, 2014	<u>6,548,560</u>	<u>6,548,560</u>	<u>6,986,991</u>	<u>438,431</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,894,150</u>	<u>\$ 8,894,150</u>

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OTHER SUPPLEMENTARY INFORMATION
Major and Nonmajor Governmental Funds

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Bond Capital Projects Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 100,000	\$ 100,000	\$ 92,506	\$ (7,494)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>92,506</u>	<u>(7,494)</u>
Expenditures				
Capital outlay	23,649,922	23,649,922	17,794,349	5,855,573
Total expenditures	<u>23,649,922</u>	<u>23,649,922</u>	<u>17,794,349</u>	<u>5,855,573</u>
Net change in fund balance	(23,549,922)	(23,549,922)	(17,701,843)	5,848,079
Fund balance, July 1, 2014	<u>23,549,922</u>	<u>23,549,922</u>	<u>23,664,494</u>	<u>114,572</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,962,651</u>	<u>\$ 5,962,651</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
General Obligation Bond Debt Service Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 1,733,920	\$ 1,733,920	\$ 1,814,900	\$ 80,980
Investment earnings	3,000	3,000	3,671	671
Total revenues	<u>1,736,920</u>	<u>1,736,920</u>	<u>1,818,571</u>	<u>81,651</u>
Expenditures				
Debt service	1,739,332	1,739,332	1,739,331	1
Reserves	5,000	5,000	-	5,000
Total expenditures	<u>1,744,332</u>	<u>1,744,332</u>	<u>1,739,331</u>	<u>5,001</u>
Net change in fund balance	(7,412)	(7,412)	79,240	86,652
Fund balance, July 1, 2014	<u>7,412</u>	<u>7,412</u>	<u>59,482</u>	<u>52,070</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,722</u>	<u>\$ 138,722</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
Facility Capital Projects Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Contributions	\$ 967,812	\$ 967,812	\$ 1,321,822	\$ 354,010
Grants	424,167	424,167	120,138	(304,029)
Investment earnings	18,500	18,500	30,249	11,749
Miscellaneous	-	-	40,000	40,000
Total revenues	<u>1,410,479</u>	<u>1,410,479</u>	<u>1,512,209</u>	<u>101,730</u>
Expenditures				
Capital outlay	5,766,543	5,766,543	2,863,128	2,903,415
Reserves	5,227,690	5,227,690	-	5,227,690
Total expenditures	<u>10,994,233</u>	<u>10,994,233</u>	<u>2,863,128</u>	<u>8,131,105</u>
Excess (deficiency) of revenues over expenditures	<u>(9,583,754)</u>	<u>(9,583,754)</u>	<u>(1,350,919)</u>	<u>8,232,835</u>
Other Financing Sources				
Transfers in	<u>3,112,714</u>	<u>3,112,714</u>	<u>3,112,714</u>	<u>-</u>
Total other financing sources	<u>3,112,714</u>	<u>3,112,714</u>	<u>3,112,714</u>	<u>-</u>
Net change in fund balance	(6,471,040)	(6,471,040)	1,761,795	8,232,835
Fund balance, July 1, 2014	<u>6,471,040</u>	<u>6,471,040</u>	<u>5,994,058</u>	<u>(476,982)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,755,853</u>	<u>\$ 7,755,853</u>

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BEND METRO PARK AND RECREATION DISTRICT, OREGON

Combining Balance Sheet
Nonmajor Governmental Funds
 June 30, 2015

	Facility Rental	Equipment Capital Projects	Total
Assets			
Pooled cash and investments	\$ 751,926	\$ 447,074	\$ 1,199,000
Accounts receivable	85,381	-	85,381
Prepaid items	-	7,500	7,500
Total assets	<u>\$ 837,307</u>	<u>\$ 454,574</u>	<u>\$ 1,291,881</u>
Liabilities			
Accounts payable	\$ 4,482	\$ -	\$ 4,482
Deposits payable	131,308	-	131,308
Unearned revenue	219,916	-	219,916
Total liabilities	<u>355,706</u>	<u>-</u>	<u>355,706</u>
Fund balances			
Nonspendable:			
Prepaid items	-	7,500	7,500
Committed to:			
Facility rental services	481,601	-	481,601
Capital equipment	-	447,074	447,074
Total fund balances	<u>481,601</u>	<u>454,574</u>	<u>936,175</u>
Total liabilities and fund balances	<u>\$ 837,307</u>	<u>\$ 454,574</u>	<u>\$ 1,291,881</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015**

	Facility Rental	Equipment Capital Projects	Total
Revenues			
Charges for services	\$ 265,622	\$ -	\$ 265,622
Investment earnings	2,437	2,133	4,570
Miscellaneous	-	19,395	19,395
Total revenues	<u>268,059</u>	<u>21,528</u>	<u>289,587</u>
Expenditures			
Current:			
Personnel services	101,790	-	101,790
Materials and services	59,298	-	59,298
Capital outlay	29,059	243,431	272,490
Total expenditures	<u>190,147</u>	<u>243,431</u>	<u>433,578</u>
Excess (deficiency) of revenues over expenditures	<u>77,912</u>	<u>(221,903)</u>	<u>(143,991)</u>
Other Financing Sources			
Sale of capital assets	-	69,965	69,965
Transfers in	-	150,000	150,000
Total other financing sources	<u>-</u>	<u>219,965</u>	<u>219,965</u>
Net change in fund balances	77,912	(1,938)	75,974
Fund balances, July 1, 2014	<u>403,689</u>	<u>456,512</u>	<u>860,201</u>
Fund balances, June 30, 2015	<u>\$ 481,601</u>	<u>\$ 454,574</u>	<u>\$ 936,175</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
Facility Rental Special Revenue Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 248,500	\$ 248,500	\$ 265,622	\$ 17,122
Investment earnings	2,500	2,500	2,437	(63)
Total revenues	<u>251,000</u>	<u>251,000</u>	<u>268,059</u>	<u>17,059</u>
Expenditures				
Current:				
Personnel services	150,755	150,755	101,790	48,965
Materials and services	151,500	151,500	59,298	92,202
Capital outlay	<u>316,123</u>	<u>316,123</u>	<u>29,059</u>	<u>287,064</u>
Total expenditures	<u>618,378</u>	<u>618,378</u>	<u>190,147</u>	<u>428,231</u>
Net change in fund balance	(367,378)	(367,378)	77,912	445,290
Fund balance, July 1, 2014	<u>367,378</u>	<u>367,378</u>	<u>403,689</u>	<u>36,311</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 481,601</u>	<u>\$ 481,601</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
Equipment Capital Projects Fund
For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 3,100	\$ 3,100	\$ 2,133	\$ (967)
Miscellaneous	-	-	19,395	19,395
Total revenues	<u>3,100</u>	<u>3,100</u>	<u>21,528</u>	<u>18,428</u>
Expenditures				
Capital outlay	310,954	310,954	243,431	67,523
Reserves	341,459	341,459	-	341,459
Total expenditures	<u>652,413</u>	<u>652,413</u>	<u>243,431</u>	<u>408,982</u>
Excess (deficiency) of revenues over expenditures	<u>(649,313)</u>	<u>(649,313)</u>	<u>(221,903)</u>	<u>427,410</u>
Other Financing Sources				
Sale of capital assets	40,500	40,500	69,965	29,465
Transfers in	150,000	150,000	150,000	-
Total other financing sources	<u>190,500</u>	<u>190,500</u>	<u>219,965</u>	<u>29,465</u>
Net change in fund balance	(458,813)	(458,813)	(1,938)	456,875
Fund balance, July 1, 2014	<u>458,813</u>	<u>458,813</u>	<u>456,512</u>	<u>(2,301)</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,574</u>	<u>\$ 454,574</u>

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OTHER FINANCIAL SCHEDULES

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Schedule of Property Tax Transactions
For the Year Ended June 30, 2015

Tax Year	Property Taxes Receivable July 1, 2014	Levy as Extended by Assessor	Adjustments, Interest and Discounts	Cash Collections	Property Taxes Receivable June 30, 2015
2014-15	\$ -	\$ 15,814,457	\$ (450,691)	\$ (15,111,157)	\$ 252,609
2013-14	290,386	-	6,269	(199,980)	96,675
2012-13	109,441	-	9,264	(74,392)	44,313
2011-12	62,309	-	10,242	(55,862)	16,689
2010-11	21,438	-	4,519	(21,029)	4,928
2009-10	6,481	-	858	(3,917)	3,422
2008-09	3,518	-	339	(1,225)	2,632
2007-08	833	-	4	(90)	747
2006-07	477	-	2	(24)	455
2005-06	384	-	17	(41)	360
Prior	1,515	-	67	(133)	1,449
	<u>\$ 496,782</u>	<u>\$ 15,814,457</u>	<u>\$ (419,110)</u>	<u>\$ (15,467,850)</u>	<u>\$ 424,279</u>

Reconciliation to revenues:

Collections	\$ 15,467,850
Change in property tax receivable	(72,503)
Change in deferred property taxes	<u>55,436</u>
Total Property Tax Revenues	<u><u>\$ 15,450,783</u></u>

Summary by fund:	<u>Revenues</u>	<u>Property Taxes Receivable</u>
General Fund	\$ 13,635,883	\$ 382,355
General Obligation Bonds Debt Service Fund	<u>1,814,900</u>	<u>41,924</u>
Totals	<u><u>\$ 15,450,783</u></u>	<u><u>\$ 424,279</u></u>

A summary of the General Fund tax levies and collections during the past three years is as follows:

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Current year's levy	\$ 13,940,735	\$ 13,119,245	\$ 12,416,086
Collections on current year's levy	13,320,763	12,501,310	11,733,561
Percentage of collection	95.6%	95.3%	94.5%
Percentage of current year's levy uncollected at end of year	1.6%	1.9%	2.4%

A summary of the General Obligation Bonds Debt Service tax levies and collections during the past three years is as follows:

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Current year's levy	\$ 1,873,722	\$ 1,858,032	\$ -
Collections on current year's levy	1,790,394	1,770,517	-
Percentage of collection	95.6%	95.3%	-
Percentage of current year's levy uncollected at end of year	1.6%	1.9%	-

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Schedule of Future Debt Service Requirements
General Obligation Bonds**

For the Year Ended June 30, 2015

Year Ending June 30	<u>Primary Government</u>	
	<u>Principal</u>	<u>Interest</u>
2016	815,000	943,731
2017	885,000	927,431
2018	950,000	909,732
2019	1,015,000	881,231
2020	1,080,000	850,781
2021	1,155,000	818,381
2022	1,225,000	783,732
2023	1,315,000	734,731
2024	1,410,000	682,131
2025	1,510,000	625,731
2026	1,610,000	565,332
2027	1,725,000	492,881
2028	1,840,000	423,881
2029	1,960,000	350,281
2030	2,065,000	291,482
2031	2,175,000	226,950
2032	2,295,000	156,263
2033	2,420,000	81,675
	<u>\$ 27,450,000</u>	<u>\$ 10,746,357</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Schedule of Future Debt Service Requirements
Loan Payable**

For the Year Ended June 30, 2015

Year Ending June 30	<u>Primary Government</u>	
	<u>Principal</u>	<u>Interest</u>
2016	395,051	111,281
2017	406,049	101,084
2018	416,047	90,915
2019	425,489	80,496
2020	434,153	70,032
2021	447,579	58,968
2022	460,083	47,760
2023	471,812	36,238
2024	482,661	24,489
2025	492,540	12,335
	<u>\$ 4,431,464</u>	<u>\$ 633,598</u>

AUDIT COMMENTS

**INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors
Bend Metro Park and Recreation District

We have audited the basic financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information Bend Metro Park and Recreation District (the District), as of and for the year ended June 30, 2015, and have issued our report thereon dated December 17, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **Authorized investment of surplus funds (ORS Chapter 294)**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

This report is intended solely for the information and use of the management of the District, the District Board of Directors and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

PRICE FRONK & CO.
Certified Public Accountants & Consultants

By: 
Candace S. Fronk – a partner

December 17, 2015