



Bend Metro Park & Recreation District, Oregon

Comprehensive Annual Financial Report

As of and for the Year Ended June 30, 2017

bendparksandrec.org



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Bend Park & Recreation
DISTRICT

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

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017

Report Prepared by the District Finance Department

Lindsey Lombard, Administrative Services Director

Amy Crawford, Finance Manager



Bend Park &
Recreation
DISTRICT

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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The Deschutes River at Riley Ranch Nature Reserve

INTRODUCTORY SECTION



July 4th Pet Parade



December 7, 2017

To the Honorable Members of the Board of Directors
and the Citizens of the Bend Park and Recreation District,

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Bend Metro Park and Recreation District (District) for the fiscal year ended June 30, 2017. This CAFR is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements.

Responsibility for the completeness and reliability of the information contained in this report rests with the District's management and is based on an internal control structure designed for this purpose. The internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met because the cost of the internal control should not exceed the related benefits. To the best of our knowledge and belief, the enclosed report is accurate in all material respects and is organized in a manner designed to fairly present the financial position and results of operations of the District as measured by the financial activity of its various funds. The accompanying disclosures are necessary to enable the reader to gain the maximum understanding of the District's financial affairs.

The District's financial statements were audited by SGA Certified Public Accountants and Consultants, LLP, a firm of independent certified public accountants. The independent auditors have issued an unmodified opinion on the District's financial statements for the fiscal year ended June 30, 2017. The independent auditors' report is presented in the Financial Section of this report.

The Report

The CAFR is presented in three main sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a list of principal officials, organizational charts, and a copy of last fiscal year's Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association of the United States and Canada (GFOA).

The financial section is prepared in accordance with accounting principles generally accepted in the United States of America. This section of the CAFR includes the Management's Discussion and Analysis (MD&A), which can be found immediately following the report of the independent auditor. These are followed by the basic financial statements, required supplementary information, and combining and individual fund statements and schedules. The MD&A provides a narrative introduction, overview, and analysis to accompany the basic financial statements and should be read in conjunction with this letter of transmittal. The basic financial statements include the government-wide financial statements that present an overview of the District's entire operations, while the fund level statements present the financial information of each of the District's major funds, as well as non-major funds.

Lastly, the statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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District Office | Don Horton, Executive Director

799 SW Columbia St., Bend, Oregon 97702 | www.bendparksandrec.org | (541) 389-7275

District Profile

The District is an Oregon municipal corporation, formed under the Oregon Revised Statutes for special districts on May 28, 1974, to provide park and recreation services for a population of approximately 86,765, and includes the city of Bend. The District's boundaries and population it serves are slightly larger than that of the city of Bend. The District is located in Central Oregon, just east of the Cascade mountain range, and encompasses an area of 42 square miles. The Deschutes River flows through the center of Bend, which receives an average of only 8 – 15 inches of precipitation per year and enjoys lots of sunny, blue skies, which is one reason why it is ranked among the most desirable places to live by national magazines. Bend is the largest city in Central Oregon, and serves as the seat for Deschutes County and as the hub of economic activity in a three-county region including Deschutes, Jefferson, and Crook counties.

The Board of Directors, composed of five elected board members, forms the legislative branch of the District government, and sets policy, adopts the annual budget and hires and directs the Executive Director. The Executive Director is responsible for the administration of the District and manages a staff of four department heads with approximately 224 full-time equivalent employees.

The District maintains and operates more than 2,700 acres of developed and undeveloped parkland, which includes 81 parks and open spaces, 65 miles of trail, and a whitewater park on the Deschutes River. We offer over 1,000 recreation programs for all ages and abilities throughout the area at the Juniper Swim & Fitness Center, The Pavilion, the Bend Senior Center, and the Art Station. The District also offers several free community events, including the July 4th Festival & Pet Parade, Days of Play, and Let's Picnic.

The District's annual budget serves as the foundation for the District's financial planning and control. The District's budget is prepared in accordance with provisions of the Oregon Local Budget Law (ORS Chapter 294), which provides standard procedures for the preparation, presentation, administration and appraisal of budgets. Budget to actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

Local Economy

As Oregon's largest city east of the Cascade Mountains, Bend is the commercial, recreational, and innovation center of Central Oregon. Renowned for its scenic setting and year-round recreational activities, the city is rapidly becoming known for its growing economy and entrepreneurial spirit. Bend began as a logging town, but is now a gateway for many outdoor recreational activities such as mountain biking, hiking, golfing, rock climbing, and ice, snow and water sports. Bend's economy is defined by dynamism, entrepreneurship, and diverse businesses that span many sectors. Manufacturing—long the region's economic core—now shares the limelight with software and high tech, craft brewing, bioscience, recreational products, aviation-related enterprises, distilling operations, food production, and tourism.

Since the early 1990s, Bend has experienced a large influx of new residents drawn by the quality of life. Population grew significantly over the last six years as a result of this in migration, by an estimated 13.2% from 2011 to 2017. Tourism continues to provide a boost with visitor numbers ever growing as the opportunities for outdoor recreation increase, national sporting events are selecting Bend for various events, and tourism promotion efforts continue to reach broader markets. The most recent total estimated number of average daily visitors to Bend is 20,000.

Most of Bend's economic factors reflect Bend's recovery since the Great Recession. Unemployment levels are near historic lows, at 3.8% in June 2017; economic output is 22% higher in real dollars compared to ten years ago; home prices are higher than the previous pre-recession peak prices. Some of these factors, however, create challenges for community citizens and employers. Low unemployment rates have created

an employment environment in Bend where less than two unemployed individuals are available for every help wanted ad; over 65% of vacancies in 2016 were identified as difficult to fill. Median incomes for renters have increased 4.8% since 2012, while rents have increased 36% in that same time period; and more than 33% of households in Bend are cost-burdened (cost-burdened is defined as renters or homeowners who pay more than the recommended 30% in housing costs).

Financial Policies

The District adopted and adheres to a set of Financial Policies. The District recognizes the need to ensure that it is capable of adequately funding and providing the high level of District services valued by the community on a long-term sustainable basis. The Board of Directors acknowledges the challenge of maintaining a viable level of financial resources to protect against the need to reduce service levels due to temporary revenue shortfalls or unforeseeable one-time expenditures. One of the strategies to address this challenge that the District has implemented, is to maintain sufficient working capital balances in each fund. The amount of working capital, per fund, is a function of the type of fund. For the General Fund, the level is 17% of that fund's operating budget. Other topics covered in the District's financial policies include revenue, financial planning, financial reporting, investment and debt management, and pension funding among others. The policies are periodically reviewed and amended to ensure they reflect best practices and comply with external requirements such as Generally Accepted Accounting Principles (GAAP) and Local Budget Law.

Long-term Financial Planning

Long-term financial planning ensures the District: can maintain financial sustainability into the future; has sufficient long-term information to guide financial decisions; identifies potential risks to ongoing operations; and identifies changes in revenue or expenditure structures necessary to deliver services or to meet organizational goals and objectives. The District maintains a five-year financial planning horizon and balances requirements to resources over the life of the five-year forecast. The forecast is prepared at least annually prior to the start of the annual budget and capital improvement prioritization processes.

PERS Rates – PERS, the state retirement system, sets rates for employers every two years. Due to a number of factors, PERS rates charged to employers have and are anticipated to continue to increase significantly over the next several years. The District's July 1, 2017 new PERS rates increased from the prior year rates by: 30% for the Tier 1/Tier 2 rate and 45% for the OPSRP rate.

Minimum Wage Increases – effective July 1, 2016, Oregon Senate Bill 1532 requires Oregon's minimum wage for the city of Bend to increase annually through June 30, 2023. This law increases the minimum hourly wage from \$9.25 in June of 2016 to \$13.50 as of July 1, 2022. The District employs over 500 employees, of which nearly 400 are part-time employees employed in positions that will have significant wage increase impacts from this legislation. They also provide services in programs and facilities that are significantly supported by user fees and charges. Because of this, a substantial portion of the increased wages and related payroll expenses will need to be recovered through increases in user fees, while the remainder will need to be subsidized with property tax revenues.

Community growth – the growth in the Bend community, combined with projections of future growth, comes with increased revenues and increased expenditures. To continue to provide the high level of service the community expects from the District, within the resources that are available, requires increases in employees and in services, paired with continual efficiencies in our organization. It is the District's highest priority to continue to "take care of what we have" through asset management and by focusing resources where there is the greatest need.

Major Initiatives

The District is currently in a design process for a significant expansion to the current Bend Senior Center facility. This multi-generational facility - the Larkspur Community Center - will offer significantly increased recreation services for our entire community. The full cost for development of this expanded facility will require debt financing. The debt service for this is anticipated to be over 10 to 20 years and will be paid for from current property tax revenues - it will not require any additional property tax burden for our citizens. The District's long-term financial planning has allowed the District to set-aside funding to cover over half of the development costs, and has also created the opportunity to be able to support the additional debt service.

Comprehensive Plan – the District is undertaking a complete review and rewrite of its 10-20 year Comprehensive Plan in order to ensure that the Plan provides direction to address system deficiencies, responds to the needs of a growing and changing community, and to plan for equitable distribution of facilities. The project is expected to be completed in fiscal year 2017-18.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) has awarded the District with a Certificate of Achievement for Excellence in Financial Reporting for its CAFR for the fiscal year ended June 30, 2016 – the District's first year of application for the award. The Certificate of Achievement is a prestigious national award that is an important recognition of conformance with the highest standards for preparation of state and local government financial reports. In order to receive the award, the District must publish an easily readable and efficiently organized CAFR with contents that conform to program standards. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to program requirements and we are submitting it to GFOA for their consideration of another certificate award.

Distinguished Budget Presentation Award – the District has received the Distinguished Budget Presentation Award for its budget document from the GFOA for two years. The award represents the District's commitment to meeting the highest principles of governmental budgeting. The budget is rated in four major categories: as a policy document, an operations guide, a financial plan and a communications device. Budget documents must be rated "proficient" in all four categories to receive the award. The District submitted its 2017-18 budget to GFOA in October 2017 and we believe that budget document will continue to meet the Certificate of Achievement Program requirements.

We wish to thank everyone who contributed to the preparation of this report with special thanks to the Finance Department, for their dedication and contribution to the District's efficient and accurate financial reporting. We would also like to express our appreciation to the District's Board of Directors and the Executive Director whose leadership and commitment strengthen our community's vitality and foster healthy, enriched lifestyles.

Respectfully submitted,



Lindsey Lombard
Administrative Services Director

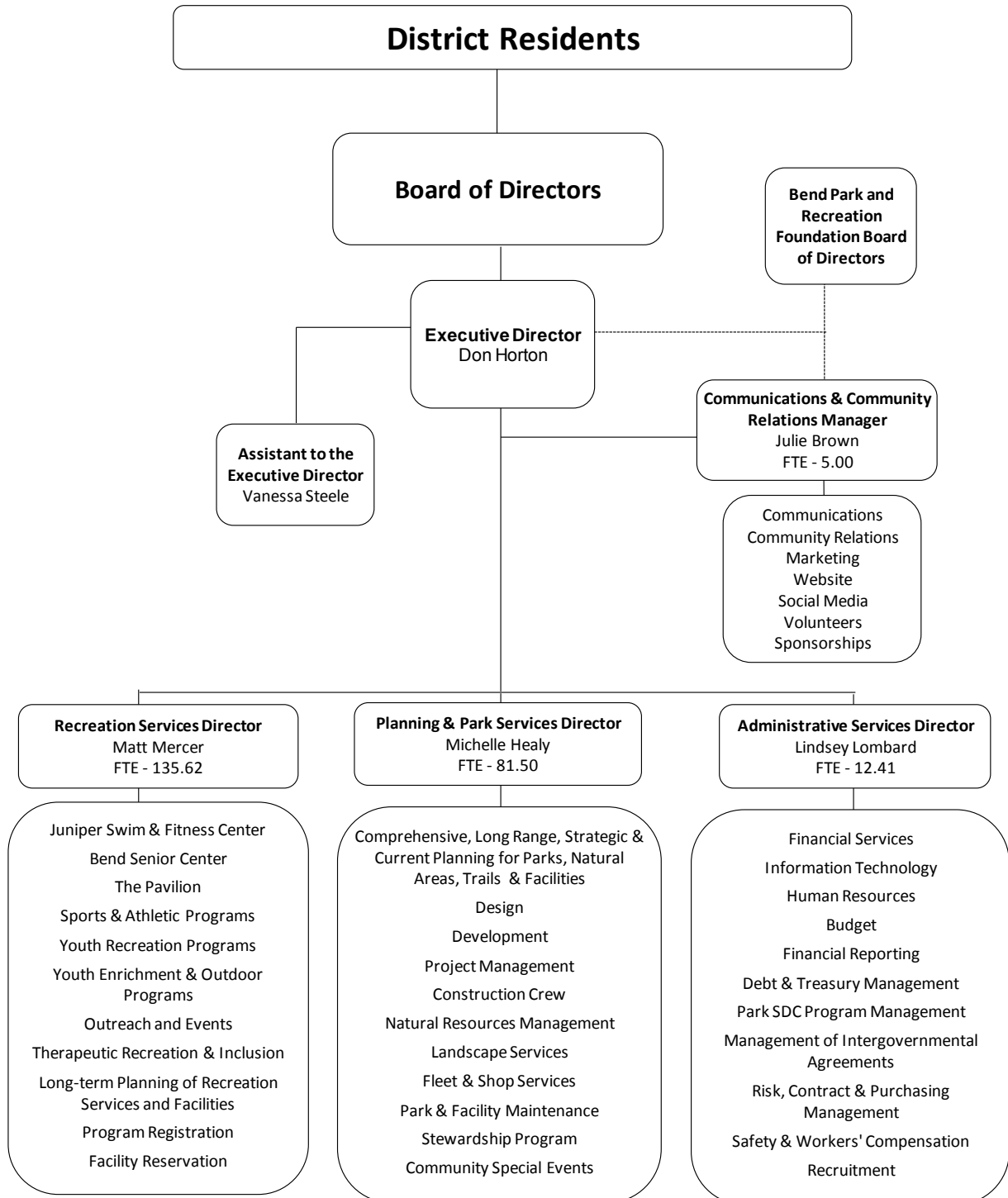


Amy Crawford
Finance Manager

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Organizational Chart For the Year Ended June 30, 2017

BEND PARK AND RECREATION DISTRICT



BEND METRO PARK AND RECREATION DISTRICT, OREGON

Directory of District Officials
For the Year Ended June 30, 2017

Board of Directors

<u>Name</u>	<u>Term Expires</u>
Ted Schoenborn Bend, OR	June 30, 2021
Nathan Hovekamp Bend, OR	June 30, 2021
Craig Chenoweth Bend, OR	June 30, 2017
Ellen Grover Bend, OR	June 30, 2019
Brady Fuller Bend, OR	June 30, 2019

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, Administrative Services Director
Michelle Healy, Planning and Park Services Director
Matt Mercer, Recreation Services Director
Julie Brown, Communications and Community Relations Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Bend Park & Recreation District
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



Nature Play Area at Rockridge Park

FINANCIAL SECTION



Winter Solstice at The Pavilion

To the Board of Directors
Bend Metro Park and Recreation District
Deschutes County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Bend Metro Park and Recreation District, Deschutes County, Oregon (the District) as of and for the year ended June 30, 2017, 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.

Auditor's 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 discretely presented component unit, each major fund and the aggregate remaining fund information of the District, as of June 30, 2017, 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, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Employer Contributions, and the Schedules of Revenues, Expenditures and Changes in Fund Balance for the General Fund and System Development Charges Special Revenue Fund, 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 Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Employer Contributions 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 Budgetary Comparison Schedules – General and System Development Charges Special Revenue Fund 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, Budgetary Comparison Schedules – General and System Development Charges Special Revenue Fund, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Supplementary Information as listed in the table of contents is the responsibility of management and was 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, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section, Statistical Section and Other Information Section, as listed in the table of contents, have 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 them.

Emphasis of a Matter

As discussed in Note 14 to the financial statements, the District adjusted beginning net position and beginning fund balance to correct an error related to facility deposits retained but not recognized in revenue for prior years. Our opinion is not modified with respect to this matter.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 7, 2017, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Brenda Bartlett". The signature is written in a cursive, flowing style.

Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

December 7, 2017

Management's Discussion and Analysis

The management of the Bend Metro Park and Recreation District (District) offers 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, 2017. 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 additional information that we have furnished in our letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- On a government-wide basis, the District's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) by \$126,949,000 at June 30, 2017. Of this amount, \$33,021,000 may be used to meet the District's on-going obligations to citizens and creditors, compared to \$26,999,000 as of June 30, 2016.
- The District's net position at June 30, 2017 increased by \$11,439,000 from the prior year. This increase in net position is resultant of a combination of: capital assets increasing by \$4.7 million; cash and investments increasing by \$5.3 million; deferred outflows of resources increasing by \$3.5 million; deferred inflows of resources decreasing by \$600,000; the net pension liability increasing by \$4.8 million, all other assets increasing by \$700,000, and all other liabilities decreasing by \$1.4 million.
- The District's governmental funds reported a combined fund balance of \$38,572,000, an increase of \$5,848,000, from June 30, 2016. Of this balance, \$140,000, or .4% is nonspendable; \$20,110,000, or 52.2%, is restricted; \$13,323,000, or 34.5%, is committed; \$2,000,000, or 5.2% is assigned; and \$2,999,000, or 7.8% is unassigned.
- The District's assets and deferred outflows of resources totaled \$171.8 million at June 30, 2017 consisting of \$124.7 million in capital assets, \$40.3 million in cash and cash equivalents, \$2.3 million in receivables and other assets, and \$4.5 million in deferred outflows of resources. Total assets and deferred outflows of resources increased by \$14.2 million from the prior year.
- The District's liabilities and deferred inflows of resources totaled \$44.8 million at June 30, 2017 consisting of \$30.9 million in debt, \$1.8 million in accounts payable, \$7.9 million in net pension liability, \$4 million in other liabilities, and \$166,000 in deferred inflows of resources. Total liabilities and deferred inflows of resources increased by \$2.8 million from the prior year.
- The District generated program revenues of \$17.5 million from its governmental activities. Direct expenses of all programs totaled \$23.7 million. General revenues which include taxes and investment earnings totaled \$17.7 million.
- The District's Assessed Valuation of Taxable Property increased by 4.7%, to approximately \$10.8 billion, in fiscal year ending June 30, 2017.
- Total bonded debt was \$25,750,000 as of June 30, 2017, compared to total bonded debt of \$26,635,000 as of June 30, 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. These 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. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* focuses on resources available for future operations. It presents all of the District's assets and deferred outflows of resources and all of its liabilities and deferred inflows of resources, with the difference

Management's Discussion and Analysis

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 in *net position* 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 this statement for some items that will result in cash flows in future fiscal periods (i.e. - uncollected taxes). 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 unit - The government-wide financial statements include not only the District itself (known as the *primary government*), but also the Bend Park and Recreation Foundation, a legally separate entity for which the District is financially accountable. Financial information for the Foundation is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 26-27 of this report.

Fund Financial Statements. A *fund* is a group of related accounts 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 essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This short-term view of the District's financial position helps the reader evaluate the District's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial 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 funding decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The measurement criteria for each statement result in several significant differences between these two statements. Capital assets of \$124,707,000 used in *governmental activities* are not financial resources and therefore are not included in fund balance but are part of *net position*. Liabilities which will be liquidated more than one year from balance sheet date of \$41,043,000 are not reported on the Balance Sheet but are reported on the Statement of Net Position. Deferred outflows and inflows of resources, related primarily to reporting the District's defined benefit pension plan, are reported in the Statement of Net Position but not on the Balance Sheet. The full reconciliation can be found on page 31.

Management's Discussion and Analysis

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

The *fund balances* of the District's governmental funds increased by \$5,848,000 during fiscal year 2016-17 while the *net position* increased by \$11,439,000. This \$5,591,000 difference is due to fiscal year transactions that are reported differently on each statement. Repayments of long term debt of \$1,384,000 and expenditures for the acquisition and development of capital assets of \$4,695,000 are not reported as expenses on the statement of activities. Instead, they are reductions of noncurrent liabilities and additions to capital assets, respectively. Other reconciling items include accrued expenses and changes in accruals and deferrals netting a reduction in *net position* of \$551,000. The full reconciliation can be found on page 35.

The District maintains seven individual governmental funds. Governmental funds are further classified as *general*, *special revenue*, *debt service*, and *capital projects* funds. Within each fund-type group, funds are additionally classified as *major* or *nonmajor* funds.

Individual fund 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.

The District adopts an annual appropriated budget for all of 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 28–35 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 36-60 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 65-66 of this report.

The combining statements and budget to actual schedules for the other major and nonmajor governmental funds are presented in the "Other Supplementary Information" section, and can be found on pages 68-75 of this report.

Government-wide Financial Analysis

Analysis of 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, 2017, the District had a positive net position balance – assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources - of \$126,949,000. This is an increase of \$11,439,000 or 9.9% over the prior year.

Management's Discussion and Analysis

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:

	June 30		
	2017	2016	Change
Assets other than capital assets	\$ 42,607,180	\$ 36,558,616	\$ 6,048,564
Capital assets, net	124,706,531	120,011,243	4,695,288
Total assets	<u>167,313,711</u>	<u>156,569,859</u>	<u>10,743,852</u>
Deferred outflows of resources	<u>4,482,471</u>	<u>1,002,444</u>	<u>3,480,027</u>
Current liabilities	6,133,376	5,301,311	832,065
Net pension liability	7,950,751	3,119,344	4,831,407
Noncurrent liabilities	30,596,835	32,888,240	(2,291,405)
Total liabilities	<u>44,680,962</u>	<u>41,308,895</u>	<u>3,372,067</u>
Deferred inflows of resources	<u>165,846</u>	<u>774,576</u>	<u>(608,730)</u>
Net position:			
Invested in capital assets, net of related debt	93,928,105	88,500,022	5,428,083
Restricted	20,110,007	16,362,379	3,747,628
Unrestricted	12,911,262	10,647,984	2,263,278
Total net position	<u>\$ 126,949,374</u>	<u>\$ 115,510,385</u>	<u>\$ 11,438,989</u>

The most significant portion of the District's net position 74%, or \$93,928,000, represents *its investment in capital assets* (land, buildings, park and trail improvements, and vehicles, equipment and software, net of accumulated depreciation) less any related outstanding debt used to acquire those assets. 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.

The District's portion of net position *restricted* for use in its long-term capital projects and debt service requirements total \$20,110,000 or 16% of the net position. The remaining 10%, or \$12,911,000, of the District's net position is *unrestricted* and may be used to meet the District's future obligations to community citizens and creditors.

Management's Discussion and Analysis

Analysis of Changes in Net Position

As noted previously, the District's total change in net position resulting from operations increased by \$11,439,000 during fiscal year 2016-17. Discussion and analysis of the changes for governmental activities are included below.

	Fiscal Year Ended June 30		
	2017	2016	Change
Revenues			
Program revenues:			
Charges for services	\$ 17,230,154	\$ 17,849,894	\$ (619,740)
Operating grants and contributions	87,017	59,542	27,475
Capital grants and contributions	156,953	384,646	(227,693)
General revenues:			
Property taxes	17,023,504	16,226,721	796,783
Investment earnings	430,504	217,531	212,973
Other	240,750	187,770	52,980
Total revenues	<u>35,168,882</u>	<u>34,926,104</u>	<u>242,778</u>
Expenses			
General government	3,568,574	3,545,037	23,537
Planning and development	1,042,662	1,146,682	(104,020)
Facility rental	232,998	207,824	25,174
Park services	8,328,614	8,301,736	26,878
Recreation services	9,609,321	9,892,216	(282,895)
Interest on long-term debt	947,724	1,052,875	(105,151)
Total expenses	<u>23,729,893</u>	<u>24,146,370</u>	<u>(416,477)</u>
Change in net position	11,438,989	10,779,734	659,255
Net position - beginning of year- as previously stated	115,488,832	104,709,098	10,779,734
Prior period adjustment	<u>21,553</u>	<u>-</u>	<u>21,553</u>
Net position - beginning of year- as restated	<u>115,510,385</u>	<u>104,709,098</u>	<u>10,801,287</u>
Net position - end of year	<u>\$ 126,949,374</u>	<u>\$ 115,488,832</u>	<u>\$ 11,460,542</u>

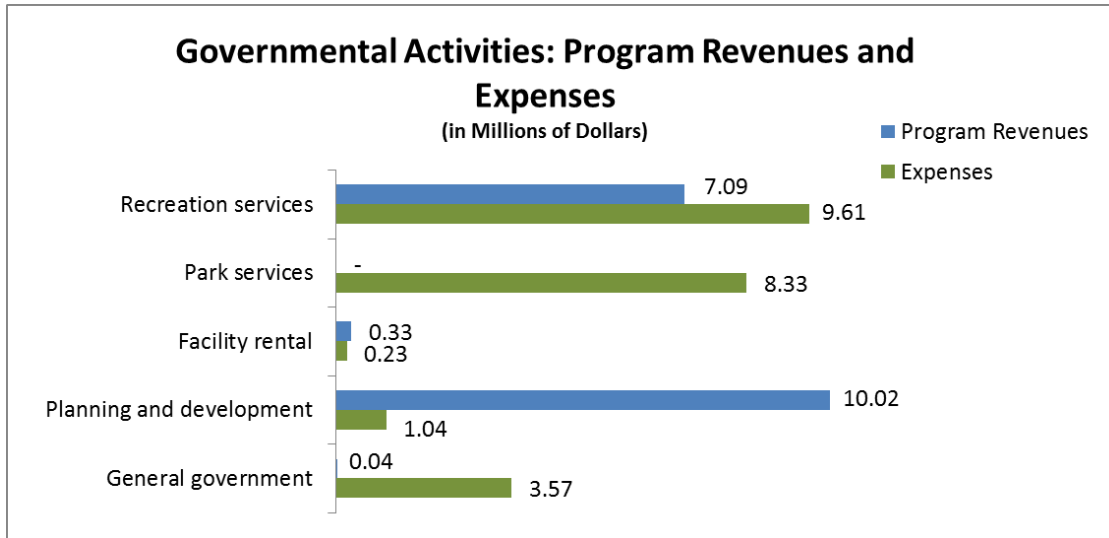
Governmental Activities

Major impacts on the increase in net position include:

- System development charge revenue decreased by over \$1.3 million from the prior year, due to a slowing in the development of multi-family apartment complexes.
- Property taxes increased by just nearly \$800,000; this was due to a combination of: statutorily allowable increases in assessed value on existing properties and new residential and commercial development.
- Recreation's charges for services increased by nearly \$500,000 due to greater customer participation, fee increases and community growth.
- Capital grants and contributions are down by \$200,000 from prior year as current grant-funded projects were completed.
- Investment earnings nearly doubled as interest rates started to see some increases in 2016-17, and the higher rates were calculated on increasing fund balances.
- Expenses for governmental activities decreased by 2% from last year, or just over \$400,000. Personnel costs, materials and services, and depreciation expenses all increased, but a significant reduction from the prior year in the GASB 68 reporting of additional PERS-calculated pension expense created the reduction in expenses.

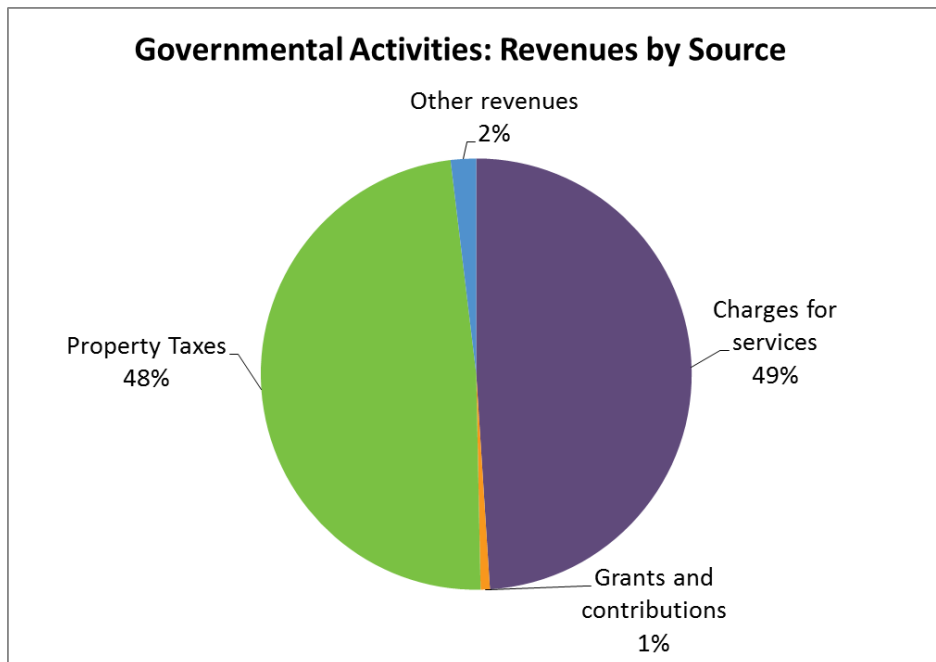
Management's Discussion and Analysis

All of the District's 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.



Program revenues generated by planning and development include system development charges of \$9,864,000 and capital grants and contributions of \$157,000. 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

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 a Debt Service Fund.

As of the end of fiscal year 2016-17, the District's governmental funds reported combined ending fund balances of \$38.6 million, which reflects an increase of approximately \$5.8 million over the prior year's fund balances. Of the combined ending fund balances, \$2,998,642 or 7.8% constitutes the *unassigned fund balance* in the appropriate fund types as shown in the Governmental Funds Balance Sheet on page 28. The remainder of fund balance is classified as *nonspendable, restricted, or committed*. Amounts classified as restricted or committed are not available for new spending as they can only be used for their restricted or committed purpose. Changes, amounts and percentages, in the fund balances of the governmental funds were:

• General Fund	Decrease of \$257,000 or 5%
• System Development Charges Fund	Increase of \$3,778,000, or 23%
• Bond Capital Projects Fund	Decrease of \$648,000, or 100%
• General Obligation Debt Service Fund	Increase of \$5,000, or 5%
• Facility Capital Projects Fund	Increase of \$2,632,000, or 28%
• Nonmajor other governmental funds	Increase of \$338,000, or 36%

Significant Changes in Major Funds

General Fund:

The General Fund is the primary operating fund of the District. Principal sources of revenue are property taxes, charges for services, and intergovernmental revenues and contributions. Primary expenditures are made for personnel, materials and services, debt service, and costs necessary to provide quality park maintenance, recreational, and planning, design, and development services for the community, along with general administration of the District's operations. As of June 30, 2017, the fund balance of the General Fund was \$5.1 million. Of this fund balance, \$2,110,000 is nonspendable or assigned for future expenditures and \$2,999,000 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 (assigned and unassigned fund balances) represents 27% of total General Fund expenditures and 21% of total General Fund combined expenditures plus transfers out, exceeding the District's financial policy guideline of 17%. These percentages were 30 percent and 23 percent, respectively, in the prior year.

The General Fund's ending fund balance decreased by \$257,000 during fiscal year 2016-17. Revenues exceeded expenditures by \$4,229,000. These net resources along with transfers in were used primarily to fund current and future capital expenditures through transfers to other funds in the amount of \$5,193,000.

As compared to the prior fiscal year, General Fund revenues increased by just over \$1.1 million (or 5.3%), largely due to \$635,000 (or 4.4%) in increased property tax collections and \$408,000 (or 6.2%) more in recreation charges for services.

Expenditures increased by \$660,000 (or 3.5%). This increase was largely seen in personnel services – partly from adding staff in many areas in order to support the increase in demand for services from the growing community, and partly from increased payroll costs (wages, PERS, and health insurance).

Management's Discussion and Analysis

System Development Charges Special Revenue Fund:

This 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. Fiscal year 2016-17 experienced the first annual decrease in SDC revenues (nearly \$1.1 million or 9.9% less than prior fiscal year) since the low point of the recession in fiscal year 2009-10. As compared to prior fiscal year, the number of single family homes stayed very consistent, while apartment units decreased slightly, hotel rooms decreased by 70 units, and college dormitory rooms and assisted living rooms saw a 100% decrease (down 165 and 75 units, respectively). Capital outlay in this fund was just over \$5.5 million – a 73% increase from the prior year. The ending fund balance increased by \$3.8 million from the prior year balance. This fund balance of \$20 million is entirely restricted by state law for capacity-enhancing and reimbursement projects for park and trail facilities within the District.

Bond Capital Projects Fund:

This 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 District expended all remaining bond proceeds and additional interest earnings in this fund by the end of fiscal year 2016-17. Therefore, the Bond Capital Projects Fund was closed as of July 1, 2017.

The Bond Capital Projects Fund's fiscal year 2016-17 original adopted budget had a projected beginning fund balance of \$249,941. However, delays in timing of two projects in the prior fiscal year created a higher carry-over than originally budgeted by nearly \$400,000. The District expended the actual amount of carry-over by March 2017. The Board of Directors approved a supplemental budget on June 6, 2017, to appropriate the increased amount of beginning fund balance; however, Local Budget Law requires the revised budget to be adopted prior to the over-expenditure. Therefore, these expenditures resulted in an over-expenditure of appropriation in this fund in the amount of \$400,004.

General Obligation Bond Debt Service Fund:

This 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 \$113,254 is restricted by state law for debt service.

Facility Capital Projects Fund:

This 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. This fund's ending fund balance increased by over \$2.6 million.

The District has annually set aside funds since fiscal year 2013-14 for the purpose of constructing the Larkspur Community Center, in order to reduce the amount of debt that will be required to fund the project. As of June 30, 2017, over \$10 million has been reserved for this facility. There are also \$1.7 million in reserves for the purpose of future asset management (major renovation and replacement of capital assets as they end their useful life). The fund balance of \$12,051,000 is committed for the purposes of land acquisitions, park development and other facility-related capital projects.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget and Actual Results

There were no budget adjustments between the General Fund's original budget and the final budget in fiscal year 2017. For the year, actual revenues were less than budgetary estimates by 4%, nearly half of which is due to lower property tax collections and recreation revenues than projected. Actual expenditures were 82% of the budgeted expenditures. The significant underspending in expenditures occurred in materials and services by 18%, and also in not having the need to expend any of the \$2 million in operating contingency.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2017, the District had invested just under \$125 million in capital assets (net of accumulated depreciation). The book value of the depreciable assets is 80% of historical cost. This investment in capital assets includes land, parks, trails, buildings and improvements, equipment and furnishings. Capital assets increased by a net amount (additions, deductions and depreciation) of approximately \$4.7 million over the prior year, or 3.9%. The largest majority of the capital expenditures (61%) occurred in the System Development Charge Capital Projects Fund in the current fiscal year.

Capital Assets (Net of Accumulated Depreciation)

	June 30		Change
	2017	2016	
Land including right-of-way	\$ 53,405,039	\$ 52,808,628	\$ 596,411
Construction in progress	7,462,810	4,876,194	2,586,616
Artwork	230,000	230,000	-
Buildings and building improvements	29,194,375	29,509,234	(314,859)
Improvements other than buildings	33,091,463	31,125,689	1,965,774
Vehicles, equipment and software	1,322,844	1,461,498	(138,654)
Total capital assets	<u>\$124,706,531</u>	<u>\$ 120,011,243</u>	<u>\$ 4,695,288</u>

Significant capital asset additions, totaling over \$8 million for fiscal year 2017, were as follows:

- Improvements at the Bend Whitewater Park in the amount of \$560,000,
- Design and engineering for the Larkspur Community Center in the amount of \$400,000,
- Redevelopment of Hillside Park in the amount of \$637,000,
- Improvements at McKay Community Park in the amount of \$360,000,
- Acquisition of two future neighborhood park sites for \$590,000,
- Design, engineering and development of two neighborhood parks in the amount of \$3.45 million,
- Completion of the Deschutes River Trail Undercrossing, replacement of the pedestrian bridge at Farewell Bend, and other trails, totaling \$560,000,
- Development of Riley Ranch Nature Reserve, in the amount of \$178,000,
- Asset management and access plan expenditures at Juniper Swim and Fitness Center, Skyline sport fields, Pioneer Park, tennis courts at Summit and Sylvan Parks, and other District facilities in the approximate amount of \$1.1 million, and
- Purchases of vehicles, equipment and technology totaling \$207,000.

Offsetting these additions were depreciation and retirements of assets.

Additional information on the District's capital assets is included in Note 3 on pages 45-46 of this report.

Debt Administration

As of June 30, 2017, the District had \$40,961,613 in debt and other long-term obligations (employee and development-related obligations) outstanding. Debt decreased by \$1,384,000 while other long-term obligations increased by \$4,581,000.

Management's Discussion and Analysis

Outstanding Debt and Obligations

	June 30		
	2017	2016	Change
General obligations bonds	\$ 25,750,000	\$ 26,635,000	\$ (885,000)
Premium on general obligation bonds	1,479,657	1,572,136	(92,479)
Loan payable	3,630,364	4,036,413	(406,049)
Pension liability	7,950,751	3,119,344	4,831,407
Compensated absences	557,734	432,837	124,897
Developer agreement payable	1,047,980	1,452,480	(404,500)
Other post-employment benefits payable	545,127	515,826	29,301
Total outstanding obligations	<u>\$ 40,961,613</u>	<u>\$ 37,764,036</u>	<u>\$ 3,197,577</u>

The general obligation bonds, related to park and recreation facilities, will be paid off in fiscal year 2033. Of the amount outstanding at year-end, \$950,000 is due within one year and will be paid from the GO Bond Debt Service Fund. The loan payable will be paid off in fiscal year 2025. Of the amount outstanding at year-end for the loan payable, \$416,047 is due within one year, and is paid from the General Fund.

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 \$16.6 billion, the current debt limitation for the District is \$414,765,365. As of June 30, 2017, the District's remaining general obligation debt capacity is \$387,535,715. The District's general obligation debt at June 30, 2017 of \$26,635,000 represents 6.6% of its capacity.

Additional information on the District's long-term debt and other long-term obligations is included in Note 6 on pages 47-48 of this report.

Key Economic Factors and Budget Information for the Next Year

- At current staffing levels, fiscal year 2017-18 contributions to PERS are projected to exceed fiscal year 2016-17 contributions by an estimated \$360,000. The recent advisory rates effective July 1, 2019 issued by PERS in November 2017 indicates that the District's PERS rates will likely increase significantly over the next biennium (by more than 4% of eligible wages), and all actuarial projections estimate increases as significant over one to two additional rate-setting biennia.
- The District is dependent upon property taxes, charges for services, grants, contributions and investment earnings to support its operations. Property taxes made up approximately 48% of the District's total revenue sources in fiscal year 2017, charges for services (including SDCs) provided 49%, grants and contributions provided 1%, and investment earnings and other revenues provided 2%.
- With the local community's population and economic growth, the District's Assessed Valuation of Taxable Property increased from fiscal year 2017 to fiscal year 2018 by 6.5% to approximately \$11.4 billion.
- So far in the first four months of the current fiscal year 2018 we have seen a 27% decrease in the number of single family homes being built, and a significant reduction of 55% in the number of multi-family units, as compared to fiscal year 2017. SDC collections are down approximately \$1.8 million as compared to the same time period last year – a decrease of 46%. However, the community has been and is continuing to experience significant growth, which reflects the need for the District to continue to provide its current level of service in parks, trails and recreation facilities over the upcoming years.

Management's Discussion and Analysis

- In order to continue to provide exceptional services for the growing community, the District increased staffing levels in the fiscal year 2018 budget by 7 full-time equivalents (FTE) - from 227 to 234 from the prior fiscal year. Over half of this increase is in the recreation services department.

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 the District's budgetary priorities. These guiding statements are as follows:

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, 2017

	Primary Government Governmental Activities	Component Unit Bend Park and Recreation Foundation
Assets		
Current assets:		
Cash and cash equivalents	\$ 40,265,416	\$ 356,737
Property taxes receivable	510,074	-
System development fees receivable	1,505,319	-
Accounts receivable	186,149	1,000
Prepaid expenses	140,222	-
Total current assets	42,607,180	357,737
Capital assets:		
Land, construction in progress and artwork	61,097,849	-
Other capital assets (net of accumulated depreciation)	63,608,682	-
Total capital assets	124,706,531	-
Total assets	167,313,711	357,737
Deferred outflows of resources		
Deferred charge on refunding	111,689	-
Pension-related	4,370,782	-
Total deferred outflows of resources	4,482,471	-
Liabilities		
Current liabilities:		
Accounts payable	1,793,986	36,439
Accrued payroll liabilities	682,736	-
Other accrued liabilities	107,504	-
Deposits payable	59,604	-
Accrued interest payable	81,595	-
Unearned revenue	993,924	-
Developer agreement payable	1,047,980	-
Long-term debt - current portion	1,366,047	-
Total current liabilities	6,133,376	36,439
Noncurrent liabilities:		
Net pension liability	7,950,751	-
Compensated absences	557,734	-
Other post-employment benefits payable	545,127	-
Long-term debt due in more than one year	29,493,974	-
Total noncurrent liabilities	38,547,586	-
Total liabilities	44,680,962	36,439
Deferred inflows of resources		
Pension-related	165,846	-
Total deferred inflows of resources	165,846	-
Net position		
Net investment in capital assets	93,928,105	-
Restricted for:		
Capital projects	19,996,753	-
Debt service	113,254	-
Temporarily restricted - Program activities	-	184,675
Permanently restricted - Endowment	-	54,787
Unrestricted	12,911,262	81,836
Total net position	\$ 126,949,374	\$ 321,298

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, 2017

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 Government Governmental Activities	Component Unit Bend Park and Recreation Foundation
Primary Government:						
Governmental activities:						
General government	\$ 3,568,574	\$ 36,770	\$ -	\$ -	\$ (3,531,804)	\$ -
Planning and development	1,042,662	9,863,588	328	156,953	8,978,207	-
Facility rental	232,998	329,630	-	-	96,632	-
Park services	8,328,614	-	-	-	(8,328,614)	-
Recreation services	9,609,321	7,000,166	86,689	-	(2,522,466)	-
Interest on long-term debt	947,724	-	-	-	(947,724)	-
Total primary government	<u>\$ 23,729,893</u>	<u>\$ 17,230,154</u>	<u>\$ 87,017</u>	<u>\$ 156,953</u>	<u>\$ (6,255,769)</u>	<u>-</u>
Component unit:						
Bend Park and Recreation Foundation	<u>\$ 102,350</u>	<u>\$ -</u>	<u>\$ 82,008</u>	<u>\$ -</u>		<u>(20,342)</u>
General revenues:						
Property taxes:						
Levied for general purposes					15,209,963	-
Levied for bonded debt					1,813,541	-
Investment earnings					430,504	-
Other revenues					240,750	46,116
Total general revenues					<u>17,694,758</u>	<u>46,116</u>
Change in net position					11,438,989	25,774
Net position, July 1, 2016, as previously stated					115,488,832	295,524
Prior period adjustment					<u>21,553</u>	<u>-</u>
Net position, July 1, 2016, as restated					<u>115,510,385</u>	<u>295,524</u>
Net position, June 30, 2017					<u>\$ 126,949,374</u>	<u>\$ 321,298</u>

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, 2017

	General	System Development Charges	Bond Capital Projects	General Obligation Debt Service
Assets				
Pooled cash and investments	\$ 7,022,654	\$ 19,515,920	\$ -	\$ 101,102
Receivables:				
Property taxes	455,722	-	-	54,352
System development fees	-	1,505,319	-	-
Accounts	168,352	-	-	-
Prepaid items	110,222	30,000	-	-
Total assets	<u>\$ 7,756,950</u>	<u>\$ 21,051,239</u>	<u>\$ -</u>	<u>\$ 155,454</u>
Liabilities				
Accounts payable	\$ 611,544	\$ 1,024,486	\$ -	\$ -
Accrued payroll liabilities	682,736	-	-	-
Other current liabilities payable	107,504	-	-	-
Deposits payable	-	-	-	-
Unearned revenue	891,271	-	-	-
Total liabilities	<u>2,293,055</u>	<u>1,024,486</u>	<u>-</u>	<u>-</u>
Deferred inflow of resources				
Unavailable revenue - property taxes	<u>355,031</u>	<u>-</u>	<u>-</u>	<u>42,200</u>
Fund balances				
Nonspendable:				
Prepaid items	110,222	30,000	-	-
Restricted for:				
Capital projects	-	19,996,753	-	-
Debt service	-	-	-	113,254
Committed to:				
Capital projects - facilities	-	-	-	-
Facility rental activities	-	-	-	-
Capital projects - equipment	-	-	-	-
Assigned:				
Future expenditures	2,000,000	-	-	-
Unassigned:	2,998,642	-	-	-
Total fund balances	<u>5,108,864</u>	<u>20,026,753</u>	<u>-</u>	<u>113,254</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 7,756,950</u>	<u>\$ 21,051,239</u>	<u>\$ -</u>	<u>\$ 155,454</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, 2017

	Facility Reserve	Other Governmental	Total
Assets			
Pooled cash and investments	\$ 12,198,993	\$ 1,426,747	\$ 40,265,416
Receivables:			
Property taxes	-	-	510,074
System development fees	-	-	1,505,319
Accounts	7,283	10,514	186,149
Prepaid items	-	-	140,222
Total assets	<u>\$ 12,206,276</u>	<u>\$ 1,437,261</u>	<u>\$ 42,607,180</u>
Liabilities			
Accounts payable	\$ 155,288	\$ 2,668	\$ 1,793,986
Accrued payroll liabilities	-	-	682,736
Other current liabilities payable	-	-	107,504
Deposits payable	-	59,604	59,604
Unearned revenue	-	102,653	993,924
Total liabilities	<u>155,288</u>	<u>164,925</u>	<u>3,637,754</u>
Deferred inflow of resources			
Unavailable revenue - property taxes	-	-	397,231
Fund balances			
Nonspendable:			
Prepaid items	-	-	140,222
Restricted for:			
Capital projects	-	-	19,996,753
Debt service	-	-	113,254
Committed to:			
Capital projects - facilities	12,050,988	-	12,050,988
Facility rental activities	-	767,580	767,580
Capital projects - equipment	-	504,756	504,756
Assigned:			
Future expenditures	-	-	2,000,000
Unassigned:	-	-	2,998,642
Total fund balances	<u>12,050,988</u>	<u>1,272,336</u>	<u>38,572,195</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 12,206,276</u>	<u>\$ 1,437,261</u>	<u>\$ 42,607,180</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 For the Year Ended June 30, 2017

Total fund balances for governmental funds	\$ 38,572,195
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.	124,706,531
Deferred outflows of resources:	
Pension-related costs	4,370,782
Debt refunding costs, net of amortization	111,689
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.	397,231
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, 2017 are:	
Interest payable	\$ (81,595)
Developer agreement payable	(1,047,980)
Net pension liability	(7,950,751)
Accrued compensated absences,	
portion due or payable in more than one year	(557,734)
Other post-employment benefits	(545,127)
Loan payable	(3,630,364)
GO bond debt and premium on issuance, net	(27,229,657)
Total noncurrent liabilities and accrued interest	(41,043,208)
Deferred inflows of resources related to pension	(165,846)
Net position of governmental activities	<u>\$ 126,949,374</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, 2017

	General	System Development Charges	Bond Capital Projects	General Obligation Debt Service
Revenues				
Property taxes	\$ 15,153,250	\$ -	\$ -	\$ 1,807,213
Charges for services	7,004,066	-	-	-
System development fees	-	9,863,589	-	-
Contributions	60,725	-	-	-
Grants & donations	25,692	-	-	-
Investment earnings	102,947	208,789	736	10,680
Reimbursement for interfund services	105,889	-	-	-
Miscellaneous	171,889	-	-	-
Total revenues	<u>22,624,458</u>	<u>10,072,378</u>	<u>736</u>	<u>1,817,893</u>
Expenditures				
Current:				
Personnel services	12,748,078	-	-	-
Materials and services	5,065,430	35,767	-	-
Debt service	507,133	-	-	1,812,432
Capital outlay	75,102	5,551,572	649,195	-
Total expenditures	<u>18,395,743</u>	<u>5,587,339</u>	<u>649,195</u>	<u>1,812,432</u>
Excess (deficiency) of revenues over expenditures	<u>4,228,715</u>	<u>4,485,039</u>	<u>(648,459)</u>	<u>5,461</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	707,000	-	-	-
Transfers out	<u>(5,192,641)</u>	<u>(707,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,485,641)</u>	<u>(707,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(256,926)	3,778,039	(648,459)	5,461
Fund balance, July 1, 2016, as previously stated	5,365,790	16,248,714	648,459	107,793
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, July 1, 2016, as restated	<u>5,365,790</u>	<u>16,248,714</u>	<u>648,459</u>	<u>107,793</u>
Fund balances, June 30, 2017	<u><u>\$ 5,108,864</u></u>	<u><u>\$ 20,026,753</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 113,254</u></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, 2017

	Facility Reserve	Other Governmental	Total
Revenues			
Property Taxes	\$ -	\$ -	\$ 16,960,463
Charges for services	32,870	329,630	7,366,566
System development fees	-	-	9,863,589
Contributions	-	-	60,725
Grants	157,553	-	183,245
Investment earnings	96,932	10,420	430,504
Reimbursement for interfund services	-	-	105,889
Miscellaneous	57,982	5,000	234,871
Total revenues	<u>345,337</u>	<u>345,050</u>	<u>35,205,852</u>
Expenditures			
Current:			
Personnel services	-	115,416	12,863,494
Materials and services	-	51,963	5,153,160
Debt service	-	-	2,319,565
Capital outlay	2,570,673	180,861	9,027,403
Total expenditures	<u>2,570,673</u>	<u>348,240</u>	<u>29,363,622</u>
Excess (deficiency) of revenues over expenditures	<u>(2,225,336)</u>	<u>(3,190)</u>	<u>5,842,230</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	5,879	5,879
Transfers in	4,857,641	335,000	5,899,641
Transfers out	-	-	(5,899,641)
Total other financing sources (uses)	<u>4,857,641</u>	<u>340,879</u>	<u>5,879</u>
Net change in fund balances	2,632,305	337,689	5,848,109
Fund balance, July 1, 2016, as previously stated	9,418,683	913,094	32,702,533
Prior period adjustment	<u>-</u>	<u>21,553</u>	<u>21,553</u>
Fund balance, July 1, 2016, as restated	<u>9,418,683</u>	<u>934,647</u>	<u>32,724,086</u>
Fund balances, June 30, 2017	<u>\$ 12,050,988</u>	<u>\$ 1,272,336</u>	<u>\$ 38,572,195</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, 2017

Net change in fund balances - total governmental funds	\$ 5,848,109
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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	\$ 8,410,479	
Depreciation expense	(3,687,346)	
(Gain) loss on disposition of capital assets	(27,845)	
Total net effect of capital assets		4,695,288

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).	63,041
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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.

General obligation bonds	\$ 885,000	
Amortization of bond premium	92,479	
Loan payable	406,049	
Total net effect of long-term debt		1,383,528

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	\$ 2,274	
Accrued compensated absences	(185,800)	
Accrued other postemployment benefit obligations	(29,301)	
Amortization of deferred charge on refunding	(13,961)	
Pension expense	(728,689)	
Developer agreement payable	404,500	
Total net effect of resources that are not expenses		(550,977)

Total adjustments for fiscal year ended June 30, 2017	5,590,880
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Change in net position, June 30, 2017	\$ 11,438,989
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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, 2017

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 on May 28, 1974, as an Oregon municipal corporation under the Oregon Revised Statutes for special districts. The Board of Directors, composed of five elected 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, the Pavilion, the Art Station, 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).

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; however, interfund services provided and used are not eliminated. The primary government is reported separately from the legally separate component unit from which the primary government receives direct benefit.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued

C. Government-wide and Fund Financial Statements, continued

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.

Separate 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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. Basis of accounting indicates the timing of transactions or events for recognition in financial statements.

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which the taxes are levied. Non-exchange transactions, in which the District gives, or receives, value without directly receiving or giving equal value in exchange, include property taxes, grants, and contributions. Grants and contributions are recognized when all eligibility requirements imposed by the provider have been satisfied. The effect of interfund activity such as transfers, advances and loans is eliminated.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal year. A 90 day availability period is used for revenue recognition for all other governmental fund revenues susceptible to accrual. Expenditure-driven grants are recorded as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service, compensated absences, certain post-employment benefits, and claims and judgments expenditures are recorded at the time such payment is due. Capital asset transactions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

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 2017 fiscal year permanent tax levy and the General Obligation Bond tax levy were \$15,687,210 and \$1,870,530, respectively.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued

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

Governmental Fund Financial Statements, continued

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 a deferred inflow of resources on the modified accrual basis of accounting since they are not deemed available to finance operations of the current period.

Only the portion of recreation charges for services, due within the current fiscal year, is considered to be susceptible to accrual as revenue of the current fiscal year. All other revenue items are considered to be measureable and available only when cash is received by the District.

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 and materials and services costs necessary to provide quality maintenance, recreation, planning, design, and development services for the community, and for the 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. As all resources in this fund have been expended, this fund will be eliminated as of July 1 2017.

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 Reserve Fund – The Facility Reserve 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, asset management, and other facility-related capital projects.

Other Governmental Funds

Other governmental funds include all non-major 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 Reserve Fund

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued

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. Cash, Cash Equivalents and Investments

The District maintains a common cash, cash equivalents and investments pool for substantially 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 monies is apportioned and credited to each fund monthly, based on the average daily balances of each participating fund.

H. Receivables

All operation and property tax receivables are shown net of an allowance for uncollectible amounts.

I. Prepaid Expenses

Prepaid expenses consist of insurance and other payments to vendors, and are reported using the consumption method, where items are charged to expenditure as the service is provided.

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 constructed and acquired 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. As required by GASB 72, donated capital assets are reported at acquisition value at the date of donation. 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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued

J. Capital Assets, continued

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.

K. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position reports separate sections for deferred outflows of resources and deferred inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents a generation of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

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; this amount is deferred and recognized as an inflow of resources in the period the amount becomes available.

L. 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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued

M. Pensions

For purposes of measuring the net pension asset or 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.

N. Other Post-Employment Benefits Payable

The other post-employment benefits (OPEB) payable is recognized as a non-current liability in the Statement of Net Position and in the government-wide statement of net position. The liability reflects the present value of expected future payments.

O. Unearned, Unavailable 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 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 its recreation facilities.

P. 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. Payable amounts as of the reporting period can be found in Note 6.

Q. Fund Balance Reporting

The District reports its governmental fund balances in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under GASB 54, fund balances are required to be reported according to the following classifications:

R. Fund Balance Reporting

1. Nonspendable fund balance category includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, long-term receivables, and property held for,
2. Restricted fund balance category includes resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation),
3. Committed fund balance category includes amounts that can be used only for specific purposes because of a resolution approved by the formal action of the District's governing board (the District's highest level of decision-making authority). Such constraint remains legally binding unless removed in the same manner,

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued

R. Fund Balance Reporting, continued

4. Assigned fund balance category 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.

S. 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.

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

T. New GASB Pronouncements

GASB 77, *Tax Abatement Disclosures* became effective for those periods beginning after December 15, 2015. The District participates in a number of property tax abatement programs. All such abatement programs are authorized by Oregon revised statutes or by local resolution or ordinance. Some programs are initiated by the District and others by other local governments and state agencies. As the amount of taxes abated during fiscal year 2017 is immaterial, no additional disclosure has been made.

U. 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 of control by which expenditures cannot legally exceed appropriations. Appropriations are established by function (personnel services, material and services, capital outlay, debt service, transfers out, contingency and reserve for future expenditures categories) for all funds. The District's published budget contains more specific detailed information for the above mentioned expenditure categories.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 1 – Summary of Significant Accounting Policies, continued

U. Appropriation and Budgetary Controls, continued

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.

Note 2 – Cash, Cash Equivalents and Investments

The District's investment of cash funds is regulated by Oregon Revised Statutes and the District's Investment Policy, adopted by its Board of Directors. Under these guidelines, cash funds may be invested in bank accounts; certificates of deposit; obligations 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, cash equivalents, and investments at June 30, 2017, consisted of the following:

	District	Foundation
Cash on hand	\$ 5,440	\$ -
Deposits with banks	1,429,448	231,156
Oregon Community Foundation	-	125,581
Local Government Investment Pool	38,830,528	-
Total pooled cash and investments	<u>\$ 40,265,416</u>	<u>\$ 356,737</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 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, 2017

Note 2 – Cash and Investments, continued

Fair Value Measurements

GASB Statement No. 72, Fair Value Measurement and Application, specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The District has no investments that are measured using Level 1 or Level 3 inputs.

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 under the governance of the Oregon Start-Term Fund Board. The LGIP is audited annually by the Oregon Secretary of State, Audits Division. The Oregon State Treasurer's Office has calculated the fair value of the underlying investments of the LGIP and the District's share of fair value is reflected below. At least 10% of the portfolio matures within 30 days, 25% matures within less than one year and 100% matures in less than five years.

<u>Investment</u>	<u>Fair Value</u>
Local Government Investment Pool	\$ 38,830,528

Investments – Discretely Presented Component Unit

Investments of the Bend Park and Recreation Foundation at year-end consist of \$125,581 of marketable securities in an endowment fund held by The Oregon Community Foundation (OCF).

Investments are carried at fair value. Donated investments usually consist of stock where the fair 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 increased or decreased in unrestricted net assets unless their use is restricted by the donor. The OCF states in their footnotes that their investments are measured on the latest bid prices or evaluated quotes from independent pricing vendors (Level 2 inputs).

<u>Investment</u>	<u>Fair Value</u>	<u>Fair Value</u>
The Oregon Community Foundation	\$ 125,581	Level 2

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates and will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's Investment Policy requires that the maximum investment portfolio average maturity be 18 months.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Oregon Revised Statutes, Chapter 294, 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's investment policy has been approved by the District Board of Directors and specifies the District's investment objectives, required diversification, certain limitations and reporting requirements.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements June 30, 2017

Note 2 – Cash and Investments, continued

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the government will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

The District's 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.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy provides that the maximum that may be invested in any one issuer, as a percentage of total investments is 100% for US Treasury, 35% for US Government agencies and 5% per issuer, and in the LGIP, the lesser of 100% or \$46,801,588, the maximum amount allowed imposed by the state statute.

Governmental accounting standards require 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, 2017, fair value approximated cost and no change in fair value of investments was recorded.

Note 3 – Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Capital assets not being depreciated:				
Land including right-of-way	\$ 52,808,628	\$ 596,411	\$ -	\$ 53,405,039
Construction in progress	4,876,194	5,085,694	(2,499,078)	7,462,810
Artwork	230,000	-	-	230,000
Total capital assets not being depreciated	<u>57,914,822</u>	<u>5,682,105</u>	<u>(2,499,078)</u>	<u>61,097,849</u>
Capital assets being depreciated:				
Buildings and building improvements	39,427,642	912,118	(330,716)	40,009,044
Improvements other than buildings	44,944,254	4,108,609	-	49,052,863
Vehicles, equipment and software	4,974,800	206,725	(51,552)	5,129,973
Total capital assets being depreciated	<u>89,346,696</u>	<u>5,227,452</u>	<u>(382,268)</u>	<u>94,191,880</u>
Less accumulated depreciation for:				
Buildings and building improvements	(9,918,408)	(1,199,418)	303,157	(10,814,669)
Improvements other than buildings	(13,818,565)	(2,142,835)	-	(15,961,400)
Vehicles, equipment and software	(3,513,302)	(345,093)	51,266	(3,807,129)
Total accumulated depreciation	<u>(27,250,275)</u>	<u>(3,687,346)</u>	<u>354,423</u>	<u>(30,583,198)</u>
Total capital assets being depreciated, net	<u>62,096,421</u>	<u>1,540,106</u>	<u>(27,845)</u>	<u>63,608,682</u>
Total capital assets, net	<u>\$120,011,243</u>	<u>\$ 7,222,211</u>	<u>\$ (2,526,923)</u>	<u>\$124,706,531</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 3 – Capital Assets, continued

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

General government	\$ 351,410
Facility rental	26,772
Park services	2,416,953
Recreation services	<u>892,211</u>
Total depreciation expense - primary government	<u>\$ 3,687,346</u>

Note 4 – Deferred Outflows of Resources

Deferred outflows – deferred charge on refunding: 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.

Deferred outflows – pension-related: the contributions made to OPERS during the year ended June 30, 2017 and other items related to the District's defined benefit pension plans have been classified as a deferred outflow of resources.

Deferred Outflows of Resources	Amount
Deferred outflows - refunding debt (FF&C 2005)	\$ 111,689
Deferred outflows - pension-related	
Differences between expected and actual experience	263,046
Changes of assumptions	1,695,704
Net difference between projected and actual earnings on pension plan investments	1,570,735
Changes in proportionate share	53,144
Differences between employer contributions and employer's proportionate share of system contributions	<u>106,199</u>
Total (prior to post-measurement date contributions)	3,688,828
Employer contributions subsequent to the measurement date	<u>681,954</u>
Total deferred outflows - pension-related	<u>4,370,782</u>
Total Deferred Outflows of Resources	<u>\$ 4,482,471</u>

Note 5 – Interfund Transfers

Interfund transfers during fiscal year ended June 30, 2017, consisted of the following:

Description	Amount
From the General Fund to the Facility Reserve Fund for land acquisitions and capital construction projects.	\$ 4,857,641
From the General Fund to the Equipment Reserve Fund for vehicle and equipment acquisitions.	335,000
From the System Development Charges Special Revenue Fund to the General Fund for reimbursement of personnel services.	<u>707,000</u>
	<u>\$ 5,899,641</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 6 – 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, 2017.

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, 2017 the District's unused debt margin is \$389.0 million.

General obligation bonds currently outstanding are as follows:

	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2017
Capital Improvements - Series 2013	2% - 4.5%	June 5, 2013	2013 to 2032	\$ 29,000,000	\$ 25,750,000

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

Year Ending June 30	<u>General Obligation Bond</u>	
	Principal	Interest
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
2023-2027	7,570,000	3,100,806
2028-2032	10,335,000	1,448,857
2033	2,420,000	81,675
	<u>25,750,000</u>	<u>8,875,195</u>

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, 2017 is \$3,630,364, 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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements June 30, 2017

Note 6 – Long-Term Obligations, continued

Loan Payable, continued

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

Year Ending June 30	<u>Loan Payable</u>	
	Principal	Interest
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
2022-2025	1,447,013	73,062
	<u>3,630,364</u>	<u>421,233</u>

Developer Agreement Payable

The District has a developer agreement with West Bend Property Company LLC (Developer) for the cooperative participation in the development of Discovery Park. The Developer fulfilled its responsibility for completion of the park development, and the District is responsible for reimbursing the Developer's costs through an agreed-upon System Development Charges (SDC) Reimbursement Methodology. In July of each year of the agreement, the District reimburses the Developer for the improvement fee portion of all SDCs paid within the specific recovery area over the prior fiscal year. As of June 30, 2017, the remaining liability for this agreement was \$1,047,980, and was fully reimbursed in July 2017 from the System Development Charges Special Revenue Fund.

Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2017 was as follows:

	June 30, 2016	Increases	Decreases	June 30, 2017	Due Within One Year
General obligations bonds	\$ 26,635,000	\$ -	\$ (885,000)	\$ 25,750,000	\$ 950,000
Premium on general obligation bond	1,572,136	-	(92,479)	1,479,657	-
Loan payable	4,036,413	-	(406,049)	3,630,364	416,047
Pension liability	3,119,344	4,831,407	-	7,950,751	-
Compensated absences	432,837	571,398	(446,501)	557,734	-
Developer agreement payable	1,452,480	-	(404,500)	1,047,980	1,047,980
Other post-employment benefits payable	515,826	39,648	(10,347)	545,127	-
Total long-term obligations	<u>\$ 37,764,036</u>	<u>\$5,442,453</u>	<u>\$ (2,244,876)</u>	<u>\$ 40,961,613</u>	<u>\$ 2,414,027</u>

The above liabilities, including pension liabilities, will be liquidated from the funds where the liability was incurred. In prior years, compensated absences, other postemployment benefits, and the pension liability have been liquidated by the governmental fund for which the employees who earned the benefits were assigned – which is primarily the General Fund. The System Development Fund liquidates the developer agreement payable.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 7 – 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, 2017, these balances were:

	Deferred Inflows of Resources - Property Taxes	Unearned Revenue	Total Deferred Inflows of Resources and Unearned Revenue
General Fund	\$ 355,031	\$ 891,271	\$ 1,246,302
General Obligation Debt Service Fund	42,200	-	42,200
Nonmajor Funds	-	102,653	102,653
Total Deferred Inflows of Resources and Unearned Revenue	<u>\$ 397,231</u>	<u>\$ 993,924</u>	<u>\$ 1,391,155</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, 2017, these balances all related to the District's defined benefit pension plans by the application of GASB 68 are:

	Deferred Inflows of Resources
Changes in proportionate share	\$ 73,680
Differences between employer contributions and employer's proportionate share of system contributions	92,166
Total deferred inflows of resources	<u>\$ 165,846</u>

Note 8 – 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, and cyber fraud coverages. Settled claims from these risks have not exceeded insurance limits in any of the past three years.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 9 – 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 OPERS 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. A second program, the Chapter 238A-OPERS Pension Program (OPSRP DB), provides benefits to members hired on or after August 29, 2003. OPERS issues an independently audited, publicly available, Comprehensive Annual Financial Report and Actuarial Valuation which can be found at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided

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

Pension Benefits

The OPERS 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:

- the member was employed by a OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in a OPERS-covered job, or
- the member was on an official leave of absence from a OPERS-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 OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 9 – Public Employees’ Retirement System Pension Plan, continued

Benefits Provided, continued

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

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 (COLA). The cap on the COLA in Fiscal Year 2017 and beyond will vary based on the amount of the annual benefit.

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.

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.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in Fiscal Year 2017 and beyond will vary based on the amount of the annual benefit.

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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 9 – Public Employees' Retirement System Pension Plan, continued

Benefits Provided, continued

3. OPSRP Individual Account Program (OPSRP IAP), continued

Defined Contribution Benefits, continued

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

OPERS 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 OPERS Defined Benefit Plan and the Other Post-employment Benefit Plans. Ultimate authority for setting and changing the laws governing contributions rests with the Oregon legislature.

Employer contribution rates during the period were based on the December 31, 2014, which became effective June 30, 2017. The rates, based on a percentage of payroll, first became effective July 1, 2015. The District's employer contributions for the year ended June 30, 2017 were \$727,065, excluding amounts to fund employer specific liabilities. The rates, presented as a percentage of covered payroll, for the District in effect for the fiscal year ended June 30, 2017 were: 12.45% for Tier One/Tier Two, and 7.52% 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.

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

At June 30, 2017, the District reported a liability of \$7,950,751 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on the District's long-term contribution effort as compared to the total projected long-term contribution effort of all participating employers.

Rates of every employer have at least two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 9 – Public Employees’ Retirement System Pension Plan, continued

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

2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumptions. The UAL Rate is the upcoming year’s fixed component of the cumulative amortization schedules, stated as a percent of payroll.

The employer’s PVFNC depends on both the normal cost rates charged on the employer’s payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

Since many governments in Oregon have sold pension obligation bonds and deposited the proceeds with OPERS (referred to as side accounts or transitional liability or surplus), adjustments are required. After each employer’s projected long-term contribution effort is calculated, that amount is reduced by the value of the employer’s side account, transitional liability/surplus, and the pre-SLGRP liability/surplus (if any). This is done as those balances increase/decrease the employer’s projected long-term contribution effort because side accounts are effectively pre-paid contributions.

Looking at both rate components, the projected long-term contribution effort is the sum of the PVFNC and UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort. At June 30, 2017, the District’s proportion was 0.0529 percent.

For the year ended June 30, 2017, the District recognized pension expense in addition to actual contributions of \$728,689. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 263,046	\$ -
Changes of assumptions	1,695,704	-
Net difference between projected and actual earnings on pension plan investments	1,570,735	-
Changes in proportionate share	53,144	73,680
Differences between employer contributions and employer's proportionate share of system contributions	106,199	92,166
Total (prior to post-measurement date contributions)	3,688,828	165,846
Employer contributions subsequent to the measurement date	681,954	-
Total	<u>\$ 4,370,782</u>	<u>\$ 165,846</u>
Net Deferred Outflow of Resources	\$ 4,204,936	
Less: Contributions Made Subsequent to Measurement Date	681,954	
	<u>\$ 3,522,982</u>	

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 9 – Public Employees’ Retirement System Pension Plan, continued

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

The District's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the following year. The net amount of the District's remaining deferred outflows of resources and deferred inflows of resources that will be recognized in the District's pension expense in the subsequent five years in the aggregate are shown in the table below.

1st Fiscal Year - Fiscal Year 2018	\$ 629,863
2nd Fiscal Year - Fiscal Year 2019	629,863
3rd Fiscal Year - Fiscal Year 2020	1,211,387
4th Fiscal Year - Fiscal Year 2021	921,781
5th Fiscal Year - Fiscal Year 2022	130,088
Total	<u>\$ 3,522,982</u>

Actuarial Cost Method and Assumptions

The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the normal actuarial cost method. For the Tier One/Tier Two component of the OPERS 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), and (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 OPERS 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 actuarially determined amount for funding a disability benefit component, and (c) 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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 9 – Public Employees’ Retirement System Pension Plan, continued

Actuarial Cost Method and Assumptions, continued

A summary of the economic assumptions used for the December 31, 2014 actuarial valuation are shown below:

Valuation Date	December 31, 2014
Measurement Date	June 30, 2016
Experience Study	2014, published September 2015
Actuarial Assumptions:	
Inflation Rate	2.50 percent (reduced from 2.75%)
Long-Term Expected Rate of Return*	7.50 percent (reduced from 7.75%)
Discount Rate	7.50 percent (reduced from 7.75%)
Projected Salary Increases	3.50 percent (reduced from 3.75%)
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, 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 (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>
* At its September 25, 2015 meeting, the PERS Board reduced the assumed rate of return on investments from 7.75 percent to 7.50 percent.	

(Source: June 30, 2016 PERS GASB 68 Report, p. 37)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts 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 31st of even numbered years. The experience study used to develop assumptions and estimates for the December 2014 actuarial valuation upon which the GASB 68 reporting data is based was adopted on September 2015.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the Defined Benefit Pension Plan, a reduction from 7.75% used in the previous valuation. 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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 9 – Public Employees’ Retirement System Pension Plan, continued

Sensitivity 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 (asset) calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,837,812	\$ 7,950,751	\$ 3,866,023

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 2015, the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at the 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.

Asset Class	Target Allocation*	Annual Arithmetic Return	Compounded Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00%	4.10%	4.00%	4.68%
Short-Term Bonds	8.00%	3.65%	3.61%	2.74%
Bank/Leveraged Loans	3.00%	5.69%	5.42%	7.82%
High Yield Bonds	1.00%	6.67%	6.20%	10.28%
Large/Mid Cap US Equities	15.75%	7.96%	6.70%	17.07%
Small Cap US Equities	1.31%	8.93%	6.99%	21.35%
Micro Cap US Equities	1.31%	9.37%	7.01%	23.72%
Developed Foreign Equities	13.13%	8.34%	6.73%	19.40%
Emerging Market Equities	4.12%	10.56%	7.25%	28.45%
Non-US Small Cap Equities	1.88%	9.01%	7.22%	20.55%
Private Equity	17.50%	11.60%	7.97%	30.00%
Real Estate (Property)	10.00%	6.48%	5.84%	12.00%
Real Estate (REITS)	2.50%	8.74%	6.69%	22.02%
Hedge Fund of Funds - Diversified	2.50%	4.94%	4.64%	8.09%
Hedge Fund - Event-driven	0.63%	7.07%	6.72%	8.90%
Timber	1.88%	6.60%	5.85%	13.00%
Farmland	1.88%	7.11%	6.37%	13.00%
Infrastructure	3.75%	8.31%	7.13%	16.50%
Commodities	1.88%	6.07%	4.58%	18.40%
Assumed Inflation - Mean			2.50%	1.85%

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 9 – Public Employees' Retirement System Pension Plan, continued

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

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>.

Note 10 – Other Postemployment Benefits

The other postemployment benefits (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.

Health Insurance Continuation

Plan Description

The District has a Health Insurance Continuation option available for retirees. It is a substantive post-employment benefits plan offered under Oregon Revised Statutes (ORS) 243. ORS 243.303 requires the District provide retirees with an opportunity to participate in group health and dental insurance from the date of retirement to age 65, and the rate would be calculated using claims experience from retirees and active employees for health plan rating purposes. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for OPEB. This single-employer "plan" is not a stand-alone plan and does not issue its own financial statements.

Funding Policy

In order to fund the Health Insurance Continuation option, the District collects insurance premiums from participating retirees each month. The premiums are either used to cover the District's self-insurance costs or paid directly to a third-party health insurance provider, depending on the plan. At the date of the latest actuarial report, one retiree was participating in the plan.

The District has elected not to pre-fund the fiscal year 2017 employer's annual required contribution (ARC) to the plan.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB 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 over a period not to exceed 30 years. The District has chosen to amortize the unfunded liability over 10 years on a rolling basis.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 10 – Other Postemployment Benefits, continued

Health Insurance Continuation, continued

Annual OPEB Cost and Net OPEB Obligation, continued

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.

	For the Year Ended June 30,		
	2017	2016	2015
<u>Determination of Annual Required Contribution</u>			
Normal cost at year-end	\$ 38,058	\$ 35,780	\$ 50,435
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	45,560	45,093	78,191
Annual required contribution (ARC)	<u>\$ 83,618</u>	<u>\$ 80,873</u>	<u>\$ 128,626</u>
<u>Determination of Net OPEB Obligation</u>			
Annual required contribution	\$ 83,618	\$ 80,873	\$ 128,626
Interest on prior year net OPEB obligation	18,054	17,057	14,745
Adjustment to annual required contribution	(62,024)	(58,597)	(50,656)
Annual OPEB expense	39,648	39,333	92,715
Benefit payments	(10,347)	(10,836)	(26,673)
Increase in net OPEB obligation	29,301	28,497	66,042
Net OPEB obligation - beginning of year	515,826	487,329	421,287
Net OPEB obligation - end of year	<u>\$ 545,127</u>	<u>\$ 515,826</u>	<u>\$ 487,329</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for the current and two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 92,715	\$ 26,887	29%	\$ 487,329
June 30, 2016	\$ 39,333	\$ 11,013	28%	\$ 515,826
June 30, 2017	\$ 39,648	\$ 10,308	26%	\$ 545,127

Schedule of Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$378,903, and the actuarial value of assets was zero, resulting in an unfunded accrued liability of \$378,903.

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
8/1/2012	-	\$ 559,818	\$ 559,818	0%	\$ 6,189,547	9%
8/1/2014	-	\$ 363,379	\$ 363,379	0%	\$ 7,293,081	5%
7/1/2016	-	\$ 378,903	\$ 378,903	0%	\$ 7,132,955	5%

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 10 – Other Postemployment Benefits, 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 employer 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 employer and the plan members to that point. 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, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return and an annual healthcare cost trend rate of 5.00% to 7.50% for health insurance, and 4.5% for dental insurance. The rates include a projected general inflation rate of 2.50%. Retirement and withdrawal rates were based on Oregon PERS valuation assumptions. The UAAL is amortized over an open period of 10 years using a projected annual pay increase of 3.5%.

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 post-employment 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/Financials/Actuarial-Financial-Information.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 must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2017

Note 10 – Other Postemployment Benefits, continued

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

Funding Policy, continued

Participating public employers 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 employees and .49% for OPSRP employees. 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 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 each year were included with the payments for the retirement plan described in Note 9 above and were approximately \$32,527, \$29,694, and \$33,580, for the years ended June 30, 2017, 2016 and 2015, respectively.

Note 11 – Commitments and Contingent Liabilities

At June 30, 2017, the District was committed on outstanding construction, engineering, consulting, service and equipment purchase contracts totaling approximately \$5,700,000.

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 12 – Over-expenditure of Appropriation

The Bond Capital Projects Fund's fiscal year 2016-17 original adopted budget had a projected beginning fund balance of \$249,941. However, delays in timing of two projects in the prior fiscal year created a higher carry-over than originally budgeted by nearly \$400,000. The District expended the actual amount of carry-over by March 2017. The Board of Directors approved a supplemental budget on June 6, 2017, to appropriate the increased amount of beginning fund balance; however, Local Budget Law requires the revised budget to be adopted prior to the over-expenditure. Therefore, these expenditures resulted in an over-expenditure of appropriation in this fund in the amount of \$400,004.

Note 13 – Prior Period Adjustment

During the fiscal year ended June 30, 2017, the District discovered that it had improperly recognized customer-surrendered rental deposits during prior fiscal years in the Facility Rental Special Revenue Fund. The correction of this error increased beginning fund balance and net position by \$21,553 as reflected in the Statements of Activities and Revenues, Expenditures and Changes in Fund Balances.

REQUIRED SUPPLEMENTARY INFORMATION

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to the Required Supplementary Information Fiscal Year Ended June 30, 2017

Required Supplementary Information includes budgetary comparisons for the General Fund and the System Development Charges Special Revenue Fund. The budgetary comparison information for all other funds can be found in Other Supplementary Information which follows this section.

Note 1 – Budgetary Information

Municipal budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law) and generally accepted accounting principles (GAAP). The Executive Director is responsible for submitting a proposed budget to the Budget Committee comprised of the Board of Directors (Board) and an equal number of citizens of the District. The District is required to prepare a budget for each fund that is balanced in accordance with Oregon Revised Statutes. Each fund is budgeted on the modified accrual basis of accounting. The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the Board for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Board without returning to the Budget Committee for a second approval. After the Board adopts the budget and certifies the total ad valorem taxes to be levied, no additional tax levy may be made for that budget period.

The Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures and other uses cannot legally exceed appropriations. For all funds, the levels of budgetary control are personnel services, materials and services, debt service, capital outlay, transfers and operating contingency. Appropriations lapse at the end of the fiscal year for goods or services not yet received. The Board may modify the budget by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the Board. All appropriations terminate on June 30, 2017.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

Year Ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	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)
2017	0.05296%	\$ 7,950,751	\$ 8,161,184	97.42%	80.53%
2016	0.05433%	\$ 3,119,344	\$ 7,132,955	43.73%	91.90%
2015	0.05032%	\$ (1,140,713)	\$ 6,929,756	-16.46%	103.60%
2014	0.05032%	\$ 2,568,133	\$ 5,832,411	44.03%	91.97%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date. Because of this, covered payroll are the amounts paid in the prior year, and are off by one year from covered payroll amounts in the Schedule of Employer Contributions. The net pension asset or liability determination is one year old; it was determined as of 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 Four Fiscal Years*

Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percent of covered payroll
2017	\$ 681,954	\$ 681,954	\$ -	\$ 8,181,447	8.34%
2016	\$ 639,809	\$ 639,809	\$ -	\$ 8,161,184	7.84%
2015	\$ 480,381	\$ 480,381	\$ -	\$ 7,132,955	6.73%
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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 15,581,490	\$ 15,581,490	\$ 15,153,250	\$ (428,240)
Charges for services	7,532,226	7,532,226	7,004,066	(528,160)
Grants and donations	55,000	55,000	25,692	(29,308)
Investment earnings	40,000	40,000	102,947	62,947
Contributions	75,050	75,050	60,725	(14,325)
Reimbursement for interfund services	160,000	160,000	105,889	(54,111)
Miscellaneous	143,425	143,425	171,889	28,464
Total revenues	<u>23,587,191</u>	<u>23,587,191</u>	<u>22,624,458</u>	<u>(962,733)</u>
Expenditures				
Current:				
Personnel services	13,713,936	13,713,936	12,748,078 (1)	965,858
Materials and services	6,176,730	6,176,730	5,065,430 (1)	1,111,300
Debt service	507,133	507,133	507,133 (1)	-
Capital outlay	153,364	153,364	75,102 (1)	78,262
Contingency	2,000,000	2,000,000	- (1)	2,000,000
Total expenditures	<u>22,551,163</u>	<u>22,551,163</u>	<u>18,395,743</u>	<u>4,155,420</u>
Excess (deficiency) of revenues over expenditures	<u>1,036,028</u>	<u>1,036,028</u>	<u>4,228,715</u>	<u>3,192,687</u>
Other Financing Sources (Uses)				
Transfers in	707,000	707,000	707,000	-
Transfers out	<u>(5,192,641)</u>	<u>(5,192,641)</u>	<u>(5,192,641) (1)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,485,641)</u>	<u>(4,485,641)</u>	<u>(4,485,641)</u>	<u>-</u>
Net change in fund balance	(3,449,613)	(3,449,613)	(256,926)	3,192,687
Fund balance, July 1, 2016	<u>5,449,613</u>	<u>5,449,613</u>	<u>5,365,790</u>	<u>(83,823)</u>
Fund balance, June 30, 2017	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 5,108,864</u>	<u>\$ 3,108,864</u>

(1) Appropriation Level

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
System development fees	\$ 6,548,165	\$ 6,548,165	\$ 9,863,589	\$ 3,315,424
Investment earnings	102,660	102,660	208,789	106,129
Total revenues	<u>6,650,825</u>	<u>6,650,825</u>	<u>10,072,378</u>	<u>3,421,553</u>
Expenditures				
Current:				
Materials and services	125,000	125,000	35,767 (1)	89,233
Capital outlay	<u>20,089,558</u>	<u>20,089,558</u>	<u>5,551,572 (1)</u>	<u>14,537,986</u>
Total expenditures	<u>20,214,558</u>	<u>20,214,558</u>	<u>5,587,339</u>	<u>14,627,219</u>
Excess (deficiency) of revenues over expenditures	<u>(13,563,733)</u>	<u>(13,563,733)</u>	<u>4,485,039</u>	<u>18,048,772</u>
Other Financing Uses				
Transfers out	<u>(707,000)</u>	<u>(707,000)</u>	<u>(707,000) (1)</u>	<u>-</u>
Total other financing uses	<u>(707,000)</u>	<u>(707,000)</u>	<u>(707,000)</u>	<u>-</u>
Net change in fund balance	(14,270,733)	(14,270,733)	3,778,039	18,048,772
Fund balance, July 1, 2016	<u>14,270,733</u>	<u>14,270,733</u>	<u>16,248,714</u>	<u>1,977,981</u>
Fund balance, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$20,026,753</u>	<u>\$ 20,026,753</u>

(1) Appropriation Level

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 75	\$ 75	\$ 736	\$ 661
Total revenues	75	75	736	661
Expenditures				
Capital outlay	249,996	249,996	649,195 (1)	(399,199)
Total expenditures	249,996	249,996	649,195	(399,199)
Net change in fund balance	(249,921)	(249,921)	(648,459)	(398,538)
Fund balance, July 1, 2016	249,921	249,921	648,459	398,538
Fund balance, June 30, 2017	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 1,712,458	\$ 1,712,458	\$ 1,807,213	\$ 94,755
Investment earnings	5,000	5,000	10,680	5,680
Total revenues	<u>1,717,458</u>	<u>1,717,458</u>	<u>1,817,893</u>	<u>100,435</u>
Expenditures				
Debt service	<u>1,812,432</u>	<u>1,812,432</u>	<u>1,812,432</u> (1)	<u>-</u>
Total expenditures	<u>1,812,432</u>	<u>1,812,432</u>	<u>1,812,432</u>	<u>-</u>
Net change in fund balance	(94,974)	(94,974)	5,461	100,435
Fund balance, July 1, 2016	<u>94,974</u>	<u>94,974</u>	<u>107,793</u>	<u>12,819</u>
Fund balance, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,254</u>	<u>\$ 113,254</u>

(1) Appropriation Level

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ -	\$ -	\$ 32,870	\$ 32,870
Grants and donations	734,150	734,150	157,553	(576,597)
Investment earnings	45,000	45,000	96,932	51,932
Miscellaneous	-	-	57,982	57,982
Total revenues	<u>779,150</u>	<u>779,150</u>	<u>345,337</u>	<u>(433,813)</u>
Expenditures				
Capital outlay	5,406,078	5,406,078	2,570,673 (1)	2,835,405
Reserves	9,527,690	9,527,690	-	9,527,690
Total expenditures	<u>14,933,768</u>	<u>14,933,768</u>	<u>2,570,673</u>	<u>12,363,095</u>
Excess (deficiency) of revenues over expenditures	<u>(14,154,618)</u>	<u>(14,154,618)</u>	<u>(2,225,336)</u>	<u>11,929,282</u>
Other Financing Sources				
Transfers in	<u>4,857,641</u>	<u>4,857,641</u>	<u>4,857,641</u>	<u>-</u>
Total other financing sources	<u>4,857,641</u>	<u>4,857,641</u>	<u>4,857,641</u>	<u>-</u>
Net change in fund balance	(9,296,977)	(9,296,977)	2,632,305	11,929,282
Fund balance, July 1, 2016	<u>9,296,977</u>	<u>9,296,977</u>	<u>9,418,683</u>	<u>121,706</u>
Fund balance, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,050,988</u>	<u>\$ 12,050,988</u>

(1) Appropriation Level

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BEND METRO PARK AND RECREATION DISTRICT, OREGON

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2017

	Facility Rental	Equipment Reserve	Total
Assets			
Pooled cash and investments	\$ 921,991	\$ 504,756	\$ 1,426,747
Accounts receivable	10,514	-	10,514
Total assets	<u>\$ 932,505</u>	<u>\$ 504,756</u>	<u>\$ 1,437,261</u>
Liabilities			
Accounts payable	\$ 2,668	\$ -	\$ 2,668
Deposits payable	59,604	-	59,604
Unearned revenue	102,653	-	102,653
Total liabilities	<u>164,925</u>	<u>-</u>	<u>164,925</u>
Fund balances			
Committed to:			
Facility rental services	767,580	-	767,580
Capital equipment	-	504,756	504,756
Total fund balances	<u>767,580</u>	<u>504,756</u>	<u>1,272,336</u>
Total liabilities and fund balances	<u>\$ 932,505</u>	<u>\$ 504,756</u>	<u>\$ 1,437,261</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, 2017

	Facility Rental	Equipment Reserve	Total
Revenues			
Charges for services	\$ 329,630	\$ -	\$ 329,630
Investment earnings	7,919	2,501	10,420
Miscellaneous	-	5,000	5,000
Total revenues	<u>337,549</u>	<u>7,501</u>	<u>345,050</u>
Expenditures			
Current:			
Personnel services	115,416	-	115,416
Materials and services	51,963	-	51,963
Capital outlay	30,861	150,000	180,861
Total expenditures	<u>198,240</u>	<u>150,000</u>	<u>348,240</u>
Excess (deficiency) of revenues over expenditures	<u>139,309</u>	<u>(142,499)</u>	<u>(3,190)</u>
Other Financing Sources			
Sale of capital assets	-	5,879	5,879
Transfers in	-	335,000	335,000
Total other financing sources	<u>-</u>	<u>340,879</u>	<u>340,879</u>
Net change in fund balances	139,309	198,380	337,689
Fund balance, July 1, 2016, as previously stated	606,718	306,376	913,094
Prior period adjustment	<u>21,553</u>	<u>-</u>	<u>21,553</u>
Fund balance, July 1, 2016, as restated	<u>628,271</u>	<u>306,376</u>	<u>934,647</u>
Fund balance, June 30, 2017	<u>\$ 767,580</u>	<u>\$ 504,756</u>	<u>\$ 1,272,336</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 317,500	\$ 317,500	\$ 329,630	\$ 12,130
Investment earnings	4,150	4,150	7,919	3,769
Total revenues	<u>321,650</u>	<u>321,650</u>	<u>337,549</u>	<u>15,899</u>
Expenditures				
Current:				
Personnel services	156,801	156,801	115,416 (1)	41,385
Materials and services	130,350	130,350	51,963 (1)	78,387
Capital outlay	<u>606,962</u>	<u>606,962</u>	<u>30,861 (1)</u>	<u>576,101</u>
Total expenditures	<u>894,113</u>	<u>894,113</u>	<u>198,240</u>	<u>695,873</u>
Net change in fund balance	(572,463)	(572,463)	139,309	711,772
Fund balance, July 1, 2016, as previously stated	572,463	572,463	606,718	34,255
Prior period adjustment	<u>-</u>	<u>-</u>	<u>21,553</u>	<u>21,553</u>
Fund balance, July 1, 2016, as restated	<u>572,463</u>	<u>572,463</u>	<u>628,271</u>	<u>55,808</u>
Fund balance, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 767,580</u>	<u>\$ 767,580</u>

(1) Appropriation Level

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 3,000	\$ 3,000	\$ 2,501	\$ (499)
Miscellaneous	-	-	5,000	5,000
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>7,501</u>	<u>4,501</u>
Expenditures				
Capital outlay	275,236	275,236	150,000 (1)	125,236
Reserves	350,000	350,000	-	350,000
Total expenditures	<u>625,236</u>	<u>625,236</u>	<u>150,000</u>	<u>475,236</u>
Excess (deficiency) of revenues over expenditures	<u>(622,236)</u>	<u>(622,236)</u>	<u>(142,499)</u>	<u>479,737</u>
Other Financing Sources				
Sale of capital assets	10,000	10,000	5,879	(4,121)
Transfers in	335,000	335,000	335,000	-
Total other financing sources	<u>345,000</u>	<u>345,000</u>	<u>340,879</u>	<u>(4,121)</u>
Net change in fund balance	(277,236)	(277,236)	198,380	475,616
Fund balance, July 1, 2016	<u>277,236</u>	<u>277,236</u>	<u>306,376</u>	<u>29,140</u>
Fund balance, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 504,756</u>	<u>\$ 504,756</u>

(1) Appropriation Level

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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, 2017

Tax Year	Property Taxes Receivable July 1, 2016	Levy as Extended by Assessor	Adjustments, Interest and Discounts	Cash Collections	Property Taxes Receivable June 30, 2017
2016-17	\$ -	\$ 17,557,740	\$ (543,939)	\$ (16,751,965)	\$ 261,836
2015-16	243,974	-	(2,056)	(140,408)	101,510
2014-15	95,060	-	4,110	(46,659)	52,511
2013-14	42,931	-	5,578	(35,883)	12,626
2012-13	11,956	-	1,845	(11,387)	2,414
2011-12	3,362	-	203	(2,190)	1,375
2010-11	2,136	-	(77)	(1,052)	1,007
2009-10	1,259	-	50	(325)	984
2008-09	932	-	20	(376)	576
2007-08	582	-	(2)	(199)	381
Prior	1,918	-	32	(241)	1,709
	<u>\$ 404,110</u>	<u>\$ 17,557,740</u>	<u>\$ (534,236)</u>	<u>\$ (16,990,685)</u>	<u>\$ 436,929</u>

Reconciliation to revenues:

Collections	\$ 16,990,685
Less: July turnover included in Collections above	(73,145)
Change in property tax receivable	105,964
Change in deferred property taxes	<u>(63,041)</u>
Total Property Tax Revenues	<u>\$ 16,960,463</u>

Summary by fund:	Revenues	Property Taxes Receivable
General Fund	\$ 15,153,250	\$ 455,722
General Obligation Bonds Debt Service Fund	<u>1,807,213</u>	<u>54,352</u>
Totals	<u>\$ 16,960,463</u>	<u>\$ 510,074</u>

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

	2016-17	2015-16	2014-15
Current year's levy	\$ 15,687,210	\$ 14,993,274	\$ 13,940,735
Collections on current year's levy	15,032,531	14,268,628	13,320,763
Percentage of collection	95.8%	95.2%	95.6%
Percentage of current year's levy uncollected at end of year	1.5%	1.5%	1.6%

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

	2016-17	2015-16	2014-15
Current year's levy	\$ 1,870,530	\$ 1,780,582	\$ 1,873,722
Collections on current year's levy	1,790,961	1,694,523	1,790,394
Percentage of collection	95.7%	95.2%	95.6%
Percentage of current year's levy uncollected at end of year	1.5%	1.5%	1.6%

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

For the Year Ended June 30, 2017

Year Ending June 30	<u>Primary Government</u>	
	Principal	Interest
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>\$ 25,750,000</u>	<u>\$ 8,875,195</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

For the Year Ended June 30, 2017

Year Ending June 30	<u>Primary Government</u>	
	Principal	Interest
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>\$ 3,630,364</u>	<u>\$ 421,233</u>

STATISTICAL SECTION



The Deschutes River at Riverbend Park

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Statistical Section Contents

June 30, 2017

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends (pages 84-91)

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity (pages 92-95)

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

Debt Capacity (pages 96-99)

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information* (pages 100-101)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information (pages 102-104)

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

Sources: Unless otherwise noted, the information in these schedules is derived from the published annual financial reports for the relevant year. The District implemented GASB Statement No. 65 in fiscal year 2013; schedules containing information for years prior to fiscal year 2013 have not been restated in accordance with GASB Statement No. 65, unless otherwise stated.

*The information used to prepare our Demographic and Economic Information is based upon data published for the City of Bend, which closely reflects the District's boundaries. The District's boundary is approximately 42 square miles and the City of Bend's is 32.50 square miles within the District's boundary. The roughly 10 square mile difference is primarily made up of low density residential development and park land. No separate data is maintained by other parties for the District's boundary.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Net Position Last Ten Fiscal Years *(accrual basis of accounting)*

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities					
Net Investment in capital assets	\$ 53,004,765	\$ 63,425,155	\$ 67,678,891	\$ 72,076,860	\$ 74,237,520
Restricted	99,768	101,889	2,660,368	3,200,478	3,840,510
Unrestricted	18,205,535	10,501,256	6,800,190	5,796,712	5,953,024
Total Governmental Activities Net Position	\$ 71,310,068	\$ 74,028,300	\$ 77,139,449	\$ 81,074,050	\$ 84,031,054

(continued)

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Net Position, continued Last Ten Fiscal Years (accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities					
Net Investment in capital assets	\$ 74,747,514	\$ 78,127,746	\$ 84,459,477	\$ 88,500,022	\$ 93,928,105
Restricted	5,402,886	6,956,991	9,002,872	16,362,379	20,110,007
Unrestricted	8,260,838	11,028,891	11,246,749	10,647,984	12,911,262
Total Governmental Activities Net Position	\$ 88,411,238	\$ 96,113,628	\$ 104,709,098	\$ 115,510,385	\$ 126,949,374

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Expenses</u>					
Governmental activities					
General government	\$ 1,827,905	\$ 1,860,074	\$ 2,160,632	\$ 2,309,789	\$ 2,300,028
Planning and development	741,650	793,771	635,168	581,037	630,029
Facility Rental	157,836	148,760	152,943	158,313	151,516
Park Services	4,494,305	4,776,434	4,924,902	5,289,210	5,474,235
Recreation Services	6,283,046	6,473,255	6,406,071	6,507,320	6,456,422
Interest on long-term debt	274,894	265,285	256,777	246,892	235,911
Total Governmental Activities Expenses	\$ 13,779,636	\$ 14,317,579	\$ 14,536,493	\$ 15,092,561	\$ 15,248,141
<u>Program Revenues</u>					
Governmental activities					
Charges for services:					
General government	\$ 70,554	\$ 61,223	\$ 68,686	\$ 43,747	\$ 45,098
Planning and development	1,524,325	901,130	529,913	979,457	1,460,267
Facility Rental	154,873	140,410	114,763	155,896	173,682
Park Services	4,449	32,977	14,998	-	-
Recreation Services	4,341,061	4,231,046	4,069,088	4,506,243	4,373,218
Operating grants and contributions	102,839	100,237	154,459	103,928	88,851
Capital grants and contributions	79,554	305,370	821,593	1,091,406	20,000
Total Governmental Activities Program Revenues	\$ 6,277,655	\$ 5,772,393	\$ 5,773,500	\$ 6,880,677	\$ 6,161,116
Net (Expense)/Revenue	\$ (7,501,981)	\$ (8,545,186)	\$ (8,762,993)	\$ (8,211,884)	\$ (9,087,025)
<u>General Revenues and Other Changes in Net Position</u>					
Governmental activities					
Property taxes, levied for general purposes	\$ 10,556,911	\$ 11,301,356	\$ 11,693,424	\$ 12,035,091	\$ 11,911,448
Property taxes, levied for bonded debt	-	-	-	-	-
Investment earnings	838,731	331,870	72,414	51,917	49,761
Gain (Loss) on disposition of capital assets	(36,206)	870	-	-	8,700
Other revenues	78,470	52,822	108,304	59,477	74,120
Total Governmental Revenues and Other Changes in Net Position	\$ 11,437,906	\$ 11,686,918	\$ 11,874,142	\$ 12,146,485	\$ 12,044,029
Change in Net Position	\$ 3,935,925	\$ 3,141,732	\$ 3,111,149	\$ 3,934,601	\$ 2,957,004

(continued)

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Changes in Net Position, continued Last Ten Fiscal Years (accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Expenses</u>					
Governmental activities					
General government	\$ 2,598,957	\$ 2,669,407	\$ 2,771,181	\$ 3,545,037	\$ 3,568,574
Planning and development	222,323	661,638	538,205	1,146,682	1,042,662
Facility Rental	168,731	205,579	176,509	207,824	232,998
Park Services	6,475,498	6,519,040	6,522,644	8,301,736	8,328,614
Recreation Services	6,687,359	6,989,230	6,603,770	9,892,216	9,609,321
Interest on long-term debt	289,948	1,177,051	1,106,175	1,052,875	947,724
Total Governmental Activities Expenses	\$ 16,442,816	\$ 18,221,945	\$ 17,718,484	\$ 24,146,370	\$ 23,729,893
<u>Program Revenues</u>					
Governmental activities					
Charges for services:					
General government	\$ 88,439	\$ 101,034	\$ 35,594	\$ 35,252	\$ 36,770
Planning and development	3,276,002	4,932,741	5,427,787	10,951,017	9,863,588
Facility Rental	219,079	245,793	265,622	324,456	329,630
Park Services	-	-	8,048	-	-
Recreation Services	4,715,539	5,009,488	5,292,305	6,560,722	7,000,166
Operating grants and contributions	90,518	88,817	50,151	59,542	87,017
Capital grants and contributions	283,064	664,908	1,441,960	384,646	156,953
Total Governmental Activities Program Revenues	\$ 8,672,641	\$ 11,042,781	\$ 12,521,467	\$ 18,315,635	\$ 17,474,124
Net (Expense)/Revenue	\$ (7,770,175)	\$ (7,179,164)	\$ (5,197,017)	\$ (5,830,735)	\$ (6,255,769)
<u>General Revenues and Other Changes in Net Position</u>					
Governmental activities					
Property taxes, levied for general purposes	\$ 12,084,317	\$ 12,780,676	\$ 13,574,247	\$ 14,504,627	\$ 15,209,963
Property taxes, levied for bonded debt	-	1,806,545	1,821,101	1,722,094	1,813,541
Investment earnings	82,350	224,954	206,154	217,531	430,504
Gain (Loss) on disposition of capital assets	10,550	12,745	66,690	27,200	-
Other revenues	53,926	56,636	261,552	160,570	240,750
Total Governmental Revenues and Other Changes in Net Position	\$ 12,231,143	\$ 14,881,556	\$ 15,929,744	\$ 16,632,022	\$ 17,694,758
Change in Net Position	\$ 4,460,968	\$ 7,702,392	\$ 10,732,727	\$ 10,801,287	\$ 11,438,989

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Fund Balances Last Ten Fiscal Years (modified accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund					
Reserved/Nonspendable	\$ 61,448	\$ 46,329	\$ 65,682	\$ 75,104	\$ 87,484
Assigned	-	-	-	1,000,000	1,000,000
Unassigned	2,891,522	3,415,770	3,913,990	2,979,476	2,238,567
Total General Fund	\$ 2,952,970	\$ 3,462,099	\$ 3,979,672	\$ 4,054,580	\$ 3,326,051
All Other Governmental Funds					
Reserved/Nonspendable	\$ 744	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	15,268,381	7,175,262	5,783,129	-	-
Total Unreserved	15,268,381	7,175,262	5,783,129	-	-
Restricted, reported in:					
Capital projects funds	-	-	-	3,118,592	3,840,510
Debt service funds	-	-	-	-	-
Total Restricted	-	-	-	3,118,592	3,840,510
Committed, reported in:					
Special revenue funds	-	-	-	892,559	834,642
Capital projects funds	-	-	-	1,257,652	2,224,931
Total Committed	-	-	-	2,150,211	3,059,573
Total All Other Governmental Funds	\$ 15,269,125	\$ 7,175,262	\$ 5,783,129	\$ 5,268,803	\$ 6,900,083

1) In accordance with GASB 54, beginning in 2011 new classifications of fund balance for governmental funds are reported that comprise a hierarchy based primarily on the extent to which the government is found to honor constraints on the specific purposes for which amounts in those funds can be spent.

(continued)

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Fund Balances, continued Last Ten Fiscal Years (modified accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund					
Reserved/Nonspendable	\$ 96,271	\$ 78,066	\$ 207,491	\$ 93,576	\$ 110,222
Assigned	1,000,000	1,500,000	1,500,000	1,500,000	2,000,000
Unassigned	3,454,665	3,307,120	3,827,477	3,772,214	2,998,642
Total General Fund	\$ 4,550,936	\$ 4,885,186	\$ 5,534,968	\$ 5,365,790	\$ 5,108,864
All Other Governmental Funds					
Reserved/Nonspendable	\$ 409	\$ 30,000	\$ 37,500	\$ 30,000	\$ 30,000
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Total Unreserved	-	-	-	-	-
Restricted, reported in:					
Capital projects funds	34,206,769	30,621,485	14,826,801	16,867,173	19,996,753
Debt service funds	-	59,482	138,722	107,793	113,254
Total Restricted	34,206,769	30,680,967	14,965,523	16,974,966	20,110,007
Committed, reported in:					
Special revenue funds	598,842	403,689	481,601	628,271	767,580
Capital projects funds	3,709,465	6,450,570	8,202,927	9,725,059	12,555,744
Total Committed	4,308,307	6,854,259	8,684,528	10,353,330	13,323,324
Total All Other Governmental Funds	\$ 38,515,485	\$ 37,565,226	\$ 23,687,551	\$ 27,358,296	\$ 33,463,331

1) In accordance with GASB 54, beginning in 2011 new classifications of fund balance for governmental funds are reported that comprise a hierarchy based primarily on the extent to which the government is found to honor constraints on the specific purposes for which amounts in those funds can be spent.

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Changes in Fund Balances Last Ten Fiscal Years (modified accrual basis of accounting)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues					
Taxes	\$ 10,295,328	\$ 11,014,835	\$ 11,879,729	\$ 12,008,728	\$ 11,958,162
Intergovernmental	55,509	291,440	341,073	314,202	-
Charges for services	4,570,937	4,465,655	4,267,535	4,705,886	4,611,791
System development fees	1,524,325	901,130	529,913	979,456	1,460,267
Contributions	118,184	95,571	158,625	100,928	88,851
Grants	8,700	9,376	8,204	3,000	20,000
Investment earnings	838,731	331,869	72,414	51,917	49,761
Reimbursement for interfund services	51,790	138,557	98,128	56,899	18,454
Miscellaneous	78,470	52,822	48,304	59,477	54,327
Total Revenue	\$ 17,541,974	\$ 17,301,255	\$ 17,403,925	\$ 18,280,493	\$ 18,261,613
Expenditures					
Personnel services	\$ 7,977,312	\$ 8,683,617	\$ 8,603,546	\$ 8,768,415	\$ 8,711,179
Materials and services	4,015,988	3,742,364	3,784,411	3,886,982	3,930,158
Debt service					
Principal	265,000	270,000	280,000	290,000	305,000
Interest	275,620	267,008	257,558	247,758	236,883
Capital Outlay	5,187,297	11,566,729	5,630,406	5,526,756	4,184,342
Total Expenditures	\$ 17,721,217	\$ 24,529,718	\$ 18,555,921	\$ 18,719,911	\$ 17,367,562
Excess of revenues over (under) expenditures	\$ (179,243)	\$ (7,228,463)	\$ (1,151,996)	\$ (439,418)	\$ 894,051
Other Financing Sources (Uses)					
Sales of capital assets	\$ -	\$ 50,870	\$ 60,000	\$ -	\$ 8,700
Transfers in	4,493,675	4,416,116	4,737,392	5,025,365	6,081,767
Transfers out	(4,493,675)	(4,416,116)	(4,737,392)	(5,025,365)	(6,081,767)
Insurance proceeds	-	-	217,436	-	-
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ 50,870	\$ 277,436	\$ -	\$ 8,700
Net Change in Fund Balances	\$ (179,243)	\$ (7,177,593)	\$ (874,560)	\$ (439,418)	\$ 902,751
Debt Service as a percentage of noncapital expenses	4.31%	4.14%	4.16%	4.08%	4.11%

(continued)

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Changes in Fund Balances, continued Last Ten Fiscal Years (modified accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
Taxes	\$ 12,293,207	\$ 14,666,894	\$ 15,450,783	\$ 16,239,950	\$ 16,960,463
Intergovernmental	-	-	-	-	-
Charges for services	5,023,056	5,356,315	5,593,521	6,920,430	7,366,566
System development fees	3,276,002	4,824,247	5,305,916	10,951,017	9,863,589
Contributions	135,274	401,067	1,359,424	82,111	60,725
Grants	238,308	47,186	132,687	362,077	183,245
Investment earnings	82,349	224,952	206,154	217,531	430,504
Reimbursement for interfund services	30,120	108,494	129,919	102,498	105,889
Miscellaneous	53,926	56,636	261,552	160,570	234,871
Total Revenue	\$ 21,132,242	\$ 25,685,791	\$ 28,439,956	\$ 35,036,184	\$ 35,205,852
Expenditures					
Personnel services	\$ 9,100,512	\$ 10,114,224	\$ 10,994,835	\$ 12,433,135	\$ 12,863,494
Materials and services	4,577,809	4,293,628	4,533,869	4,934,159	5,153,160
Debt service					
Principal	315,000	1,095,000	1,128,147	1,210,051	1,291,049
Interest	224,682	1,163,419	1,116,967	1,055,012	1,028,516
Capital Outlay	4,935,375	9,750,540	23,963,996	11,929,460	9,027,403
Total Expenditures	\$ 19,153,378	\$ 26,416,811	\$ 41,737,814	\$ 31,561,817	\$ 29,363,622
Excess of revenues over (under) expenditures	\$ 1,978,864	\$ (731,020)	\$ (13,297,858)	\$ 3,474,367	\$ 5,842,230
Other Financing Sources (Uses)					
Sales of capital assets	\$ 11,850	\$ 115,010	\$ 69,965	\$ 27,200	\$ 5,879
Transfers in	4,238,613	5,203,419	3,884,714	5,985,235	5,899,641
Transfers out	(4,238,613)	(5,203,419)	(3,884,714)	(5,985,235)	(5,899,641)
Insurance proceeds	-	-	-	-	-
Bonds issued	29,000,000	-	-	-	-
Premium on bonds issued	1,849,573	-	-	-	-
Total Other Financing Sources (Uses)	\$ 30,861,423	\$ 115,010	\$ 69,965	\$ 27,200	\$ 5,879
Net Change in Fund Balances	\$ 32,840,287	\$ (616,010)	\$ (13,227,893)	\$ 3,501,567	\$ 5,848,109
Debt Service as a percentage of noncapital expenses	3.80%	13.55%	12.63%	11.54%	11.41%

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (amounts expressed in thousands)

Fiscal Year Ended June 30,	Real Property		Personal Property		Public Utilities		Total		Total Direct Tax Rate	Percent of TAV to RMV
	RMV	TAV	RMV	TAV	RMV	TAV	RMV	TAV		
2008	\$ 16,807,814	\$ 7,062,500	\$ 278,152	\$ 277,110	\$ 129,973	\$ 126,844	\$ 17,215,940	\$ 7,466,453	\$ 1.45	43.37%
2009	17,220,243	7,573,423	287,497	286,778	139,577	138,602	17,647,317	7,998,803	1.45	45.33%
2010	15,069,546	7,926,146	262,909	262,881	156,499	155,963	15,488,954	8,344,990	1.45	53.88%
2011	10,671,121	8,024,823	248,769	248,764	163,239	162,036	11,083,129	8,435,622	1.45	76.11%
2012	9,691,157	7,970,128	237,693	237,668	168,507	166,616	10,097,357	8,374,412	1.45	82.94%
2013	9,632,594	8,133,058	234,273	234,268	163,958	162,362	10,030,824	8,529,688	1.46	85.03%
2014	10,470,173	8,589,968	231,174	231,173	173,014	171,399	10,874,361	8,992,539	1.67	82.69%
2015	12,357,186	9,148,218	242,439	242,437	195,885	193,188	12,795,510	9,583,842	1.65	74.90%
2016	14,239,207	9,710,226	253,991	253,981	345,810	339,712	14,839,008	10,303,919	1.63	69.44%
2017	16,069,163	10,266,567	261,567	261,566	259,885	257,203	16,590,615	10,785,336	1.63	65.01%

RMV - Real Market Value

TAV - Total Assessed Value

Source: Deschutes County Assessor's Office

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years (rate per \$1,000 assessed value)

Fiscal Year Ended June 30,	District Rates			Overlapping Rates								
	Bend Metro Park and Recreation District	General Obligation Rate	Total	City of Bend	Bend Urban	Deschutes County	County Library	Education Service District	Central Oregon	Bend La-Pine	Total	
					Renewal District				Community College	Administrative School District #1		
2008	\$ 1.45	\$ -	\$ 1.45	\$ 2.78	\$ 0.40	\$ 2.74	\$ 0.54	\$ 0.09	\$ 0.71	\$ 6.26	\$ 14.97	
2009	1.45	-	1.45	2.78	0.41	2.97	0.54	0.09	0.70	6.30	15.24	
2010	1.45	-	1.45	2.77	0.44	2.98	0.54	0.09	0.61	6.44	15.32	
2011	1.45	-	1.45	2.76	0.48	2.94	0.54	0.09	0.72	6.49	15.47	
2012	1.45	-	1.45	3.00	0.23	2.92	0.54	0.10	0.74	6.26	15.24	
2013	1.46	-	1.46	3.04	0.12	2.96	0.54	0.10	0.75	6.18	15.15	
2014	1.46	0.21	1.67	3.00	0.12	2.84	0.54	0.10	0.74	6.16	15.17	
2015	1.46	0.19	1.65	3.19	0.13	2.72	0.54	0.10	0.73	6.20	15.26	
2016	1.46	0.17	1.63	3.17	0.13	2.78	0.54	0.10	0.73	6.18	15.26	
2017	1.46	0.17	1.63	3.16	0.12	2.77	0.54	0.10	0.74	6.17	15.24	

Source: Deschutes County Assessor's Office

Notes:

Property tax rates are for a representative tax code area (1-001) within the District's boundary and include operating and debt service levels.

Deschutes County includes the following: Deschutes County, Fairgrounds Bond, Countywide Law Enforcement, County Extension/4H, 911 and 911 Local Options 2013.

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Principal Taxpayers Current Fiscal Year and Nine Years Ago (amounts expressed in thousands)

Taxpayer	2017			2008		
	Rank	Percentage of Total		Rank	Percentage of Total	
		Taxable Assessed Value	District Taxable Assessed Value (1)		Taxable Assessed Value	District Taxable Assessed Value (1)
TDS Baja Broadband (Previously Bend Cable)	1	\$ 101,773	0.94%	-	-	-
Pacificorp (PP&L)	2	89,081	0.83%	5	\$ 46,090	0.62%
Gas Transmission Northwest Corp	3	68,905	0.64%	1	62,994	0.84%
Cascade Natural Gas Corp	4	55,547	0.52%	3	50,445	0.68%
Touchmark at Mt. Bachelor Village	5	45,800	0.42%	-	-	-
Suterra LLC	6	45,299	0.42%	-	-	-
CenturyLink Property Tax	7	42,571	0.39%	-	-	-
CVSC LLC	8	40,163	0.37%	9	31,226	0.42%
Deschutes Brewery Inc	9	37,998	0.35%	-	-	-
Wal-Mart Stores Inc.	10	31,309	0.29%	-	-	-
Qwest Corporation	-	-	-	2	61,968	0.83%
Pronghorn Investors LLC	-	-	-	4	49,842	0.67%
Eagle Crest Inc.	-	-	-	6	36,621	0.49%
Sunriver Resort Limited Partnership	-	-	-	7	36,408	0.49%
Mt. Bachelor Inc.	-	-	-	8	34,564	0.46%
Bend Millwork Systems Inc	-	-	-	10	27,119	0.36%
Total		\$ 558,446	5.18%		\$ 437,277	5.86%

Source: Deschutes County Assessor's Office

Notes: (1) Percent of total net assessed valuation represents percent of taxpayer's net assessed value to the District's total net assessed value of \$10,785,336,000 for 2017 and \$7,466,453,000 for 2008.

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Collected within the Fiscal Year of the Levy				Total Collections to Date	
	Total Tax Levy	Amount Collected	Percent of Levy Collected	Collections in Subsequent years	Amount Collected	Percent of Levy Collected
2008	\$ 10,795,363	\$ 10,052,436	93.12%	\$ 499,629	\$ 10,552,065	97.75%
2009	11,568,842	10,605,317	91.67%	734,293	11,339,610	98.02%
2010	12,081,740	11,177,973	92.52%	646,826	11,824,799	97.87%
2011	12,205,946	11,370,070	93.15%	535,088	11,905,158	97.54%
2012	12,136,549	11,394,352	93.88%	407,174	11,801,526	97.24%
2013	12,416,086	11,733,561	94.50%	304,045	12,037,606	96.95%
2014	14,977,277	14,271,827	95.29%	296,012	14,567,839	97.27%
2015	15,814,457	15,111,157	95.55%	211,613	15,322,770	96.89%
2016	16,773,856	15,963,151	95.17%	140,409	16,103,560	96.00%
2017	17,557,740	16,751,965	95.41%	-	16,751,965	95.41%

Source: Deschutes County Assessor's Office

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita)

Fiscal Year	General Obligation Bonds	Full Faith and Credit Obligations	Loan payable	Total Outstanding Debt	Total Debt Percentage of		Total Debt Per Capita	Personal Income	Population
					Personal Income				
2008	\$ -	\$ 6,425	\$ -	\$ 6,425	0.22%		\$ 83	2,865,415	77,780
2009	-	6,155	-	6,155	0.19%		76	3,176,300	80,995
2010	-	5,875	-	5,875	0.20%		71	2,896,585	82,280
2011	-	5,585	-	5,585	0.20%		73	2,749,347	76,639
2012	-	5,280	-	5,280	0.19%		69	2,759,607	76,925
2013	30,850	4,965	-	35,815	1.20%		462	2,977,990	77,455
2014	29,987	4,640	-	34,627	1.17%		442	2,955,383	78,280
2015	29,115	-	4,431	33,546	1.06%		419	3,155,888	79,985
2016	28,207	-	4,036	32,244	0.95%		397	3,388,594	81,310
2017	27,230	-	3,630	30,860	0.80%		356	3,855,403	86,765

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

(1) Refer to Demographic and Economic Statistics Schedule in this document for calculation of Personal Income.

(2) Population figures obtained from Portland State University Population Research Center's Certified Population Estimates.

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita)

Fiscal Year	General Obligation Bonded Debt (1)	Less: Amounts Available in Debt Service Fund (2)	Net General Obligation Bonded Debt	Percentage of Estimated Actual Taxable Value of Property (3)	Total Debt Per Capita (4)
2008	\$ -	-	\$ -	0.00%	\$ -
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	30,850	-	30,850	0.31%	398
2014	29,987	59	29,928	0.28%	382
2015	29,115	139	28,976	0.23%	362
2016	28,207	108	28,099	0.19%	346
2017	27,230	113	27,116	0.16%	313

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements

(1) This is the only general bonded debt of the District.

(2) This is the amount restricted for debt service principal payments.

(3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property.

(4) Population data can be found in the Schedule of Ratios of Outstanding Debt by Type.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Direct and Overlapping Debt As of June 30, 2017 (amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
Debt repaid with property taxes			
City of Bend	\$ 53,321	99.57%	\$ 53,092
Bend-LaPine Administrative School District No. 1	235,041	70.16%	164,905
Central Oregon Community College	55,125	43.02%	23,715
Deschutes County	16,200	50.99%	8,260
High Desert ESD	3,662	46.74%	1,712
Subtotal, overlapping debt			251,683
Bend Metro Park and Recreation District direct debt			30,860
Total direct and overlapping debt			\$ 282,543

Sources: Oregon State Treasury, Debt Management Information System

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses within the District's boundary. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government. Net property-tax backed debt was used as the Debt Outstanding which is derived from the gross property-tax backed debt less self-supported unlimited general obligations and self supporting limited tax general obligation debt. The direct debt is the total amount of the governmental activities from the "Ratios of Outstanding Debt by Type" Schedule.

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Legal Debt Margin Information Last Ten Fiscal Years

	June 30, 2017
Real Market Value	\$ 16,590,614,879
	x 2.5%
General obligation debt limit at 2.5% of real market value	<u>414,765,372</u>
Debt applicable to limit:	
General obligation bonds	<u>27,229,657</u>
Total net debt applicable to limit	<u>27,229,657</u>
Legal debt margin	<u><u>\$ 387,535,715</u></u>
Debt capacity percent	93%

Fiscal Year	2.5% Debt Limit	Net Debt Subject to 2.5% Limit	Legal Debt Margin	Debt Capacity Percent
2008	\$ 430,398,488	\$ -	\$ 430,398,488	100%
2009	441,182,927	-	441,182,927	100%
2010	387,223,854	-	387,223,854	100%
2011	277,078,221	-	277,078,221	100%
2012	252,433,927	-	252,433,927	100%
2013	250,770,607	30,849,573	219,921,034	88%
2014	271,859,037	29,987,094	241,871,943	89%
2015	319,887,758	29,114,615	290,773,143	91%
2016	370,975,205	28,207,136	342,768,069	92%
2017	414,765,372	27,229,657	387,535,715	93%

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

Oregon Revised Statutes (ORS) 266.512 states: Park and Recreation districts may issue up to an aggregate amount up to 2.5% of all the real market value of all taxable properties within the District as reflected in the last certified assessment roll per ORS 308.207.

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Area (Square Miles)	Average Density (person/square miles)	Personal Income (expressed in thousands)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2008	77,780	32.5	2,393	\$ 2,865,415	\$ 36,840	16,025	4.5%
2009	80,995	32.5	2,492	3,176,300	39,216	15,834	6.9%
2010	82,280	32.5	2,532	2,896,585	35,204	15,719	14.7%
2011	76,639	32.5	2,358	2,749,347	35,874	15,818	13.4%
2012	76,925	32.5	2,367	2,759,607	35,874	15,519	12.0%
2013	77,455	32.5	2,383	2,977,990	38,448	16,473	10.5%
2014	78,280	32.5	2,409	2,955,383	37,754	16,863	10.0%
2015	79,985	32.5	2,461	3,155,888	39,456	17,163	8.1%
2016	81,310	32.5	2,502	3,388,594	41,675	17,534	5.2%
2017	86,765	32.5	2,670	3,855,403	44,435	18,034	3.2%

Sources:

(1) Population figures obtained from Portland State University Population Research Center's Certified Population Estimates.

(2) Per capita personal income figures are for the Bend Metropolitan Statistical Area and are obtained from the U.S. Department of Commerce, Bureau of Economic Analysis. Although the Bureau of Economic Analysis provides annual revisions to prior year data, the District, for consistency, continues to report the data that was originally reported in prior years.

(3) School enrollment figures obtained from Bend-LaPine Administrative School District No. 1.

(4) Unemployment rates represent June seasonally adjusted unemployment rates for the Bend Metropolitan Statistical Area obtained from the U.S. Department of Labor, Bureau of Labor Statistics. Seasonally adjusted data for metropolitan areas and metropolitan divisions based on the 2010 Office of Management and Budget (OMB) delineations were introduced on July 1, 2015.

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Principal Employers Current Year and Nine Years Ago

Employer	Product or Service	2017			2008		
		Rank	Employees	Percent of Total District Employment (1)	Rank	Employees	Percent of Total District Employment (1)
St. Charles Medical Center	Health Care	1	3,409	4.1%	1	3,088	3.8%
Bend-LaPine School District No. 1	Education	2	1,880	2.3%	2	1,780	2.2%
Deschutes County	Government	3	1,062	1.3%	4	1,003	1.2%
COCC - Bend Campus	Education	4	936	1.1%	-	-	-
Mt. Bachelor Ski Resort	Recreation	5	770	0.9%	6	886	1.1%
Safeway	Retail	6	648	0.8%			
Bend Memorial Clinic - Bend locations	Health Care	7	617	0.7%	10	510	0.6%
City of Bend	Government	8	611	0.7%	9	511	0.6%
Department of Forestry	Government	9	550	0.7%	-	-	-
IBEX Global	Call Center	10	540	0.7%	-	-	-
Brightwood Corporation	Wood Products	-	-	0.0%	3	1,057	1.3%
Sunriver Resort	Recreation	-	-	0.0%	5	950	1.2%
iSky Inc.	Call Center	-	-	0.0%	7	564	0.7%
Jeld-Wen Windows and Doors	Manufacturing	-	-	0.0%	8	550	0.7%
Total			11,023	13.3%		10,899	13.6%

Source: Economic Development for Central Oregon, Bend Top 40 Companies

Note: The above listing of principal employers represents major employers in Bend, Oregon.

(1) Percent of total District employment represents percent of top 10 employers' employees to total employment for the Bend Metropolitan Statistical Area of 82,800 for June 2016 and 80,722 for June 2008 (obtained from the Bureau of Labor Statistics).

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Full Time Equivalent District Employees by Program Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Executive	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administrative	6.6	6.8	7.0	7.1	7.2	7.9	9.3	11.5	12.7	12.4
Community Relations	4.3	4.3	4.5	4.7	4.5	4.7	5.2	4.2	4.8	4.5
Strategic Planning and Design	7.3	8.3	8.9	7.6	7.4	4.3	4.9	10.2	10.5	10.2
Park Services	46.1	46.1	47.9	46.7	44.2	49.4	55.8	58.2	59.6	64.9
Recreation	100.0	103.5	104.2	105.2	99.2	101.4	100.8	103.9	120.2	128.1
Facility Reservation	2.0	2.1	2.2	2.1	1.7	1.7	1.7	1.7	2.3	2.7
Total	<u>167.3</u>	<u>172.2</u>	<u>175.7</u>	<u>174.3</u>	<u>165.1</u>	<u>170.4</u>	<u>178.6</u>	<u>190.6</u>	<u>210.9</u>	<u>223.9</u>

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Operating Indicators by Recreation Program and Facility Last Ten Fiscal Years*

<u>By Recreation Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Youth Recreation							
# of Participants ⁽¹⁾	671	692	749	938	1,051	1,172	1,839
# of Programs Held	137	153	78	89	87	182	114
Adult Enrichment							
# of Participants	880	734	1,018	1,198	1,570	1,651	1,261
# of Programs Held	121	118	219	200	268	284	250
Sports							
# of Participants	9,958	8,467	8,525	9,808	10,343	10,979	12,093
# of Programs Held	766	751	760	823	885	915	1,086
Therapeutic Recreation							
# of Participants	682	836	693	903	1,063	984	1,108
# of Programs Held	69	85	92	103	103	91	108
Aquatics							
# of Participants	7,422	7,810	9,479	6,695	8,755	7,521	8,201
# of Programs Held	816	763	834	757	874	850	866
Youth Enrichment							
# of Participants	5,432	5,152	4,880	4,896	4,779	4,806	3,747
# of Programs Held	1,205	1,177	953	966	659	652	618
Youth Outdoor Recreation							
# of Participants	299	249	478	563	698	700	586
# of Programs Held	49	75	85	65	79	84	86
Adult Outdoor Recreation							
# of Participants	1,424	1,218	1,003	1,069	934	707	665
# of Programs Held	197	195	187	182	192	125	127
Pavilion							
# of Participants	No Programs Available before Fall 2015					3,698	7,591
# of Programs Held						373	716
Art Station							
# of Participants	No Programs Available before Fall 2016						468
# of Programs Held							138
Total # of Participants	26,768	25,158	26,825	26,070	29,193	32,218	37,559
Total # of Programs Held	3,360	3,317	3,208	3,185	3,147	3,556	4,109
Recreation Facility Visitation by Location	2011	2012	2013	2014	2015	2016	2017
Bend Senior Center	15,142	23,453	29,582	34,930	35,040	43,058	46,583
Juniper Swim and Fitness Center	399,190	406,876	414,282	414,747	416,129	417,318	419,240
The Pavilion	Opened in December 2015					25,063	26,396
Total Annual Visitation	414,332	430,329	443,864	449,677	451,169	485,439	492,219

* The District changed software systems during Fiscal Year 2010; information prior to Fiscal Year 2011 is not available.

(1) Youth Rec programs run for 10 months. The number of participants were divided by 10 for each fiscal year presented.

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Capital Asset Statistics by Program Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Planning and Development										
Number of Parks	81	81	83	85	88	88	88	88	91	91
Acres of Park Land	2,423	2,423	2,439	2,442	2,639	2,639	2,639	2,639	2,715	3,033
Acres of Park Land per 1,000 Residents	31.2	29.9	29.6	31.9	34.3	34.1	33.7	33.0	33.4	35.0
Miles of Trails	49	49	61	61	61	63	63	63	65	65
Recreation										
Recreation Facilities	2	2	2	2	2	2	2	2	3	3
Square Footage of Facilities:										
Juniper Swim & Fitness Center*	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Bend Senior Center	14,067	14,067	14,067	14,067	14,067	14,067	14,067	14,067	14,067	14,067
The Pavilion	-	-	-	-	-	-	-	-	47,780	47,780
Bend Whitewater Park	-	-	-	-	-	-	-	1	1	1

* Square footage includes outdoor activity pool and surrounding deck area

Totals may not add due to rounding

AUDIT COMMENTS AND DISCLOSURES

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Bend Metro Park and Recreation District
Deschutes County, Oregon

We have audited the basic financial statements of the Bend Metro Park and Recreation District, Deschutes County, Oregon (the District) as of and for the year ended June 30, 2017, and have issued our report thereon dated December 7, 2017. 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).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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, except for the following:

- As further described in Note 12 to the financial statements, the District's beginning fund balance in the Bond Capital Project Fund as July 1, 2017 was higher than anticipated due to delays in two projects. The District expended the additional carryover by March 2017, however the supplemental budget that appropriated the surplus beginning fund balance was not approved by the Board until June 6, 2017.

OAR 162-10-0230 Internal Control

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

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



Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

December 7, 2017