



Bend Metro Park & Recreation District, Oregon

Comprehensive Annual Financial Report

As of and for the year ended June 30, 2018

www.bendparksandrec.org



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Bend Park & Recreation
DISTRICT

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

Comprehensive Annual Financial Report

As of and for the Year Ended June 30, 2018

Report Prepared by the District Finance Department

Lindsey Lombard, Administrative Services Director

Betsy Tucker, Finance Manager



Bend Park &
Recreation
DISTRICT

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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Therapeutic Recreation program

INTRODUCTORY SECTION



Dan, a Riley Ranch volunteer greeter



December 6, 2018

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, 2018. 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, 2018. The independent auditors' report is presented in the Financial Section of this report.

These financial statements include the Management's Discussion and Analysis (MD&A), which can be found immediately following the report of the independent auditor. 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.

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 current population of approximately 89,505, 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.

play for life

District Office | Don Horton, Executive Director

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

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 232 full-time equivalent employees.

The District maintains and operates more than 2,900 acres of developed and undeveloped parkland, which includes 90 parks and open spaces, 70 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 seven years as a result of this in-migration, by an estimated 16.8% from 2011 to 2018. 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 number of average daily visitors to the city of Bend is estimated to be roughly 20,000 individuals.

Most of Bend's economic factors reflect Bend's recovery since the Great Recession. Unemployment levels are at near historic lows, 3.9% in June 2018; economic output is 33% higher in real dollars compared to ten years ago; home prices are higher than the pre-recession peak prices. Some of these factors, however, create challenges for community citizens and employers. In 2017, employers reported that 64% of job vacancies were difficult to fill, resulting in upward wage pressure that is expected to continue. Median incomes for renters have increased 14% since 2012, while rents have increased 16% in the same timeframe (all adjusted for inflation). More than 38% of households in the city of Bend are cost-burdened (defined as renters or homeowners who pay 30% or more of their household income on housing).

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. The District's new PERS rates that will go into effect July 1, 2019 will increase again by: 17% for the Tier 1/Tier 2 rate and 25% for the OPSRP rate.

Minimum Wage Increases – Oregon Senate Bill 1532 requires Oregon's minimum wage for the city of Bend to increase annually from the current wage of \$10.75 to \$13.50 by 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. This staff provides 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 recently adopted a new 10 year Comprehensive Plan. This plan is the guiding document for the next ten years of parks and recreation in Bend. In order to build upon its legacy of providing exceptional park and recreation services to the community, the District undertook its most extensive rewrite of the Comprehensive Plan to date. This plan addresses the rapid growth Bend has experienced in the past decade and accommodates another decade of growth by planning for more parks, trails, amenities and another indoor recreation facility, called the Larkspur Community Center. The projects and policies identified in the plan are based upon the needs, desires and ideas identified by the community over a two-year public engagement process 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 District is one of only 166 park and recreation agencies in the U.S. to be accredited by the Commission for Accreditation of Park and Recreation Agencies (CAPRA). The District is currently working towards its 5-year re-accreditation, and is striving to complete the process by summer 2020.

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, 2017 – the District's second 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 three 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 2018-19 budget to GFOA in October 2018 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

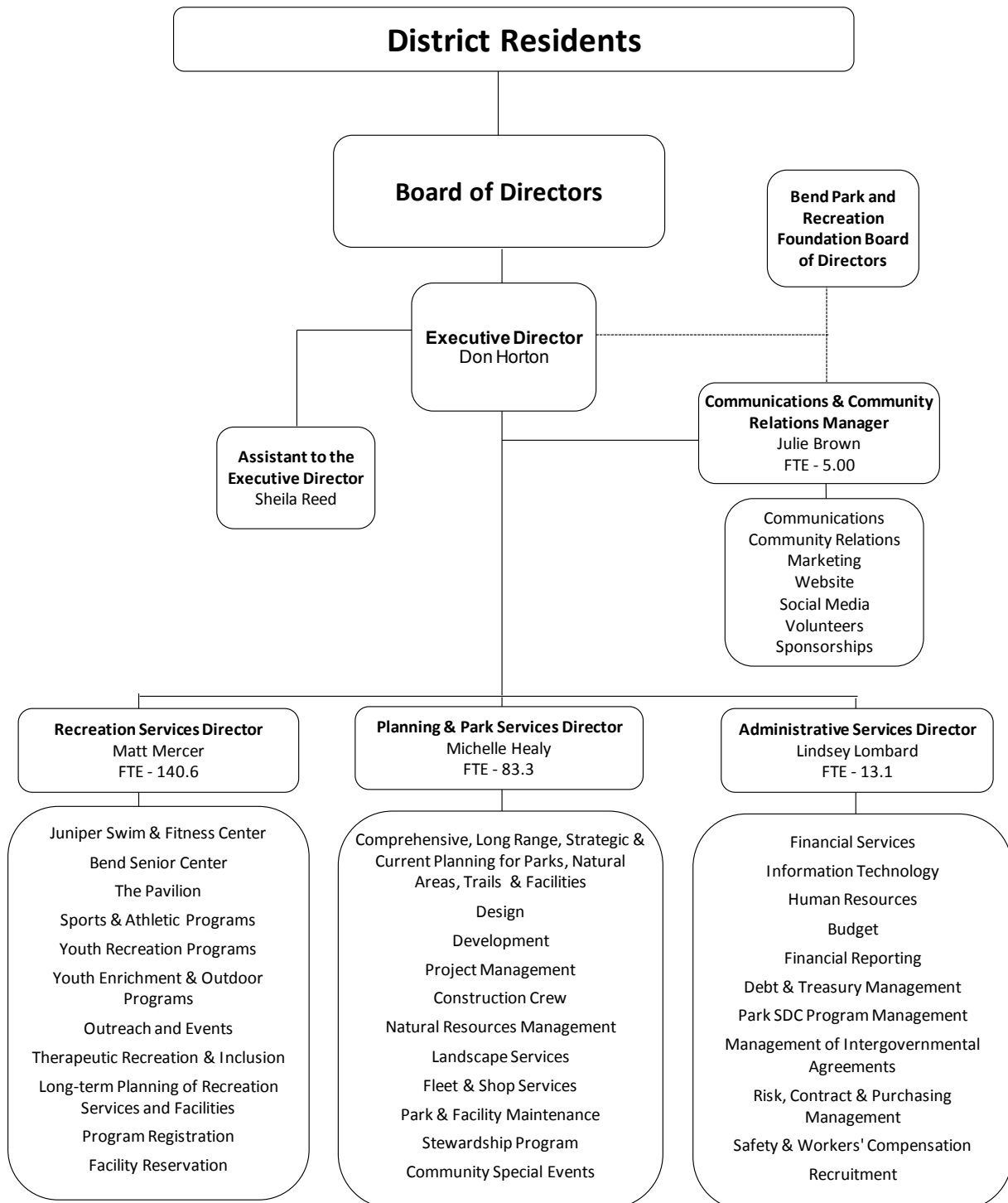


Betsy Tucker
Finance Manager

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Organizational Chart For the Year Ended June 30, 2018

BEND PARK AND RECREATION DISTRICT



BEND METRO PARK AND RECREATION DISTRICT, OREGON

Directory of District Officials
For the Year Ended June 30, 2018

Board of Directors

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

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 Metro Park & Recreation District
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO



A patron swimming at Juniper Swim & Fitness Center

FINANCIAL SECTION



A volunteer group helping out at Riverbend Park

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, 2018, 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, 2018, 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 and Net OPEB Liability, the Schedule of Employer Contributions – Pension and OPEB, the Schedule of Changes in Total OPEB Liability and Related Ratios, 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 Net OPEB Liability, the Schedule of Employer Contributions – Pension and OPEB, and the Schedule of Changes in Total OPEB Liability and Related Ratios 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 12 to the financial statements, the District adjusted beginning net position and beginning fund balance to correct an error related to capital assets owned by the City of Bend and formerly reported as assets owned by the District. Our opinion is not modified with respect to this matter.

As described in Note 12 to the financial statements, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, during the fiscal year ended June 30, 2018. The net position of the District's governmental activities as of June 30, 2017 has been restated to reflect the change in accounting principle. 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 6, 2018, 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.



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

December 6, 2018

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, 2018. 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 \$136,017,000 at June 30, 2018. Of this amount, \$37,829,000 may be used to meet the District's on-going obligations to citizens and creditors, compared to \$33,021,000 as of June 30, 2017.
- The District's net position at June 30, 2018 increased by \$9,010,000 from the prior year, as restated. This increase in net position is resultant of a combination of: capital assets increasing by \$2.8 million; cash and investments increasing by \$4.5 million; deferred outflows of resources decreasing by \$1.5 million; deferred inflows of resources increasing by \$200,000; the net pension liability decreasing by \$1.2 million, all other assets decreasing by \$1 million, and all other liabilities decreasing by \$3.2 million.
- The District's governmental funds reported a combined fund balance of \$42,663,000, an increase of \$3,951,000, from June 30, 2017. Of this balance, \$114,000, or .3% is nonspendable; \$20,170,000, or 47.3%, is restricted; \$16,051,000, or 37.6%, is committed; \$4,063,000, or 9.5% is assigned; and \$2,265,000, or 5.3% is unassigned.
- The District's assets and deferred outflows of resources totaled \$176.6 million at June 30, 2018 consisting of \$127.5 million in capital assets, \$44.8 million in cash and cash equivalents, \$1.3 million in receivables and other assets, and \$3 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 \$40.6 million at June 30, 2018 consisting of \$29.4 million in debt, \$1 million in accounts payable, \$6.7 million in net pension liability, \$417,000 in OPEB liability, \$2.6 million in other liabilities, and \$364,000 in deferred inflows of resources. Total liabilities and deferred inflows of resources increased by \$4.2 million from the prior year.
- The District generated program revenues of \$15 million from its governmental activities. Direct expenses of all programs totaled \$25 million. General revenues which include taxes and investment earnings totaled \$19.1 million.
- The District's Assessed Valuation of Taxable Property increased by 6.5%, to approximately \$11.4 billion, in fiscal year ending June 30, 2018.
- Total bonded debt was \$24,800,000 as of June 30, 2018, compared to total bonded debt of \$25,750,000 as of June 30, 2017.

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 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,

Management's Discussion and Analysis

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 \$127,511,000 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 \$37,216,000 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 \$3,951,000 during fiscal year 2017-18 while the *net position* increased by \$9,010,000. This \$5,059,000 difference is due to fiscal year transactions that are reported differently on each statement. Repayments of long term debt of \$1,459,000 and expenditures for the acquisition and development of capital assets of \$3,042,000 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 \$580,000. The full reconciliation can be found on page 35.

The District maintains six 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 four *major* funds: General Fund, System Development Charges (SDC) Special Revenue 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 36-63 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. The required supplementary information also includes historical information regarding the District's pension and other post-employment benefits (OPEB) activities. These schedules can be found on pages 65-69 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 75-79 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, 2018, the District had a positive net position balance – assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources - of \$136,017,000. This is an increase of \$9,010,000 or 7.1% 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:

Net Position			
June 30			
	2018	2017 (as restated)	Change
Assets other than capital assets	\$ 46,057,461	\$ 42,607,180	\$ 3,450,281
Capital assets, net	127,511,349	124,706,531	2,804,818
Total assets	<u>173,568,810</u>	<u>167,313,711</u>	<u>6,255,099</u>
 Deferred outflows of resources	 3,015,116	 4,482,471	 (1,467,355)
 Current liabilities	 4,537,375	 6,133,376	 (1,596,001)
Net pension liability	6,735,247	7,950,751	(1,215,504)
Noncurrent liabilities	28,961,414	30,596,835	(1,635,421)
Total liabilities	<u>40,234,036</u>	<u>44,680,962</u>	<u>(4,446,926)</u>
 Deferred inflows of resources	 364,138	 165,846	 198,292
 Net position:			
Net investment in capital assets	98,109,854	93,928,105	4,181,749
Restricted	20,170,539	20,110,007	60,532
Unrestricted	17,736,720	12,969,097	4,767,623
Total net position	<u>\$136,017,113</u>	<u>\$127,007,209</u>	<u>\$ 9,009,904</u>

The most significant portion of the District's net position, approximately 72%, or \$98,110,000, 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 \$20,171,000 or 15% of the net position. The remaining 13%, or \$17,737,000, of the District's net position is *unrestricted* and may be used to meet the District's future obligations to community citizens and creditors.

Analysis of Changes in Net Position

As noted previously, the District's total change in net position resulting from operations increased by \$9,010,000 during fiscal year 2017-18. Discussion and analysis of the changes for governmental activities are included below.

Management's Discussion and Analysis

Changes in Net Position

	<u>Fiscal Year Ended June 30</u>		
		2017	
Revenues	2018	(as restated)	Change
Program revenues:			
Charges for services	\$ 14,336,627	\$ 17,230,154	\$ (2,893,527)
Operating grants and contributions	214,374	87,017	127,357
Capital grants and contributions	420,367	156,953	263,414
General revenues:			
Property taxes	18,132,642	17,023,504	1,109,138
Investment earnings	747,949	430,504	317,445
Other	186,111	240,750	(54,639)
Total revenues	<u>34,038,070</u>	<u>35,168,882</u>	<u>(1,130,812)</u>
Expenses			
General government	3,693,841	3,568,574	125,267
Planning and development	967,102	1,042,662	(75,560)
Facility rental	188,870	232,998	(44,128)
Park services	9,351,964	8,328,614	1,023,350
Recreation services	9,907,436	9,609,321	298,115
Interest on long-term debt	918,954	947,724	(28,770)
Total expenses	<u>25,028,166</u>	<u>23,729,893</u>	<u>1,298,273</u>
Change in net position	9,009,904	11,438,989	(2,429,085)
Net position - beginning of year	127,007,209	115,510,385	11,496,824
Prior period adjustments:			
Corrections	-	(96,727)	96,727
GASB # 75	-	154,562	(154,562)
Net position - ending	<u>\$136,017,113</u>	<u>\$127,007,209</u>	<u>\$ 9,009,904</u>

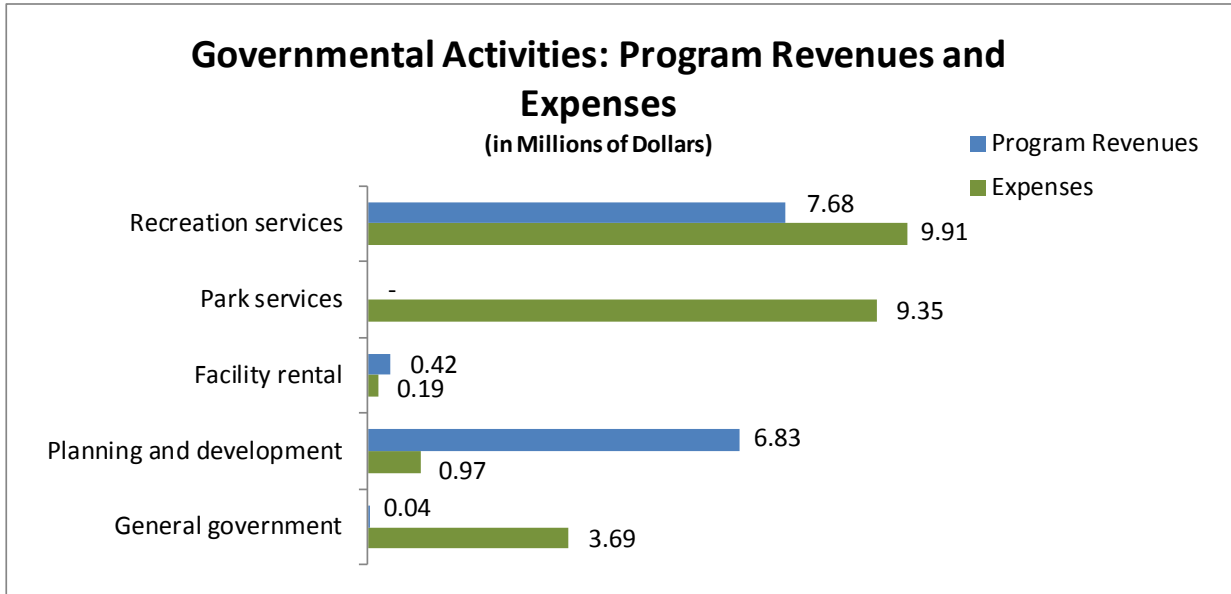
Governmental Activities

Major impacts on the increase in net position include:

- System development charge revenue decreased by \$3.5 million from the prior year, due to a slowing in the development of multi-family apartment complexes and single family homes.
- The District's property tax revenue from its permanent tax rate increased by \$1,144,000; or 7.6%, 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 just over \$500,000 due to greater customer participation, fee increases and community growth.
- Investment earnings were up 74% as interest rates continued to increase in 2017-18, and the higher rates were calculated on higher fund balances.
- Expenses for governmental activities increased by 5.5% from last year, or \$1.3 million. Personnel costs, materials and services, and depreciation expenses all increased.

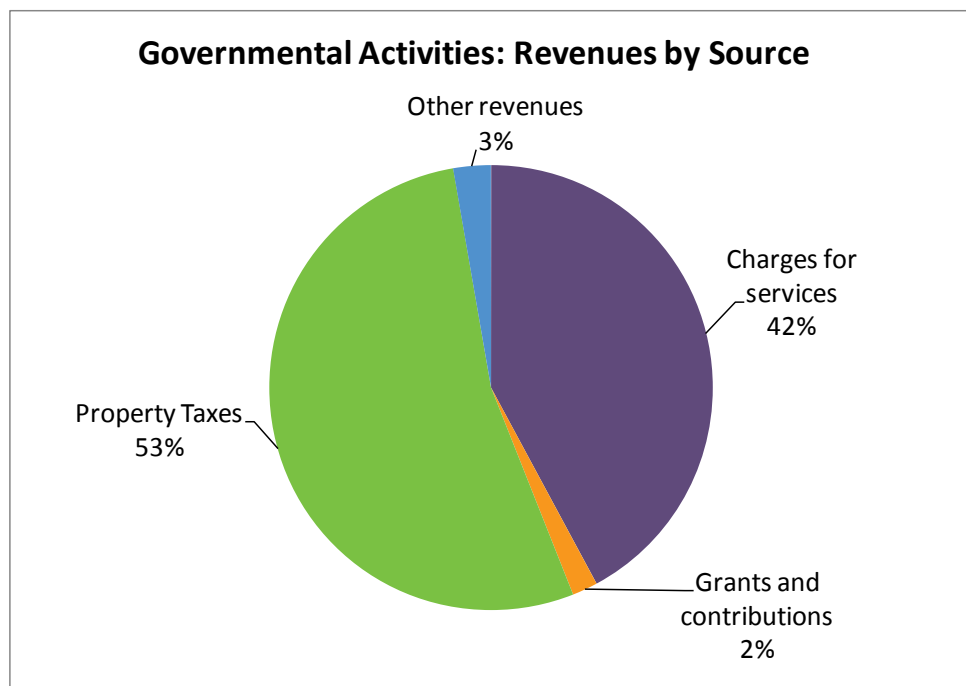
Management's Discussion and Analysis

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 \$6,411,000 and capital grants and contributions of \$420,000. 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 2017-18, the District's governmental funds reported combined ending fund balances of \$42.7 million, which reflects an increase of approximately \$3.95 million over the prior year's fund balances, as restated. Of the combined ending fund balances, \$2,265,000 or 5.3% 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, committed, or assigned*. 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	Increase of \$ 1,192,000, or 23%
• System Development Charges Fund	Increase of \$ 17,000, or 1%
• General Obligation Debt Service Fund	Increase of \$ 14,000, or 12%
• Facility Capital Projects Fund	Increase of \$ 2,667,000, or 22%
• Nonmajor other governmental funds	Increase of \$ 61,000, or 5%

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, investment earnings and sponsorships. Primary expenditures are made for personnel, materials and services, debt service - 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, 2018, the fund balance of the General Fund was \$6.4 million. Of this fund balance, \$4,177,000 is nonspendable or assigned for future expenditures and \$2,265,000 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 32% of total General Fund expenditures and 27% of total General Fund combined expenditures plus transfers out, exceeding the District's financial policy guideline of 17%. These percentages were 27% and 21%, respectively, in the prior year.

The General Fund's ending fund balance increased by \$1,192,000 during fiscal year 2017-18. Revenues exceeded expenditures by \$4,710,000. 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 \$3,868,000.

As compared to the prior fiscal year, General Fund revenues increased by over \$1.7 million (or 7.7%), largely due to \$1,144,000 (or 7.6%) in increased property tax collections, and \$504,000 (or 7.2%) more in recreation charges for services.

Expenditures increased by \$1,266,000 (or 6.9%). 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). The District's PERS biennial employer contribution rates increased at the beginning of fiscal year 2017-18, which accounted for a significant portion of the \$325,000 increase in PERS expenses in the General Fund.

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 2017-18 experienced the second consecutive annual decrease in SDC revenues (\$3.5 million or 35% 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 building permits for single family homes decreased by 23%, while apartment units decreased even more significantly (80%). Capital outlay in this fund was over \$6.3 million – a 14% increase from the prior year. The ending fund balance did not change substantially (\$17,000) 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.

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 \$127,000 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 of \$14.7 million increased by nearly \$2.7 million over the prior fiscal year.

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. Over \$1.1 million has been spent on the project as of June 30, 2018, and over \$12.2 million has been either reserved or appropriated in the fiscal year 2019-20 budget. There are also \$2 million in reserves for the purpose of future asset management (major renovation and replacement of capital assets as they end their useful life), and \$635,000 in reserves for a new park maintenance facility. The fund balance of \$14,718,000 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 2018. For the year, actual revenues were higher than budgetary estimates by 1%, most of which is due to higher property tax collections and investment earnings than projected. Actual expenditures were 85% of the budgeted expenditures. The significant underspending in expenditures occurred in materials and services by 12%, and not having the need to expend any of the \$2 million in operating contingency.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the District had invested just under \$127.5 million in capital assets (net of accumulated depreciation). The book value of the depreciable assets is 78% 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 \$3 million over the prior year, or 2.4%. The largest majority of the capital expenditures (74%) occurred in the System Development Charge Capital Projects Fund in the current fiscal year.

Management's Discussion and Analysis

Capital Assets (Net of Accumulated Depreciation)

	2017		
	2018	(as restated)	Change
Land including right-of-way	\$ 55,314,418	\$ 53,405,039	\$ 1,909,379
Construction in progress	2,579,871	7,462,810	(4,882,939)
Artwork	230,000	230,000	-
Buildings and building improvements	28,717,946	29,194,375	(476,429)
Improvements other than buildings	39,247,313	32,854,065	6,393,248
Vehicles, equipment and software	1,421,800	1,322,844	98,956
Total capital assets	<u>\$ 127,511,348</u>	<u>\$ 124,469,133</u>	<u>\$ 3,042,215</u>

Significant capital asset additions, totaling over \$6.8 million for fiscal year 2018, were as follows:

- Development of Riley Ranch Nature Reserve, in the amount of \$1,810,000,
- Acquisition of land for two future neighborhood park sites and expansion of Shevlin Park for \$1.2 million,
- Design, engineering, and development of community parks, including Rockridge, Big Sky, and Alpenglöw, in the amount of \$1 million,
- Design and engineering for the Larkspur Community Center in the amount of \$711,000,
- Completion of the redevelopment of Hillside Park in the amount of \$603,000,
- Completion of the Deschutes River Trail Undercrossing, improvements on the Central Oregon Canal Trail, and other trail work, totaling \$570,000,
- Completion of Eagle Neighborhood Park in the amount of \$117,000,
- Asset management and access plan expenditures at Juniper Swim and Fitness Center, Skyline sport fields, Pioneer Park, and other District facilities in the approximate amount of \$399,000, and
- Purchases of vehicles, equipment and technology totaling \$440,000.

Offsetting these additions were depreciation and retirements of assets.

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

Debt Administration

As of June 30, 2018, the District had \$29,985,396 in debt and other long-term obligations (employee and development-related obligations) outstanding. Debt decreased by \$1,459,000 while other long-term obligations decreased by \$1,022,000.

Outstanding Debt and Obligations

	June 30		
	2018	2017	Change
General obligations bonds	\$ 24,800,000	\$ 25,750,000	\$ (950,000)
Premium on general obligation bonds	1,387,178	1,479,657	(92,479)
Loan payable	3,214,317	3,630,364	(416,047)
Compensated absences	583,901	557,734	26,167
Developer agreement payable	-	1,047,980	(1,047,980)
Total outstanding obligations	<u>\$ 29,985,396</u>	<u>\$ 32,465,735</u>	<u>\$ (2,480,339)</u>

Management's Discussion and Analysis

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, \$1,105,000 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, \$425,489 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 \$19 billion, the current debt limitation for the District is \$474,970,425. As of June 30, 2018, the District's remaining general obligation debt capacity is \$448,783,246. The District's general obligation debt at June 30, 2018 of \$26,187,000 represents 5.5% 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 Future

- The most recent actuarial valuation for the State of Oregon Public Employees Retirement System (PERS) was received by employers in October 2018 and included employer rates in effect July 1, 2019 through June 30, 2020. The new rates will increase by nearly 3% of eligible wages on July 1, 2019, making the new Tier 1/Tier 2 contribution rate 18.82% of eligible wages. 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 53% of the District's total revenue sources in fiscal year 2018, charges for services (including SDCs) provided 42%, and investment earnings provided just over 2%.
- With the local community's population and economic growth, the District's Assessed Valuation of Taxable Property increased from fiscal year 2018 to fiscal year 2019 by 6.4% to approximately \$12.2 billion.
- So far in the first four months of the current fiscal year 2019 we have seen an 18% increase in the number of single family homes being built, no change in the number of multi-family units, and one less 105-room hotel, as compared to fiscal year 2018. SDC collections are up slightly (\$128,000) as compared to the same time period last year – an increase of 6%. 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.
- In order to continue to provide exceptional services for the growing community, the District increased staffing levels in the fiscal year 2019 budget by 11.7 full-time equivalents (FTE) - from 231.6 to 243.3 from the prior fiscal year. Half of this increase is in the park services department, and most of the rest 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.

Management's Discussion and Analysis

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 betsyt@bendparksandrec.org.

BASIC FINANCIAL STATEMENTS

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Statement of Net Position June 30, 2018

	Primary Government Governmental Activities	Component Unit Bend Park and Recreation Foundation
Assets		
Current assets:		
Cash and cash equivalents	\$ 44,773,344	\$ 350,904
Property taxes receivable	502,220	-
System development fees receivable	513,386	-
Accounts receivable	154,132	1,365
Prepaid expenses	114,379	-
Total current assets	<u>46,057,461</u>	<u>352,269</u>
Capital assets:		
Land, construction in progress and artwork	58,124,289	-
Other capital assets (net of accumulated depreciation)	69,387,060	-
Total capital assets	<u>127,511,349</u>	<u>-</u>
Other assets:		
Net OPEB asset - PERS RHIA Plan	31,361	-
Total assets	<u>173,600,171</u>	<u>352,269</u>
Deferred outflows of resources		
Deferred charge on refunding	97,728	-
Pension-related	2,873,515	-
OPEB-related	43,873	-
Total deferred outflows of resources	<u>3,015,116</u>	<u>-</u>
Liabilities		
Current liabilities:		
Accounts payable	1,048,194	25,900
Accrued payroll liabilities	819,765	-
Other accrued liabilities	109,226	-
Deposits payable	58,178	-
Accrued interest payable	78,420	-
Unearned revenue	983,102	-
Long-term debt - current portion	1,440,489	-
Total current liabilities	<u>4,537,375</u>	<u>25,900</u>
Noncurrent liabilities:		
Net pension liability	6,735,247	-
OPEB liability - Health Insurance Continuation Plan	416,507	-
Compensated absences	583,901	-
Long-term debt due in more than one year	27,961,006	-
Total noncurrent liabilities	<u>35,696,661</u>	<u>-</u>
Total liabilities	<u>40,234,036</u>	<u>25,900</u>
Deferred inflows of resources		
Pension-related	323,165	-
OPEB-related	40,973	-
Total deferred inflows of resources	<u>364,138</u>	<u>-</u>
Net position		
Net investment in capital assets	98,109,854	-
Restricted for:		
Capital projects	20,043,666	-
Debt service	126,873	-
Temporarily restricted - Program activities	-	140,349
Permanently restricted - Endowment	-	54,787
Unrestricted	17,736,720	131,233
Total net position	<u>\$ 136,017,113</u>	<u>\$ 326,369</u>

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

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Statement of Activities For the Year Ended June 30, 2018

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	\$ 3,693,841	\$ -	\$ 41,395	\$ -	\$ (3,652,446)	\$ -
Planning and development	967,102	6,411,052	-	420,367	5,864,317	-
Facility rental	188,870	417,356	-	-	228,486	-
Park services	9,351,964	-	-	-	(9,351,964)	-
Recreation services	9,907,436	7,508,219	172,979	-	(2,226,238)	-
Interest on long-term debt	918,954	-	-	-	(918,954)	-
Total primary government	<u>\$ 25,028,166</u>	<u>\$ 14,336,627</u>	<u>\$ 214,374</u>	<u>\$ 420,367</u>	<u>\$ (10,056,799)</u>	<u>-</u>
Component unit:						
Bend Park and Recreation Foundation	<u>\$ 83,485</u>	<u>\$ -</u>	<u>\$ 43,579</u>	<u>\$ -</u>		<u>(39,906)</u>
General revenues:						
Property taxes:						
Levied for general purposes					16,279,389	-
Levied for bonded debt					1,853,253	-
Investment earnings					747,949	14,758
Other revenues					<u>186,111</u>	<u>30,219</u>
Total general revenues					<u>19,066,702</u>	<u>44,977</u>
Change in net position					9,009,904	5,071
Net position, July 1, 2017, as previously stated					126,949,374	321,298
Prior period adjustments (See Note 12)						
Corrections					(96,727)	
GASB Stmt No. 75					<u>154,562</u>	<u>-</u>
Net position, July 1, 2017, as restated					<u>127,007,209</u>	<u>321,298</u>
Net position, June 30, 2018					<u>\$ 136,017,113</u>	<u>\$ 326,369</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, 2018

	General	System Development Charges	General Obligation Debt Service
Assets			
Pooled cash and investments	\$ 8,357,625	\$ 19,952,224	\$ 113,690
Receivables:			
Property taxes	450,431	-	51,789
System development fees	-	513,386	-
Accounts	97,938	-	-
Prepaid items	114,379	-	-
Total assets	<u>\$ 9,020,373</u>	<u>\$ 20,465,610</u>	<u>\$ 165,479</u>
Liabilities			
Accounts payable	\$ 428,867	\$ 421,944	\$ -
Accrued payroll liabilities	819,765	-	-
Other current liabilities payable	109,226	-	-
Deposits payable	-	-	-
Unearned revenue	883,766	-	-
Total liabilities	<u>2,241,625</u>	<u>421,944</u>	<u>-</u>
Deferred inflow of resources			
Unavailable revenue - property taxes	<u>336,966</u>	<u>-</u>	<u>38,606</u>
Fund balances			
Nonspendable:			
Prepaid items	114,379	-	-
Restricted for:			
Capital projects	-	20,043,666	-
Debt service	-	-	126,873
Committed to:			
Capital projects - facilities	-	-	-
Facility rental activities	-	-	-
Capital projects - equipment	-	-	-
Assigned:			
Future expenditures	4,062,675	-	-
Unassigned:	2,264,727	-	-
Total fund balances	<u>6,441,781</u>	<u>20,043,666</u>	<u>126,873</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 9,020,373</u>	<u>\$ 20,465,610</u>	<u>\$ 165,479</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, 2018

	Facility Reserve	Other Governmental	Total
Assets			
Pooled cash and investments	\$ 14,832,740	\$ 1,517,065	\$ 44,773,344
Receivables:			
Property taxes	-	-	502,220
System development fees	-	-	513,386
Accounts	40,273	15,921	154,132
Prepaid items	-	-	114,379
Total assets	<u>\$ 14,873,013</u>	<u>\$ 1,532,986</u>	<u>\$ 46,057,461</u>
Liabilities			
Accounts payable	\$ 154,869	\$ 42,513	\$ 1,048,194
Accrued payroll liabilities	-	-	819,765
Other current liabilities payable	-	-	109,226
Deposits payable	-	58,178	58,178
Unearned revenue	-	99,336	983,102
Total liabilities	<u>154,869</u>	<u>200,027</u>	<u>3,018,466</u>
Deferred inflow of resources			
Unavailable revenue - property taxes	-	-	375,573
Fund balances			
Nonspendable:			
Prepaid items	-	-	114,379
Restricted for:			
Capital projects	-	-	20,043,666
Debt service	-	-	126,873
Committed to:			
Capital projects - facilities	14,718,144	-	14,718,144
Facility rental activities	-	1,017,128	1,017,128
Capital projects - equipment	-	315,830	315,830
Assigned:			
Future expenditures	-	-	4,062,675
Unassigned:	-	-	2,264,727
Total fund balances	<u>14,718,144</u>	<u>1,332,959</u>	<u>42,663,422</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 14,873,013</u>	<u>\$ 1,532,986</u>	<u>\$ 46,057,461</u>

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

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BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

June 30, 2018

Total fund balances for governmental funds	\$ 42,663,422
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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.	127,511,349
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Deferred outflows of resources:

Pension-related costs	2,873,515
OPEB-related costs	43,873
Debt refunding costs, net of amortization	97,728

Net OPEB asset - PERS RHIA Plan	31,361
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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.	375,573
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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, 2018 are:

Interest payable	\$ (78,420)	
Net pension liability	(6,735,247)	
Total OPEB liability - Health Insurance Continuation Plan	(416,507)	
Accrued compensated absences,	(583,901)	
Loan payable	(3,214,317)	
GO bond debt and premium on issuance, net	(26,187,178)	
Total noncurrent liabilities and accrued interest		(37,215,570)

Deferred inflows of resources related to pension	(323,165)
Deferred inflows of resources related to OPEB	(40,973)

Net position of governmental activities	\$ 136,017,113
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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, 2018

	General	System Development Charges	General Obligation Debt Service
Revenues			
Property taxes	\$ 16,297,454	\$ -	\$ 1,856,846
Charges for services	7,508,219	-	-
System development fees	-	6,411,052	-
Contributions	20,323	-	-
Grants	-	-	-
Sponsorships	116,682	-	-
Intergovernmental	44,499	-	-
Investment earnings	158,511	343,648	16,504
Reimbursement for interfund services	136,072	-	-
Miscellaneous	90,035	-	-
Total revenues	<u>24,371,795</u>	<u>6,754,700</u>	<u>1,873,350</u>
Expenditures			
Current:			
Personnel services	13,935,255	-	-
Materials and services	5,166,750	67,790	-
Debt service	506,962	-	1,859,731
Capital outlay	52,759	6,319,998	-
Total expenditures	<u>19,661,727</u>	<u>6,387,788</u>	<u>1,859,731</u>
Excess (deficiency) of revenues over expenditures	<u>4,710,068</u>	<u>366,912</u>	<u>13,619</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	-	-
Transfers in	350,000	-	-
Transfers out	(3,867,821)	(350,000)	-
Total other financing sources (uses)	<u>(3,517,821)</u>	<u>(350,000)</u>	<u>-</u>
Net change in fund balances	1,192,247	16,912	13,619
Fund balance, July 1, 2017, as previously stated	5,108,864	20,026,754	113,254
Prior period adjustment	<u>140,670</u>	<u>-</u>	<u>-</u>
Fund balance, July 1, 2017, as restated	<u>5,249,534</u>	<u>20,026,754</u>	<u>113,254</u>
Fund balances, June 30, 2018	<u>\$ 6,441,781</u>	<u>\$ 20,043,666</u>	<u>\$ 126,873</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, 2018

	Facility Reserve	Other Governmental	Total
Revenues			
Property taxes	\$ -	\$ -	\$ 18,154,301
Charges for services	-	417,356	7,925,575
System development fees	-	-	6,411,052
Contributions	13,429	-	33,752
Grants	366,665	-	366,665
Sponsorships	-	-	116,682
Intergovernmental	73,143	-	117,642
Investment earnings	207,509	21,778	747,949
Reimbursement for interfund services	-	-	136,072
Miscellaneous	48,828	3,315	142,178
Total revenues	<u>709,573</u>	<u>442,449</u>	<u>34,151,867</u>
Expenditures			
Current:			
Personnel services	-	127,747	14,063,002
Materials and services	-	56,735	5,291,275
Debt service	-	-	2,366,694
Capital outlay	1,760,238	391,277	8,524,273
Total expenditures	<u>1,760,238</u>	<u>575,759</u>	<u>30,245,243</u>
Excess (deficiency) of revenues over expenditures	<u>(1,050,665)</u>	<u>(133,310)</u>	<u>3,906,624</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	43,933	43,933
Transfers in	3,717,821	150,000	4,217,821
Transfers out	-	-	(4,217,821)
Total other financing sources (uses)	<u>3,717,821</u>	<u>193,933</u>	<u>43,933</u>
Net change in fund balances	2,667,156	60,623	3,950,557
Fund balance, July 1, 2017, as previously stated	<u>12,050,988</u>	<u>1,272,336</u>	<u>38,572,195</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>140,670</u>
Fund balance, July 1, 2017, as restated	<u>12,050,988</u>	<u>1,272,336</u>	<u>38,712,865</u>
Fund balances, June 30, 2018	<u>\$ 14,718,144</u>	<u>\$ 1,332,959</u>	<u>\$ 42,663,422</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, 2018

Net change in fund balances - total governmental funds	\$ 3,950,557
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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	\$ 6,881,240	
Depreciation expense	(3,787,773)	
(Gain) loss on disposition of capital assets	<u>(51,252)</u>	
Total net effect of capital assets		3,042,215

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).	(21,658)
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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	\$ 950,000	
Amortization of bond premium	92,479	
Loan payable	<u>416,047</u>	
Total net effect of long-term debt		1,458,526

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	\$ 3,175	
Accrued compensated absences	(26,167)	
OPEB expense	8,320	
Amortization of deferred charge on refunding	(13,961)	
Pension expense	(439,082)	
Developer agreement payable	<u>1,047,980</u>	
Total net effect of resources that are not expenses		<u>580,265</u>

Total adjustments for fiscal year ended June 30, 2018	<u>5,059,347</u>
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Change in net position, June 30, 2018	<u><u>\$ 9,009,904</u></u>
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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, 2018

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, 2018

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 60 day availability period is also 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 2018 fiscal year permanent tax levy and the General Obligation Bond tax levy were \$16,714,727 and \$1,902,663, respectively.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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.

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, 2018

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

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

J. Capital Assets

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

All capital assets have been capitalized in the government-wide financial statements. In accordance with the current financial resources measurement focus, capital assets are not capitalized in the governmental fund financial statements. All 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.

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,

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued

J. Capital Assets, continued

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.

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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued

N. Post-Employment Benefits Other Than Pensions (OPEB)

The District participates in a multi-employer cost sharing defined benefit plan administered by the Oregon Public Employees Retirement System (OPERS) known as RHIA (other post-employment benefits - OPEB). For purposes of measuring the net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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.

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. 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:

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,
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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued

Q. 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

R. Tax Abatements

Governmental Accounting Standards Board's Statement No. 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. All programs are initiated by other local governments and state agencies. As the amount of taxes abated during FY 2018 is immaterial, no additional disclosure has been made.

S. New GASB Pronouncement

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, became effective for those periods beginning after June 15, 2017. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The District implemented this pronouncement effective June 30, 2018.

T. 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.

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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 1 – Summary of Significant Accounting Policies, continued

T. Appropriation and Budgetary Controls, continued

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. During the year, the District did not purchase any repurchase agreements or reverse repurchase agreements.

Cash, cash equivalents, and investments at June 30, 2018, consisted of the following:

	District	Foundation
Cash on hand	\$ 5,540	\$ -
Deposits with banks	2,401,660	171,886
Oregon Community Foundation	-	179,018
Local Government Investment Pool	42,366,143	-
Total pooled cash and investments	<u>\$ 44,773,343</u>	<u>\$ 350,904</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 total cash in bank as of June 30, 2018 was \$2,401,660, of these deposits \$2,151,660 was not insured by the FDIC, but was covered through the collateralization program.

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. The total amount in the LGIP, as of June 30, 2018, was \$42,366,143, all of this amount was not insured by the FDIC, but was covered through the Public Funds Collateralization Program.

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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 2 – Cash and Investments, continued

Investments

The District participates in the Oregon State Treasurer's Local Government Investment Pool (LGIP), a non-SEC regulated, open-ended, no-load diversified portfolio created under ORS 294.805 to 294.895. The LGIP is administered by the State Treasurer and the Oregon Investment Council 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	\$ 42,366,143

Investments – Discretely Presented Component Unit

Investments of the Bend Park and Recreation Foundation at year-end consist of \$179,018 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>Input</u>
The Oregon Community Foundation	\$ 179,018	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.

The State of Oregon Local Government Investment Pool and money market account are unrated.

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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 2 – Cash and Investments, continued

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 \$48,333,000, 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, 2018, 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, 2018 was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land including right-of-way	\$ 53,405,039	\$ 1,909,379	\$ -	\$ 55,314,418
Construction in progress	7,462,810	1,679,880	(6,562,818)	2,579,871
Artwork	230,000	-	-	230,000
Total capital assets not being depreciated	<u>61,097,849</u>	<u>3,589,259</u>	<u>(6,562,818)</u>	<u>58,124,289</u>
Capital assets being depreciated:				
Buildings and building improvements	40,009,044	752,205	(13,536)	40,747,713
Improvements other than buildings	48,788,364	8,665,506	-	57,453,870
Vehicles, equipment and software	5,129,973	437,089	(356,838)	5,210,224
Total capital assets being depreciated	<u>93,927,381</u>	<u>9,854,800</u>	<u>(370,374)</u>	<u>103,411,807</u>
Less accumulated depreciation for:				
Buildings and building improvements	(10,814,669)	(1,220,787)	5,689	(12,029,767)
Improvements other than buildings	(15,934,299)	(2,272,258)	-	(18,206,557)
Vehicles, equipment and software	(3,807,129)	(294,728)	313,433	(3,788,424)
Total accumulated depreciation	<u>(30,556,097)</u>	<u>(3,787,773)</u>	<u>319,122</u>	<u>(34,024,748)</u>
Total capital assets being depreciated, net	<u>63,371,284</u>	<u>6,067,028</u>	<u>(51,252)</u>	<u>69,387,059</u>
Total capital assets, net	<u>\$ 124,469,133</u>	<u>\$ 9,656,287</u>	<u>\$ (6,614,070)</u>	<u>\$ 127,511,348</u>

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

General government	\$ 290,461
Park services	2,575,991
Recreation services	<u>921,321</u>
Total depreciation expense - primary government	<u>\$ 3,787,773</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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 – defined benefit pension and OPEB: the contributions made to OPERS during the year ended June 30, 2018 and other items related to the District's defined benefit pension plan and OPEB have been classified as a deferred outflow of resources.

Deferred Outflows of Resources	Amount
Deferred outflows - Refunding Debt (FF&C 2005)	\$ 97,728
Deferred outflows - Defined Benefit Pension Plan	
Differences between expected and actual experience	325,719
Changes of assumptions	1,227,715
Net difference between projected and actual earnings on investments	69,389
Changes in proportionate share	37,514
Differences between employer contributions and employer's proportionate share of system contributions	230,503
Total (prior to post-measurement date contributions)	1,890,840
Employer contributions subsequent to the measurement date	982,675
Total deferred outflows - Defined Benefit Pension Plan	2,873,515
Deferred outflows - OPEB	
Changes in proportionate share	179
Employer contributions subsequent to the measurement date	43,694
Total deferred outflows - OPEB	43,873
Total Deferred Outflows of Resources	\$ 3,015,116

Note 5 – Interfund Activity

Interfund transfers during fiscal year ended June 30, 2018, consisted of the following:

Description	Amount
From the General Fund to the Facility Capital Projects Fund for land acquisitions, capital development and renovation projects.	\$ 3,717,821
From the General Fund to the Equipment Capital Projects Fund for equipment acquisitions.	150,000
From the System Development Charges Special Revenue Fund to the General Fund for reimbursement of personnel services.	350,000
	\$ 4,217,821

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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, 2018.

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, 2018 the District's unused debt margin is \$449.0 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, 2018
Capital Improvements - Series 2013	2% - 4.5%	June 5, 2013	2013 to 2032	\$ 29,000,000	\$ 24,800,000

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

Year Ending June 30	<u>General Obligation Bond</u>	
	Principal	Interest
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
2024-2028	8,095,000	2,789,956
2029-2033	10,915,000	1,106,651
	<u>\$ 24,800,000</u>	<u>\$ 7,965,463</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, 2018 is \$3,214,317, 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, 2018

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	Loan Payable	
	Principal	Interest
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
2023-2025	975,201	36,824
	<u>\$ 3,214,317</u>	<u>\$ 330,318</u>

Developer Agreement Payable

The District had 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 was 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 reimbursed the Developer for the improvement fee portion of all SDCs paid within the specific recovery area over the prior fiscal year. As of July 2017, the District fully reimbursed the remaining liability for this agreement from the System Development Charges Special Revenue Fund.

Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2018 was as follows:

	June 30, 2017	Increases	Decreases	June 30, 2018	Due Within One Year
General obligations bonds	\$ 25,750,000	\$ -	\$ (950,000)	\$ 24,800,000	\$ 1,015,000
Premium on general obligation bond	1,479,657	-	(92,479)	1,387,178	-
Loan payable	3,630,364	-	(416,047)	3,214,317	425,489
Compensated absences	557,734	581,069	(554,903)	583,900	-
Developer agreement payable	1,047,980	-	(1,047,980)	-	-
Total long-term obligations	<u>\$ 32,465,735</u>	<u>\$ 581,069</u>	<u>\$ (3,061,409)</u>	<u>\$ 29,985,395</u>	<u>\$ 1,440,489</u>

The above liabilities will be liquidated from the funds where the liability was incurred. In prior years, compensated absences 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 liquidated the developer agreement payable.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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, 2018, these balances were:

	Deferred Inflows of Resources - Property Taxes	Unearned Revenue	Total Deferred Inflows of Resources and Unearned Revenue
General Fund	\$ 336,966	\$ 883,766	\$ 1,220,732
General Obligation Debt Service Fund	38,606	-	38,606
Nonmajor Funds	-	99,336	99,336
Total Deferred Inflows of Resources and Unearned Revenue	<u>\$ 375,573</u>	<u>\$ 983,102</u>	<u>\$ 1,358,675</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, 2018, these balances all related to the District's defined benefit pension plans by the application of GASB Statement No. 68 and other post-employment benefits (OPEB) by the application of GASB Statement No. 75 are:

Deferred Inflows of Resources	Amount
Deferred inflows - Defined Benefit Pension Plan	
Changes in proportionate share	\$ 259,524
Differences between employer contributions and employer's proportionate share of system contributions	<u>63,641</u>
Total deferred inflows - Defined Benefit Pension Plan	<u>323,165</u>
Deferred inflows - OPEB	
Changes of assumptions	26,448
Net difference between projected and actual earnings on investments	<u>14,525</u>
Total deferred inflows - OPEB	<u>40,973</u>
Total Deferred Inflows of Resources	<u>\$ 364,138</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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.

Note 9 – Public Employees' Retirement System Pension Plan

Plan 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. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. 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% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled.

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

Death Benefits

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

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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

Benefits Provided, continued

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

Death Benefits, continued

- the member was employed by a 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.

A member’s beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lump-sum and monthly payments, if eligible. The monthly payment must be a minimum of \$30 per month for deaths that occur July 30, 2003, and earlier; \$200 per month for deaths that occur after July 30, 2003.

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 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.

Benefit Changes After Retirement

After Retirement Members may choose to continue participation in their Variable Account after retiring and may experience annual benefit fluctuations due to changes in the market value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0%.

2. OPSRP Pension Program

OPSRP (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003, and 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 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% 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% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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

Benefits Provided, continued

2. OPSRP Pension Program, continued

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

3. Individual Account Program

Benefit Terms

An Individual Account Program (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. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of the 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. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

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 periodic member and employer contributions at rates established by the OPERS Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of OPERS' third-party actuary. Employer 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, 2015 valuation. The rates, based on a percentage of payroll, first became effective July 1, 2017. The District's employer contributions for the year ended June 30, 2018 were \$1,053,923. The rates, presented as a percentage of covered payroll, for the District in effect for the fiscal year ended June 30, 2018 were: 16.08% for Tier One/Tier Two, and 10.94% for OPSRP Pension Program. Covered employees are required by state statute to contribute 6% of their annual salary for the IAP, but the employer is allowed to pay all or none of the employees' contribution in addition to the required employers' contribution. The District does not contribute the 6% "pick-up" for employees.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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

Pension Liabilities and Pension Expense

At June 30, 2018, the District reported a liability of \$6,735,247 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015.

The basis for the District's proportion is actuarially determined by comparing the District's projected long-term contribution effort to OPERS with the total projected long-term contribution effort of all employers. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liability (UAL). The contribution rate for every employer has at least two major components: Normal Cost Rate and UAL Rate.

1. Normal Cost Rate: The projected long-term contribution effort is estimated by projecting the present value of all future normal cost rate contributions. The PVFNC represents the portion of the projected long-term contribution effort related to future service. An 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 three different payrolls, each with a different Normal Cost Rate: Tier 1/Tier 2 payroll; OPSRP General Service payroll; and OPSRP Police and Fire payroll.

2. UAL Rate: A UAL exists when OPERS assets are less than the actuarial liability as measured by the OPERS actuarial funding valuations. 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 component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service. In determining the employer's projected long-term contribution effort to OPERS, the UAL component was adjusted for supplemental lump-sum payments made during the measurement period, if applicable.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

The employer's projected long-term contribution effort does not include payments toward the current value of transition liabilities and pre-SLGRP liabilities, which OPERS has determined meet the definition of separately financed employer liabilities.

If the calculation of the employer's projected long-term contribution effort yields a negative number, the employer's portion of the projected long-term contribution effort will be set to zero and the employer will be allocated no proportionate share of pension amounts. At June 30, 2018, the District's proportion was 0.04996%; this was a decrease from the prior measurement period's proportionate share of 0.05296%. For the year ended June 30, 2018, the District recognized pension expense in addition to actual contributions of \$439,082.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2017, employers report the following deferred inflows of resources and/or deferred outflows of resources:

- A difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

At June 30, 2018, 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	\$ 325,719	\$ -
Changes of assumptions	1,227,715	-
Net difference between projected and actual earnings on pension plan investments	69,389	-
Changes in proportionate share	37,514	259,524
Differences between employer contributions and employer's proportionate share of system contributions	230,503	63,641
Contributions subsequent to the measurement date	982,675	-
Total	<u>\$ 2,873,515</u>	<u>\$ 323,165</u>
Net deferred outflow/(inflow) of resources	\$ 2,550,350	
Less: contributions made subsequent to measurement date	982,675	
Net deferred outflow/(Inflow) of resources	<u>\$ 1,567,675</u>	

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period “layers” attributable to each measurement period. 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 2019	\$ 301,958
2nd Fiscal Year - Fiscal Year 2020	850,712
3rd Fiscal Year - Fiscal Year 2021	577,932
4th Fiscal Year - Fiscal Year 2022	(169,106)
5th Fiscal Year - Fiscal Year 2023	6,179
	<u>\$ 1,567,675</u>

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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

Actuarial Assumptions and Methods, continued

A summary of the economic assumptions used for the December 31, 2015 actuarial valuation are shown below:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return*	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent
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>

(Source: June 30, 2017 PERS GASB 68 Report, p. 36)

The long-term expected rate of return on plan investments was developed based on the forward looking capital market economic model. The table below presents the assumptions related to asset allocation and expected rates of return by major asset class using the 50th percentile. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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

Actuarial Assumptions and Methods, continued

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 Foreign 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	63.00%	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.

(Source: June 30, 2017 OPERS CAFR; p. 69)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, which was unchanged from the prior measurement date. 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 plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability 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:

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate, continued

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,478,091	\$ 6,735,247	\$ 2,769,351

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. 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. For more information on the pension plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see OPERS' audited financial statements at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Depletion Date Projection

GASB 68 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 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. Determining the discount rate under GASB 68 will often require that the actuary perform complex projects of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 10 – Other Postemployment Benefits

The other postemployment benefits (OPEB) for the District combines two separate plans: the District participates in a multi-employer cost sharing defined benefit plan administered by the Oregon Public Employees Retirement System known as the RHIA. The District also provides an implicit rate subsidy for retiree Health Insurance Continuation premiums.

OPEB Activity and Balances for the Year Ended June 30, 2018 (RHIA & Health Insurance Continuation)

Category	RHIA	District Health Insurance Continuation	Total
OPEB Liability	\$ -	\$ 416,507	\$ 416,507
Net OPEB Asset	31,361	-	31,361
Deferred Outflows	37,590	6,283	43,873
Deferred Inflows	14,525	26,448	40,973
OPEB Expense (Income)	(41,484)	33,165	(8,319)

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 a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700. The reports and other related schedules including plan assumptions, methods and plan provisions may also be found on the PERS website at <https://www.oregon.gov/pers/EMP/Pages/GASB.aspx>.

Contributions

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, 2018

Note 10 – Other Postemployment Benefits, continued

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

Contributions, continued

Participating public employers are contractually required to contribute to RHIA at a rate assessed each biennium by OPERS, for fiscal year 2018 the rate is 0.50% of annual covered payroll for Tier 1/Tier 2 employees and 0.43% for OPSRP employees. The OPERS Board of Trustees sets the net-retiree healthcare rate based on the estimated OPEB expense of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The OPEB expense represents the annual cost allocated to the current year (normal cost) and the amortization of any unfunded accrued liabilities of the plan (UAL cost). The unfunded accrued liabilities are amortized over a closed period equal to the average of the expected remaining lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees). The District's contributions to RHIA were consistent with the net-retiree healthcare rate as charged by OPERS. Amounts paid for RHIA were included with the payments for the retirement plan described in Note 9 above.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - RHIA

For the year ended June 30, 2018, the District recognized OPEB expense for the RHIA Plan of \$41,484. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the RHIA Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 14,525
Changes in proportionate share	179	-
Contributions subsequent to measurement date	37,411	-
Total	<u>\$ 37,590</u>	<u>\$ 14,525</u>
Net deferred outflow/(Inflow) of resources		\$ 23,065
Less: contributions made subsequent to measurement date		37,411
Net deferred outflow/(Inflow) of resources		<u>\$ (14,346)</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 10 – Other Postemployment Benefits, continued

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – RHIA, continued

The RHIA plan assets are included in the OPERS retirement system cash management efforts. The District's contributions made subsequent to the measurement date will be recognized in the District's OPEB expense in the following year. The net amount of the District's share of the RHIA 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.

Subsequent Fiscal Years	Deferred Outflow/(Inflow) of Resources
Fiscal Year 2019	\$ (3,565)
Fiscal Year 2020	(3,565)
Fiscal Year 2021	(3,584)
Fiscal Year 2022	(3,632)
Total	<u>\$ (14,346)</u>

Actuarial Assumptions and Methods

Actuarial methods and assumptions for the RHIA plan mirror those of the OPERS retirement system itself and can be found in Note 9 in the preceding pages of these financial statements. The retiree healthcare participation rates are: healthy retirees – 38%; disabled retirees – 20%. Healthcare cost trends are not applicable to this plan as the benefits are a fixed dollar amount per month. The District's proportionate share of the RHIA plan for fiscal year 2018 is .07514517%. The proportionate share for each employer participating in the Plan was determined by the actuaries based upon each employer's contribution to the RHIA program during the measurement period. The District's proportionate share increased from .07424181% in the prior measurement period.

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

The following presents the District's proportionate share of the net OPEB liability (asset) for the RHIA calculated using the discount rate of 7.50%, which has not changed since fiscal year 2017, as well as what the District's proportionate share of the net OPEB 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 OPEB Liability (Asset)	\$ 4,372	\$ (31,361)	\$ (61,754)

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 10 – Other Postemployment Benefits, continued

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.

Contributions

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, the District had one retiree and 137 active eligible employees participating in the plan, and no inactive employees entitled to, but not yet receiving benefits.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Health Insurance Continuation

For the year ended June 30, 2018, the District recognized OPEB expense for the Health Insurance Continuation Plan of \$33,165. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the Health Insurance Continuation Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or inputs	\$ -	\$ 26,448
Contributions subsequent to measurement date	6,283	-
Total	<u>\$ 6,283</u>	<u>\$ 26,448</u>
Net deferred outflow/(inflow) of resources		\$ (20,165)
Less: contributions made subsequent to measurement date		6,283
Net deferred outflow/(inflow) of resources		<u>\$ (26,448)</u>

The District’s contributions made subsequent to the measurement date will be recognized in the District’s OPEB expense in the following year. The net amount of the District’s share of the Health Insurance Continuation Plan 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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 10 – Other Postemployment Benefits, continued

Health Insurance Continuation, continued

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Health Insurance Continuation, continued

Subsequent Fiscal Years	Deferred Outflow/(Inflow) of Resources
Fiscal Year 2019	\$ (3,526)
Fiscal Year 2020	(3,526)
Fiscal Year 2021	(3,526)
Fiscal Year 2022	(3,526)
Fiscal Year 2023	(3,526)
Thereafter	(8,818)
Total	<u>\$ (26,448)</u>

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate

The following presents the District's total OPEB liability of the Health Continuation Plan calculated using the discount rate of 3.58% as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58%) or 1-percentage point higher (4.58%) than the current rate. A similar sensitivity analysis is then presented for changes in the health care cost trend assumption, using a current trend rate of 6%:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
District's Total OPEB Liability (Health Insurance Continuation)	\$ 458,793	\$ 416,507	\$ 377,950
	1% Decrease (5%)	Current Health Care Trend Rate (6%)	1% Increase (7%)
District's Total OPEB Liability (Health Insurance Continuation)	\$ 363,908	\$ 416,507	\$ 479,363

Actuarial Assumptions and Methods

The total OPEB liability for the District's Health Insurance Continuation was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date.

A summary of the economic assumptions used for the July 1, 2016 actuarial valuation are shown below:

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to Financial Statements

June 30, 2018

Note 10 – Other Postemployment Benefits, continued

Health Insurance Continuation, continued

Actuarial Assumptions and Methods, continued

Valuation Date	July 1, 2016
Measurement Date	June 30, 2017
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50 percent
Discount Rate	3.58 percent
Projected Salary Increases	3.50 percent
Mortality	Healthy retirees and beneficiaries: RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.

Note 11 – Commitments and Contingent Liabilities

At June 30, 2018, the District was committed on outstanding construction, engineering, consulting, service and equipment purchase contracts totaling approximately \$2,460,000.

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 – Prior Period Adjustment

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The District adopted this statement as of July 1, 2017. The implementation requires the District to calculate and report the cost, deferred outflows of resources, liabilities, assets, and deferred inflows of resources associated with OPEB in its financial statements, including note disclosures and required supplementary information. Beginning net position was restated by an increase of \$154,562 to reflect the net OPEB obligation as of June 30, 2017.

During the fiscal year ended June 30, 2018, the District discovered that it had over-accrued payroll liability during prior fiscal years in the General Fund. The correction of this error increased beginning fund balance and net position by \$140,670 as reflected in the Statements of Activities and Revenues, Expenditures and Changes in Fund Balances for the prior period. The District also identified that it had improperly recognized developed capital assets that were transferred to the City of Bend's ownership in prior years. This error has been corrected by restating net position by decreasing it \$237,397 as reflected in the Statements of Activities for the prior period.

Note 13 – Subsequent Event

The District entered into a contract with a developer on July 18, 2018, to provide a credit against future system development charges in exchange for the development of a neighborhood park. The amount of the credit provided was \$972,576 and expires on July 18, 2028. This liability will be liquidated from the System Development Charges Special Revenue Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Notes to the Required Supplementary Information Fiscal Year Ended June 30, 2018

Required Supplementary Information includes schedules related to the District's net pension and other post-employment (OPEB) liabilities, assets, and contributions. It also 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.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

Year Ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	District's covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2018	0.04996%	\$ 6,735,247	\$ 8,132,587	82.82%	83.12%
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 Pension Contributions Last Five Fiscal Years*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered- employee payroll	Contributions as a percent of covered- employee payroll
2018	\$ 982,675	\$ 982,675	\$ -	\$ 8,761,433	11.22%
2017	\$ 681,954	\$ 681,954	\$ -	\$ 8,132,587	8.39%
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 the Proportionate Share of the Net OPEB Liability (Asset) - RHIA Last Two Fiscal Years*

Year Ended June 30,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	District's covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2018	0.07515%	\$ (31,361)	\$ 8,132,587	-0.39%	108.90%
2017	0.07424%	\$ 20,161	\$ 8,161,184	0.25%	94.20%

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 OPEB 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 OPEB Contributions - RHIA Last Two Fiscal Years*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered- employee payroll	Contributions as a percent of covered- employee payroll
2018	\$ 37,411	\$ 37,411	\$ -	\$ 8,761,433	0.43%
2017	\$ 33,103	\$ 33,103	\$ -	\$ 8,132,587	0.41%

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 Changes in Total OPEB Liability Health Insurance Continuation Plan Last Two Fiscal Years*

Category	2018	2017
Changes for the year:		
Service cost	\$ 40,805	N/A
Interest on total OPEB liability	12,516	N/A
Effect of assumption changes or inputs	(29,974)	N/A
Benefit payments	<u>(10,347)</u>	<u>N/A</u>
Net change in total OPEB liability	<u>13,000</u>	<u>N/A</u>
Total OPEB liability, beginning	403,507	N/A
Total OPEB liability, ending	<u>\$ 416,507</u>	<u>\$ 403,507</u>
Covered payroll	\$ 8,761,433	\$ 8,132,587
Total OPEB liability as a % of covered payroll	4.75%	4.96%

* 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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 16,061,000	\$ 16,061,000	\$ 16,297,454	\$ 236,454
Charges for services	7,585,750	7,585,750	7,508,219	(77,531)
Investment earnings	45,000	45,000	158,511	113,511
Contributions	32,000	32,000	20,323	(11,677)
Sponsorships	124,575	124,575	116,682	(7,893)
Intergovernmental	25,000	25,000	44,499	19,499
Reimbursement for interfund services	160,000	160,000	136,072	(23,928)
Miscellaneous	66,750	66,750	90,035	23,285
Total revenues	<u>24,100,075</u>	<u>24,100,075</u>	<u>24,371,795</u>	<u>271,720</u>
Expenditures				
Current:				
Personnel services	14,597,194	14,597,194	13,935,255 (1)	661,939
Materials and services	5,902,949	5,902,949	5,166,750 (1)	736,199
Debt service	506,963	506,963	506,962 (1)	1
Capital outlay	85,000	85,000	52,759 (1)	32,241
Contingency	2,000,000	2,000,000	- (1)	2,000,000
Total expenditures	<u>23,092,106</u>	<u>23,092,106</u>	<u>19,661,727</u>	<u>3,430,379</u>
Excess (deficiency) of revenues over expenditures	<u>1,007,969</u>	<u>1,007,969</u>	<u>4,710,068</u>	<u>3,702,099</u>
Other Financing Sources (Uses)				
Transfers in	400,000	400,000	350,000	(50,000)
Transfers out	<u>(3,867,821)</u>	<u>(3,867,821)</u>	<u>(3,867,821)</u> (1)	<u>-</u>
Total other financing sources (uses)	<u>(3,467,821)</u>	<u>(3,467,821)</u>	<u>(3,517,821)</u>	<u>(50,000)</u>
Net change in fund balance	(2,459,852)	(2,459,852)	1,192,247	3,652,099
Fund balance, July 1, 2017, as previously stated	<u>4,459,852</u>	<u>4,459,852</u>	<u>5,108,864</u>	<u>649,012</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>140,670</u>	<u>140,670</u>
Fund balance, July 1, 2017, as restated	<u>4,459,852</u>	<u>4,459,852</u>	<u>5,249,534</u>	<u>789,682</u>
Fund balance, June 30, 2018	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 6,441,781</u>	<u>\$ 4,441,781</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
System development fees	\$ 7,527,500	\$ 7,527,500	\$ 6,411,052	\$ (1,116,448)
Investment earnings	200,000	200,000	343,648	143,648
Total revenues	<u>7,727,500</u>	<u>7,727,500</u>	<u>6,754,700</u>	<u>(972,800)</u>
Expenditures				
Current:				
Materials and services	142,000	142,000	67,790 (1)	74,210
Capital outlay	25,996,285	25,996,285	6,319,998 (1)	19,676,287
Total expenditures	<u>26,138,285</u>	<u>26,138,285</u>	<u>6,387,788</u>	<u>19,750,497</u>
Excess (deficiency) of revenues over expenditures	<u>(18,410,785)</u>	<u>(18,410,785)</u>	<u>366,912</u>	<u>18,777,697</u>
Other Financing Uses				
Transfers out	(400,000)	(400,000)	(350,000) (1)	50,000
Total other financing uses	<u>(400,000)</u>	<u>(400,000)</u>	<u>(350,000)</u>	<u>50,000</u>
Net change in fund balance	(18,810,785)	(18,810,785)	16,912	18,827,697
Fund balance, July 1, 2017	<u>18,810,785</u>	<u>18,810,785</u>	<u>20,026,754</u>	<u>1,215,969</u>
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,043,666</u>	<u>\$ 20,043,666</u>

(1) Appropriation Level

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OTHER SUPPLEMENTARY INFORMATION

Major and Nonmajor Governmental Funds

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Schedule of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual
General Obligation Bond Debt Service Fund
For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,749,640	\$ 1,749,640	\$ 1,856,846	\$ 107,206
Investment earnings	8,000	8,000	16,504	8,504
Total revenues	<u>1,757,640</u>	<u>1,757,640</u>	<u>1,873,350</u>	<u>115,710</u>
Expenditures				
Debt service	<u>1,859,732</u>	<u>1,859,732</u>	<u>1,859,731</u> (1)	<u>1</u>
Total expenditures	<u>1,859,732</u>	<u>1,859,732</u>	<u>1,859,731</u>	<u>1</u>
Net change in fund balance	(102,092)	(102,092)	13,619	115,711
Fund balance, July 1, 2017	<u>\$102,092</u>	<u>102,092</u>	<u>113,254</u>	<u>11,162</u>
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,873</u>	<u>\$ 126,873</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Grants	\$ 969,464	\$ 969,464	\$ 366,665	\$ (602,799)
Contributions	96,000	96,000	13,429	(82,571)
Intergovernmental	-	-	73,143	73,143
Investment earnings	50,000	50,000	207,509	157,509
Miscellaneous	-	-	48,828	48,828
Total revenues	<u>1,115,464</u>	<u>1,115,464</u>	<u>709,573</u>	<u>(405,891)</u>
Expenditures				
Capital outlay	4,503,464	4,503,464	1,760,238 (1)	2,743,226
Reserves	11,754,799	11,754,799	-	11,754,799
Total expenditures	<u>16,258,263</u>	<u>16,258,263</u>	<u>1,760,238</u>	<u>14,498,025</u>
Excess (deficiency) of revenues over expenditures	<u>(15,142,799)</u>	<u>(15,142,799)</u>	<u>(1,050,665)</u>	<u>14,092,134</u>
Other Financing Sources				
Transfers in	3,717,821	3,717,821	3,717,821	-
Total other financing sources	<u>3,717,821</u>	<u>3,717,821</u>	<u>3,717,821</u>	<u>-</u>
Net change in fund balance	(11,424,978)	(11,424,978)	2,667,156	14,092,134
Fund balance, July 1, 2017	<u>11,424,978</u>	<u>11,424,978</u>	<u>12,050,988</u>	<u>626,010</u>
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,718,144</u>	<u>\$ 14,718,144</u>

(1) Appropriation Level

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2018

	Facility Rental	Equipment Reserve	Total
Assets			
Pooled cash and investments	\$ 1,175,014	\$ 342,050	\$ 1,517,065
Accounts receivable	15,921	-	15,921
Total assets	<u>\$ 1,190,935</u>	<u>\$ 342,050</u>	<u>\$ 1,532,986</u>
Liabilities			
Accounts payable	\$ 16,293	\$ 26,220	\$ 42,513
Deposits payable	58,178	-	58,178
Unearned revenue	99,336	-	99,336
Total liabilities	<u>173,807</u>	<u>26,220</u>	<u>200,027</u>
Fund balances			
Committed to:			
Facility rental activities	1,017,128	-	1,017,128
Capital equipment	-	315,830	315,830
Total fund balances	<u>1,017,128</u>	<u>315,830</u>	<u>1,332,959</u>
Total liabilities and fund balances	<u>\$ 1,190,935</u>	<u>\$ 342,050</u>	<u>\$ 1,532,986</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, 2018

	Facility Rental	Equipment Reserve	Total
Revenues			
Charges for services	\$ 417,356	\$ -	\$ 417,356
Investment earnings	16,675	5,103	21,778
Miscellaneous	-	3,315	3,315
Total revenues	<u>434,031</u>	<u>8,418</u>	<u>442,449</u>
Expenditures			
Current:			
Personnel services	127,747	-	127,747
Materials and services	56,735	-	56,735
Capital outlay	-	391,277	391,277
Total expenditures	<u>184,482</u>	<u>391,277</u>	<u>575,759</u>
Excess (deficiency) of revenues over expenditures	<u>249,549</u>	<u>(382,859)</u>	<u>(133,310)</u>
Other Financing Sources			
Sale of capital assets	-	43,933	43,933
Transfers in	-	150,000	150,000
Total other financing sources	<u>-</u>	<u>193,933</u>	<u>193,933</u>
Net change in fund balances	249,549	(188,926)	60,623
Fund balance, July 1, 2017	<u>767,580</u>	<u>504,756</u>	<u>1,272,336</u>
Fund balance, June 30, 2018	<u>\$ 1,017,128</u>	<u>\$ 315,830</u>	<u>\$ 1,332,959</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Facility Rental Special Revenue Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 409,000	\$ 409,000	\$ 417,356	\$ 8,356
Investment earnings	10,000	10,000	16,675	6,675
Total revenues	419,000	419,000	434,031	15,031
Expenditures				
Current:				
Personnel services	177,624	177,624	127,747 (1)	49,877
Materials and services	135,950	135,950	56,735 (1)	79,215
Capital outlay	797,433	797,433	- (1)	797,433
Total expenditures	1,111,007	1,111,007	184,482	926,525
Net change in fund balance	(692,007)	(692,007)	249,549	941,556
Fund balance, July 1, 2017	692,007	692,007	767,580	75,573
Fund balance, June 30, 2018	\$ -	\$ -	\$ 1,017,128	\$ 1,017,128

(1) Appropriation Level

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Equipment Capital Projects Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 3,500	\$ 3,500	\$ 5,103	\$ 1,603
Miscellaneous	-	-	3,315	3,315
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>8,418</u>	<u>4,918</u>
Expenditures				
Capital outlay	380,550	468,503	391,277 (1)	77,226
Reserves	<u>238,868</u>	<u>238,868</u>	<u>-</u>	<u>238,868</u>
Total expenditures	<u>619,418</u>	<u>707,371</u>	<u>391,277</u>	<u>316,094</u>
Excess (deficiency) of revenues over expenditures	<u>(615,918)</u>	<u>(703,871)</u>	<u>(382,859)</u>	<u>321,012</u>
Other Financing Sources				
Sale of capital assets	12,300	49,115	43,933	(5,182)
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total other financing sources	<u>162,300</u>	<u>199,115</u>	<u>193,933</u>	<u>(5,182)</u>
Net change in fund balance	(453,618)	(504,756)	(188,926)	315,830
Fund balance, July 1, 2017	<u>453,618</u>	<u>504,756</u>	<u>504,756</u>	<u>0</u>
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,830</u>	<u>\$ 315,830</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, 2018

Tax Year	Property Taxes Receivable July 1, 2017	Levy as Extended by Assessor	Adjustments, Interest and Discounts	Cash Collections	Property Taxes Receivable June 30, 2018
2016-17	\$ -	\$ 18,617,391	\$ (492,942)	\$ (17,886,988)	\$ 237,461
2015-16	334,981	-	14,857	(165,205)	184,633
2014-15	101,510	-	6,586	(57,535)	50,561
2013-14	52,511	-	6,435	(38,337)	20,610
2012-13	12,626	-	2,416	(12,557)	2,485
2011-12	2,414	-	265	(1,340)	1,339
2010-11	1,375	-	70	(558)	887
2009-10	1,007	-	39	(167)	879
2008-09	984	-	(5)	(30)	949
2007-08	576	-	(5)	(15)	556
Prior	2,089	-	330	(559)	1,860
	<u>\$ 510,073</u>	<u>\$ 18,617,391</u>	<u>\$ (461,953)</u>	<u>\$ (18,163,291)</u>	<u>\$ 502,220</u>

Reconciliation to revenues:

Collections	\$ 18,163,291
Baja credit	(22,795)
Change in property tax receivable	(7,854)
Change in deferred property taxes	<u>21,658</u>
Total Property Tax Revenues	<u>\$ 18,154,301</u>

Summary by fund:	Revenues	Property Taxes Receivable
General Fund	\$ 16,297,454	\$ 450,431
General Obligation Bonds Debt Service Fund	<u>1,856,846</u>	<u>51,789</u>
Totals	<u>\$ 18,154,301</u>	<u>\$ 502,220</u>

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

	2017-18	2016-17	2015-16
Current year's levy	\$ 16,714,726	\$ 15,687,211	\$ 14,993,274
Collections on current year's levy	16,134,198	15,032,531	14,268,628
Percentage of collection	96.5%	95.8%	95.2%
Percentage of current year's levy uncollected at end of year	1.3%	1.5%	1.5%

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

	2017-18	2016-17	2015-16
Current year's levy	\$ 1,902,663	\$ 1,870,530	\$ 1,780,582
Collections on current year's levy	1,836,689	1,790,961	1,694,523
Percentage of collection	96.5%	95.7%	95.2%
Percentage of current year's levy uncollected at end of year	1.3%	1.5%	1.5%

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

For the Year Ended June 30, 2018

Year Ending June 30	<u>Primary Government</u>	
	Principal	Interest
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>\$ 24,800,000</u>	<u>\$ 7,965,463</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Schedule of Future Debt Service Requirements
Loan Payable

For the Year Ended June 30, 2018

Year Ending June 30	<u>Primary Government</u>	
	<u>Principal</u>	<u>Interest</u>
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>\$ 3,214,317</u>	<u>\$ 330,318</u>

STATISTICAL SECTION



Ponderosa Skate Park

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Statistical Section Contents

June 30, 2018

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 90-97)

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 98-101)

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

Debt Capacity (pages 102-105)

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 106-107)

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 108-110)

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Net Investment in capital assets	\$ 63,425,155	\$ 67,678,891	\$ 72,076,860	\$ 74,237,520	\$ 74,747,514
Restricted	101,889	2,660,368	3,200,478	3,840,510	5,402,886
Unrestricted	10,501,256	6,800,190	5,796,712	5,953,024	8,260,838
Total Governmental Activities Net Position	\$ 74,028,300	\$ 77,139,449	\$ 81,074,050	\$ 84,031,054	\$ 88,411,238

(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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities					
Net Investment in capital assets	\$ 78,127,746	\$ 84,459,477	\$ 88,500,022	\$ 93,928,105	\$ 98,109,854
Restricted	6,956,991	9,002,872	16,362,379	20,110,007	20,170,539
Unrestricted	11,028,891	11,246,749	10,647,984	12,969,097	17,736,720
Total Governmental Activities Net Position	\$ 96,113,628	\$ 104,709,098	\$ 115,510,385	\$ 127,007,209	\$ 136,017,113

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Expenses</u>					
Governmental activities					
General government	\$ 1,860,074	\$ 2,160,632	\$ 2,309,789	\$ 2,300,028	\$ 2,598,957
Planning and development	793,771	635,168	581,037	630,029	222,323
Facility Rental	148,760	152,943	158,313	151,516	168,731
Park Services	4,776,434	4,924,902	5,289,210	5,474,235	6,475,498
Recreation Services	6,473,255	6,406,071	6,507,320	6,456,422	6,687,359
Interest on long-term debt	265,285	256,777	246,892	235,911	289,948
Total Governmental Activities Expenses	\$ 14,317,579	\$ 14,536,493	\$ 15,092,561	\$ 15,248,141	\$ 16,442,816
<u>Program Revenues</u>					
Governmental activities					
Charges for services:					
General government	\$ 61,223	\$ 68,686	\$ 43,747	\$ 45,098	\$ 88,439
Planning and development	901,130	529,913	979,457	1,460,267	3,276,002
Facility Rental	140,410	114,763	155,896	173,682	219,079
Park Services	32,977	14,998	-	-	-
Recreation Services	4,231,046	4,069,088	4,506,243	4,373,218	4,715,539
Operating grants and contributions	100,237	154,459	103,928	88,851	90,518
Capital grants and contributions	305,370	821,593	1,091,406	20,000	283,064
Total Governmental Activities Program Revenues	\$ 5,772,393	\$ 5,773,500	\$ 6,880,677	\$ 6,161,116	\$ 8,672,641
Net (Expense)/Revenue	\$ (8,545,186)	\$ (8,762,993)	\$ (8,211,884)	\$ (9,087,025)	\$ (7,770,175)
<u>General Revenues and Other Changes in Net Position</u>					
Governmental activities					
Property taxes, levied for general purposes	\$ 11,301,356	\$ 11,693,424	\$ 12,035,091	\$ 11,911,448	\$ 12,084,317
Property taxes, levied for bonded debt	-	-	-	-	-
Investment earnings	331,870	72,414	51,917	49,761	82,350
Gain (Loss) on disposition of capital assets	870	-	-	8,700	10,550
Other revenues	52,822	108,304	59,477	74,120	53,926
Total Governmental Revenues and Other Changes in Net Position	\$ 11,686,918	\$ 11,874,142	\$ 12,146,485	\$ 12,044,029	\$ 12,231,143
Change in Net Position	\$ 3,141,732	\$ 3,111,149	\$ 3,934,601	\$ 2,957,004	\$ 4,460,968

(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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Expenses</u>					
Governmental activities					
General government	\$ 2,669,407	\$ 2,771,181	\$ 3,545,037	\$ 3,568,574	\$ 3,693,841
Planning and development	661,638	538,205	1,146,682	1,042,662	967,102
Facility Rental	205,579	176,509	207,824	232,998	188,870
Park Services	6,519,040	6,522,644	8,301,736	8,328,614	9,351,964
Recreation Services	6,989,230	6,603,770	9,892,216	9,609,321	9,907,436
Interest on long-term debt	1,177,051	1,106,175	1,052,875	947,724	918,954
Total Governmental Activities Expenses	\$ 18,221,945	\$ 17,718,484	\$ 24,146,370	\$ 23,729,893	\$ 25,028,166
<u>Program Revenues</u>					
Governmental activities					
Charges for services:					
General government	\$ 101,034	\$ 35,594	\$ 35,252	\$ 36,770	\$ -
Planning and development	4,932,741	5,427,787	10,951,017	9,863,588	6,411,052
Facility Rental	245,793	265,622	324,456	329,630	417,356
Park Services	-	8,048	-	-	-
Recreation Services	5,009,488	5,292,305	6,560,722	7,000,166	7,508,219
Operating grants and contributions	88,817	50,151	59,542	87,017	214,374
Capital grants and contributions	664,908	1,441,960	384,646	156,953	420,367
Total Governmental Activities Program Revenues	\$ 11,042,781	\$ 12,521,467	\$ 18,315,635	\$ 17,474,124	\$ 14,971,368
Net (Expense)/Revenue	\$ (7,179,164)	\$ (5,197,017)	\$ (5,830,735)	\$ (6,255,769)	\$ (10,056,799)
<u>General Revenues and Other Changes in Net Position</u>					
Governmental activities					
Property taxes, levied for general purposes	\$ 12,780,676	\$ 13,574,247	\$ 14,504,627	\$ 15,209,963	\$ 16,279,389
Property taxes, levied for bonded debt	1,806,545	1,821,101	1,722,094	1,813,541	1,853,253
Investment earnings	224,954	206,154	217,531	430,504	747,949
Gain (Loss) on disposition of capital assets	12,745	66,690	27,200	-	-
Other revenues	56,636	261,552	160,570	240,750	186,111
Total Governmental Revenues and Other Changes in Net Position	\$ 14,881,556	\$ 15,929,744	\$ 16,632,022	\$ 17,694,758	\$ 19,066,702
Change in Net Position	\$ 7,702,392	\$ 10,732,727	\$ 10,801,287	\$ 11,438,989	\$ 9,009,904

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund					
Nonspendable	\$ 46,329	\$ 65,682	\$ 75,104	\$ 87,484	\$ 96,271
Assigned	-	-	1,000,000	1,000,000	1,000,000
Unassigned	3,415,770	3,913,990	2,979,476	2,238,567	3,454,665
Total General Fund	\$ 3,462,099	\$ 3,979,672	\$ 4,054,580	\$ 3,326,051	\$ 4,550,936
All Other Governmental Funds					
Reserved/Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 409
Unreserved, reported in:					
Special revenue funds	7,175,262	5,783,129	-	-	-
Total Unreserved	7,175,262	5,783,129	-	-	-
Restricted, reported in:					
Special revenue funds	-	-	3,118,592	3,840,510	34,206,769
Debt service funds	-	-	-	-	-
Total Restricted	-	-	3,118,592	3,840,510	34,206,769
Committed, reported in:					
Special revenue funds	-	-	892,559	834,642	598,842
Capital projects funds	-	-	1,257,652	2,224,931	3,709,465
Total Committed	-	-	2,150,211	3,059,573	4,308,307
Total All Other Governmental Funds	\$ 7,175,262	\$ 5,783,129	\$ 5,268,803	\$ 6,900,083	\$ 38,515,485

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund					
Nonspendable	\$ 78,066	\$ 207,491	\$ 93,576	\$ 110,222	\$ 114,379
Assigned	1,500,000	1,500,000	1,500,000	2,000,000	4,062,675
Unassigned	3,307,120	3,827,477	3,772,214	3,139,312	2,264,727
Total General Fund	\$ 4,885,186	\$ 5,534,968	\$ 5,365,790	\$ 5,249,534	\$ 6,441,781
All Other Governmental Funds					
Reserved/Nonspendable	\$ 30,000	\$ 37,500	\$ 30,000	\$ 30,000	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Total Unreserved	-	-	-	-	-
Restricted, reported in:					
Special revenue funds	30,621,485	14,826,801	16,867,173	19,996,753	20,043,666
Debt service funds	59,482	138,722	107,793	113,254	126,873
Total Restricted	30,680,967	14,965,523	16,974,966	20,110,007	20,170,539
Committed, reported in:					
Special revenue funds	403,689	481,601	628,271	767,580	1,017,128
Capital projects funds	6,450,570	8,202,927	9,725,059	12,555,744	15,033,974
Total Committed	6,854,259	8,684,528	10,353,330	13,323,324	16,051,102
Total All Other Governmental Funds	\$ 37,565,226	\$ 23,687,551	\$ 27,358,296	\$ 33,463,331	\$ 36,221,641

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues					
Taxes	\$ 11,014,835	\$ 11,879,729	\$ 12,008,728	\$ 11,958,162	\$ 12,293,207
Charges for services	4,465,655	4,267,535	4,705,886	4,611,791	5,023,056
System development fees	901,130	529,913	979,456	1,460,267	3,276,002
Contributions	95,571	158,625	100,928	88,851	135,274
Grants	9,376	8,204	3,000	20,000	238,308
Sponsorships	-	-	-	-	-
Intergovernmental	291,440	341,073	314,202	-	-
Investment earnings	331,869	72,414	51,917	49,761	82,349
Reimbursement for interfund services	138,557	98,128	56,899	18,454	30,120
Miscellaneous	52,822	48,304	59,477	54,327	53,926
Total Revenue	\$ 17,301,255	\$ 17,403,925	\$ 18,280,493	\$ 18,261,613	\$ 21,132,242
Expenditures					
Personnel services	\$ 8,683,617	\$ 8,603,546	\$ 8,768,415	\$ 8,711,179	\$ 9,100,512
Materials and services	3,742,364	3,784,411	3,886,982	3,930,158	4,577,809
Debt service					
Principal	270,000	280,000	290,000	305,000	315,000
Interest	267,008	257,558	247,758	236,883	224,682
Capital Outlay	11,566,729	5,630,406	5,526,756	4,184,342	4,935,375
Total Expenditures	\$ 24,529,718	\$ 18,555,921	\$ 18,719,911	\$ 17,367,562	\$ 19,153,378
Excess of revenues over (under) expenditures	\$ (7,228,463)	\$ (1,151,996)	\$ (439,418)	\$ 894,051	\$ 1,978,864
Other Financing Sources (Uses)					
Sales of capital assets	\$ 50,870	\$ 60,000	\$ -	\$ 8,700	\$ 11,850
Transfers in	4,416,116	4,737,392	5,025,365	6,081,767	4,238,613
Transfers out	(4,416,116)	(4,737,392)	(5,025,365)	(6,081,767)	(4,238,613)
Insurance proceeds	-	217,436	-	-	-
Bonds issued	-	-	-	-	29,000,000
Premium on bonds issued	-	-	-	-	1,849,573
Total Other Financing Sources (Uses)	\$ 50,870	\$ 277,436	\$ -	\$ 8,700	\$ 30,861,423
Net Change in Fund Balances	\$ (7,177,593)	\$ (874,560)	\$ (439,418)	\$ 902,751	\$ 32,840,287
Debt Service as a percentage of noncapital expenses	4.14%	4.16%	4.08%	4.11%	3.80%

(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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues					
Taxes	\$ 14,666,894	\$ 15,450,783	\$ 16,239,950	\$ 16,960,463	\$ 18,154,301
Charges for services	5,356,315	5,593,521	6,920,430	7,366,566	7,925,575
System development fees	4,824,247	5,305,916	10,951,017	9,863,589	6,411,052
Contributions	401,067	1,359,424	82,111	60,725	33,752
Grants	47,186	132,687	362,077	183,245	366,665
Sponsorships	-	-	-	-	116,682
Intergovernmental	-	-	-	-	117,642
Investment earnings	224,952	206,154	217,531	430,504	747,949
Reimbursement for interfund services	108,494	129,919	102,498	105,889	136,072
Miscellaneous	56,636	261,552	160,570	234,871	142,178
Total Revenue	\$ 25,685,791	\$ 28,439,956	\$ 35,036,184	\$ 35,205,852	\$ 34,151,867
Expenditures					
Personnel services	\$ 10,114,224	\$ 10,994,835	\$ 12,433,135	\$ 12,863,494	\$ 14,063,002
Materials and services	4,293,628	4,533,869	4,934,159	5,153,160	5,291,275
Debt service					
Principal	1,095,000	1,128,147	1,210,051	1,291,049	1,366,047
Interest	1,163,419	1,116,967	1,055,012	1,028,516	1,000,647
Capital Outlay	9,750,540	23,963,996	11,929,460	9,027,403	8,524,273
Total Expenditures	\$ 26,416,811	\$ 41,737,814	\$ 31,561,817	\$ 29,363,622	\$ 30,245,243
Excess of revenues over (under) expenditures	\$ (731,020)	\$ (13,297,858)	\$ 3,474,367	\$ 5,842,230	\$ 3,906,624
Other Financing Sources (Uses)					
Sales of capital assets	\$ 115,010	\$ 69,965	\$ 27,200	\$ 5,879	\$ 43,933
Transfers in	5,203,419	3,884,714	5,985,235	5,899,641	4,217,821
Transfers out	(5,203,419)	(3,884,714)	(5,985,235)	(5,899,641)	(4,217,821)
Insurance proceeds	-	-	-	-	-
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 115,010	\$ 69,965	\$ 27,200	\$ 5,879	\$ 43,933
Net Change in Fund Balances	\$ (616,010)	\$ (13,227,893)	\$ 3,501,567	\$ 3,689,175	\$ 3,950,557
Debt Service as a percentage of noncapital expenses	13.55%	12.63%	11.54%	11.41%	10.90%

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, 2018	Real Property		Personal Property		Public Utilities		Total		Total Direct Tax Rate	Percent of TAV to RMV
	RMV	TAV	RMV	TAV	RMV	TAV	RMV	TAV		
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%
2018	18,447,755	10,942,076	285,988	285,988	265,075	262,054	18,998,817	11,490,117	1.62	60.48%

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 Renewal District	Deschutes County	County Library	Education Service District	Central Oregon Community College	Bend La-Pine Administrative School District #1	Total
2009	1.46	\$ -	\$ 1.46	\$ 2.78	\$ 0.41	\$ 2.97	\$ 0.54	\$ 0.09	\$ 0.70	\$ 6.30	\$ 15.26
2010	1.46	-	1.46	2.77	0.44	2.98	0.54	0.09	0.61	6.44	15.34
2011	1.46	-	1.46	2.76	0.48	2.94	0.54	0.09	0.72	6.49	15.49
2012	1.46	-	1.46	3.00	0.23	2.92	0.54	0.10	0.74	6.26	15.25
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	15.27
2017	1.46	0.17	1.63	3.16	0.12	2.77	0.54	0.10	0.74	6.17	15.25
2018	1.46	0.17	1.63	3.15	0.13	2.63	0.54	0.10	0.73	6.62	15.52

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, Countywide Law Enforcement, County Extension/4H, 911 and 911 Local Option 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	2018			2009		
	Rank	Taxable Assessed	Percentage of Total District Taxable	Rank	Taxable Assessed	Percentage of Total District Taxable
		Value	Assessed Value (1)		Value	Assessed Value (1)
TDS Baja Broadband (Previously Bend Cable)	1	\$ 101,039	0.88%	-	\$ -	-
Pacificorp (PP&L)	2	89,971	0.78%	4	55,842	0.75%
Cascade Natural Gas Corp	3	62,806	0.55%	1	58,128	0.78%
Gas Transmission Northwest Corp	4	66,247	0.58%	3	67,931	0.91%
Touchmark at Mt. Bachelor Village	5	47,174	0.41%	8	33,149	0.44%
CVSC LLC	6	41,801	0.36%	9	32,739	0.44%
CenturyLink	7	43,293	0.38%	-	-	-
Suterra LLC	8	42,237	0.37%	-	-	0.00%
Wal-Mart Stores Inc.	9	31,405	0.27%	-	-	-
Deschutes Brewery Inc	10	34,004	0.30%	-	-	-
Qwest Corporation	-	-	-	2	58,579	0.78%
Pronghorn Investors LLC	-	-	-	5	40,681	0.54%
Eagle Crest Inc.	-	-	-	6	37,712	0.51%
Sunriver Resort Limited Partnership	-	-	-	7	37,750	0.51%
TD Cascade Highlands LLC	-	-	-	10	33,697	-
Total		\$ 559,977	4.87%		\$ 456,210	5.66%

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 \$11,490,117,000 for 2018 and \$7,998,803,000 for 2009.

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
2009	\$ 11,568,842	\$ 10,605,317	91.67%	\$ 734,308	\$ 11,339,625	98.02%
2010	12,081,740	11,177,973	92.52%	646,856	11,824,829	97.87%
2011	12,205,946	11,370,070	93.15%	535,255	11,905,325	97.54%
2012	12,136,549	11,394,352	93.88%	407,732	11,802,084	97.24%
2013	12,416,086	11,733,561	94.50%	305,385	12,038,946	96.96%
2014	14,977,277	14,271,827	95.29%	308,569	14,580,396	97.35%
2015	15,814,457	15,111,157	95.55%	249,950	15,361,107	97.13%
2016	16,773,856	15,963,151	95.17%	197,943	16,161,094	96.35%
2017	17,557,740	16,751,965	95.41%	165,205	16,917,170	96.35%
2018	18,617,391	17,886,988	96.08%	-	17,886,988	96.08%

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				
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
2018	26,187	-	3,214	29,401	0.66%		328	4,464,599	89,505

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)
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
2018	26,187	127	26,060	0.14%	291

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

(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, 2018 (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	\$ 45,163	99.64%	\$ 45,000
Bend-LaPine Administrative School District No. 1	391,441	70.75%	276,944
Central Oregon Community College	53,230	43.69%	23,256
Deschutes County	15,315	51.47%	7,883
High Desert ESD	3,489	47.29%	1,650
Subtotal, overlapping debt			354,733
Bend Metro Park and Recreation District direct debt			29,401
Total direct and overlapping debt			\$ 384,135

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, 2018
Real Market Value	\$18,998,816,993
	x 2.5%
General obligation debt limit at 2.5% of real market value	<u>474,970,425</u>
Debt applicable to limit:	
General obligation bonds	<u>26,187,178</u>
Total net debt applicable to limit	<u>26,187,178</u>
Legal debt margin	<u><u>\$ 448,783,247</u></u>
Debt capacity percent	94%

Fiscal Year	2.5% Debt Limit	Net Debt Subject to 2.5% Limit	Legal Debt Margin	Debt Capacity Percent
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%
2018	474,970,425	26,187,178	448,783,247	94%

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)
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%
2018	89,505	32.5	2,754	4,464,599	49,881	18,375	3.9%

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	2018			2009		
		Rank	Employees	Percent of Population Employed (1)	Rank	Employees	Percent of Population Employed (1)
St. Charles Medical Center	Health Care	1	3,361	3.8%	1	2,835	3.5%
Bend-LaPine School District No. 1	Education	2	2,133	2.4%	2	1,783	2.2%
Sunriver Resort	Recreation	3	1,100	1.2%	4	850	1.0%
Deschutes County	Government	4	1,075	1.2%	3	1,039	1.3%
COCC - Bend Campus	Education	5	999	1.1%	-	-	-
Mt. Bachelor Ski Resort	Recreation	6	840	0.9%	5	750	0.9%
City of Bend	Government	7	661	0.7%	7	511	0.6%
Safeway	Retail	8	584	0.7%	6	578	0.7%
Department of Forestry	Government	9	575	0.6%	-	-	-
IBEX Global	Call Center	10	540	0.6%	-	-	-
Summit Medical Group, formerly Bend Memorial Clinic	Health Care	-	-	-	8	510	0.6%
Brightwood Corporation	Wood Products	-	-	-	9	465	0.6%
Jeld-Wen Windows and Doors	Manufacturing	-	-	-	10	320	0.4%
Total			11,868	13.3%		9,641	11.9%

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 population employed represents percent of top 10 employers' employees to total population for the Bend Metropolitan Statistical Area of 89,505 for June 2018 and 80,995 for June 2009 (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

Full Time Equivalent District Employees by Program Last Ten Fiscal Years

	<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>	<u>2018</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	6.8	7.0	7.1	7.2	7.9	9.3	11.5	12.7	12.4	13.5
Community Relations	4.3	4.5	4.7	4.5	4.7	5.2	4.2	4.8	4.5	4.7
Strategic Planning and Design	8.3	8.9	7.6	7.4	4.3	4.9	10.2	10.5	10.2	10.2
Park Services	46.1	47.9	46.7	44.2	49.4	55.8	58.2	59.6	64.9	63.6
Recreation	103.5	104.2	105.2	99.2	101.4	100.8	103.9	120.2	128.1	136.1
Facility Rental	2.1	2.2	2.1	1.7	1.7	1.7	1.7	2.3	2.7	2.5
Total	<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>	<u>231.6</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>	<u>2018</u>
Youth Recreation								
# of Participants ⁽¹⁾	671	692	749	938	1,051	1,172	1,839	2,347
# of Programs Held	137	153	78	89	87	182	114	120
Adult Enrichment								
# of Participants	880	734	1,018	1,198	1,570	1,651	1,261	1,267
# of Programs Held	121	118	219	200	268	284	250	243
Sports								
# of Participants	9,958	8,467	8,525	9,808	10,343	10,979	12,093	11,583
# of Programs Held	766	751	760	823	885	915	1,086	980
Therapeutic Recreation								
# of Participants	682	836	693	903	1,063	984	1,108	1,215
# of Programs Held	69	85	92	103	103	91	108	126
Aquatics								
# of Participants	7,422	7,810	9,479	6,695	8,755	7,521	8,201	7,100
# of Programs Held	816	763	834	757	874	850	866	770
Youth Enrichment								
# of Participants	5,432	5,152	4,880	4,896	4,779	4,806	3,747	5,312
# of Programs Held	1,205	1,177	953	966	659	652	618	623
Youth Outdoor Recreation								
# of Participants	299	249	478	563	698	700	586	825
# of Programs Held	49	75	85	65	79	84	86	92
Adult Outdoor Recreation								
# of Participants	1,424	1,218	1,003	1,069	934	707	665	613
# of Programs Held	197	195	187	182	192	125	127	126
Pavilion								
# of Participants		No Programs Available before Fall 2015				3,698	7,591	9,238
# of Programs Held						373	716	717
Art Station								
# of Participants		No Programs Available before Fall 2016					468	1946
# of Programs Held							138	332
Total # of Participants	26,768	25,158	26,825	26,070	29,193	32,218	37,559	41,446
Total # of Programs Held	3,360	3,317	3,208	3,185	3,147	3,556	4,109	4,129
Recreation Facility Visitation by Location	2011	2012	2013	2014	2015	2016	2017	2018
Bend Senior Center	15,142	23,453	29,582	34,930	35,040	43,058	46,583	53,356
Juniper Swim and Fitness Center	399,190	406,876	414,282	414,747	416,129	417,318	419,240	423,878
The Pavilion		Opened in December 2015				25,063	26,396	34,566
Total Annual Visitation	414,332	430,329	443,864	449,677	451,169	485,439	492,219	511,800

* 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>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>	<u>2018</u>
Planning and Development										
Number of Parks	78	78	82	82	82	83	86	88	90	90
Completed Park Sites	71	74	74	74	74	75	78	79	84	84
Park Sites to be Developed	7	4	8	8	8	8	8	9	6	6
Acres of Developed Park Land	2,503	2,666	2,666	2,666	2,666	2,669	2,716	2,725	2,955	2,955
Acres per 1,000 Residents	30.9	32.4	34.8	34.7	34.4	34.1	34.0	33.5	34.1	33.0
Miles of Trails	49	61	61	61	63	63	63	65	65	70
Recreation										
Recreation Facilities	2	2	2	2	2	2	2	3	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	47,780
Bend Whitewater Park	-	-	-	-	-	-	1	1	1	1

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, 2018 and have issued our report thereon dated December 6, 2018. 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.

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.

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 6, 2018



Bend Park &
Recreation
DISTRICT