



Bend Metro Park & Recreation District

# Annual Financial Report

Fiscal Year Ending June 30, 2013



**Bend Park & Recreation**  
DISTRICT

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

**Annual Financial Report**

**For the Year Ended June 30, 2013**

Report Prepared by the District Finance Department

Lindsey Lombard, Finance Director

Amy Parker, Financial Accountant



Bend Park &  
Recreation  
DISTRICT

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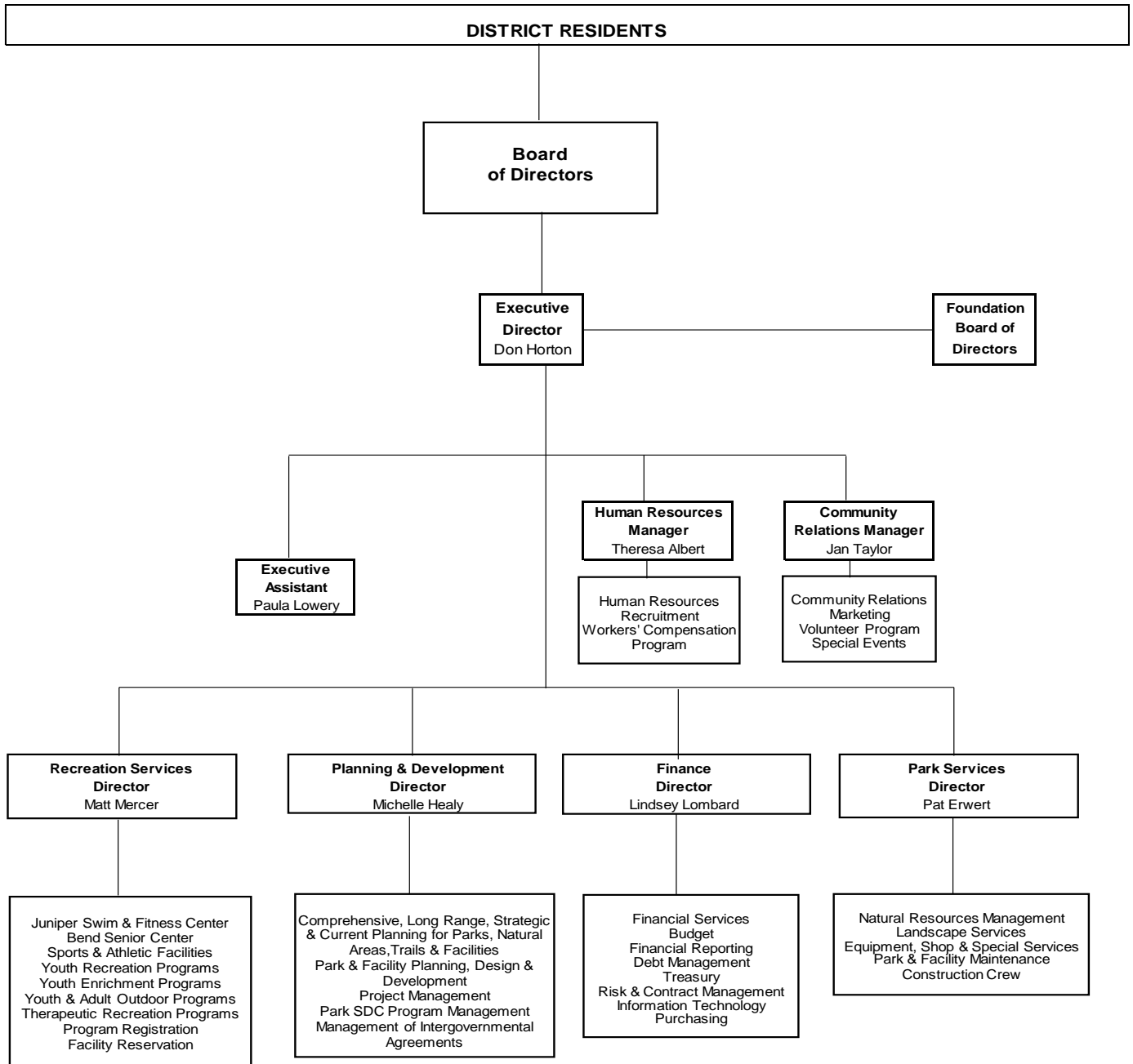
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## **INTRODUCTORY SECTION**

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Organizational Chart For the Year Ended June 30, 2013



BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Directory of District Officials**  
For the Year Ended June 30, 2013

Board of Directors

<u>Name</u>	<u>Term Expires</u>
Ted Schoenborn Bend, OR	June 30, 2017
Scott Asla Bend, OR	June 30, 2017
Ruth Williamson Bend, OR	June 30, 2013
Scott Wallace Bend, OR	June 30, 2015
Dan Fishkin Bend, OR	June 30, 2015

Registered Agent and Office

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

Principal Officials

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



## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

John P. Harrigan, CPA

Wesley B. Price III, CPA

Candace S. Fronk, CPA

Kara L. Pardue, CPA

Karen C. Anderson, CPA

To the Board of Directors  
Bend Metro Park and Recreation District

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Bend Metro Park and Recreation District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Bend Metro Park and Recreation District, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

The Required Supplementary Information (budgetary comparison information for the General and major special revenue funds) as listed in the Table of Contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information for these funds has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Required Supplementary Information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



*Other Information*

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

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

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

*Report on Other Legal and Regulatory Requirements*

In accordance with the *Minimum Standards for Audits of Oregon Municipal Standards*, we have also issued a report titled "Audit Comments and Disclosure Required by State Regulations" dated December 24, 2013, which is also not a required part of the financial statements. The purpose of that report is to address specific matters required by the State of Oregon.

HARRIGAN PRICE FRONK & CO. LLP  
Certified Public Accountants & Consultants

By:   
Candace S. Fronk – a partner

December 24, 2013

## **Management's Discussion and Analysis For the Year Ended June 30, 2013**

The management of the Bend Metro Park and Recreation District (District) provides readers of the District's financial statements this narrative overview and analysis of the financial activities and financial position of the District for the fiscal year ended June 30, 2013. Management's Discussion and Analysis (MD&A) focuses on currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the accompanying notes to those financial statements.

### **Financial Highlights**

- The District's assets totaled \$127.2 million at June 30, 2013 consisting of \$81.8 in capital assets, \$44.1 million in cash and investments and \$1.3 million in receivables and other assets. Total assets increased by \$35 million from the prior year.
- The District's liabilities totaled \$38.8 million at June 30, 2013 consisting of \$35.8 million in debt, \$900,000 in other noncurrent liabilities and \$2.1 million in accounts payable and other current liabilities. Total liabilities increased by \$30.6 million from the prior year.
- The District's net position (assets less liabilities) at June 30, 2013 increased by nearly \$4.4 million, from \$84 million to \$88.4 million, or 5.2% from the prior year. This increase in net position is resultant of a combination of: capital assets increasing by \$2.2 million; cash and investments increasing by \$32.7 million; debt increasing by \$30.5 million.
- Of the District's total net position at June 30, 2013, \$8.3 million is unrestricted and available for funding the District's operations, \$74.7 million is invested in capital assets (net of related debt) and \$5.4 million is restricted for capital projects.
- The District generated program revenues of \$8.7 million from its governmental activities. Direct expenses of all programs totaled \$16.4 million. General revenues which include taxes and investment earnings totaled \$12.2 million.

### **Overview of the Financial Statements**

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

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

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

## Management's Discussion and Analysis, continued

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

During fiscal year 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63) and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). Please see Summary of Significant Accounting Policies in Note 1, K of the financial statements for further details.

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

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

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

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

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

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

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

## Management's Discussion and Analysis, continued

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

The basic governmental fund financial statements can be found on pages 18–21 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 22-41 of this report.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons for the general fund and major special revenue funds. These comparisons can be found on pages 44-46 of this report.

**Other supplementary information.** The combining statements and budget to actual schedules for the major and nonmajor governmental funds are presented in this section, and can be found on pages 48-53 of this report.

## Government-wide Financial Analysis

### 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, 2013, the District had a positive net position balance - assets exceeded liabilities - of \$88,411,238. This is an increase of 5.2% over prior year.

The most significant portion of the District's net position (85%) represents its investment in capital assets net of related debt (land, buildings, improvements, and vehicles, equipment and software, net of accumulated depreciation). The District uses these capital assets to provide services to District residents. Consequently, these assets are not available for future spending. An additional portion of the District's net position, \$5,402,886 or 6.1%, represents resources that are subject to external restrictions on how they may be used.

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:

### Bend Metro Park and Recreation District Net Position

	Governmental Activities		
	2013	2012	Change
Current and other assets	\$ 45,404,882	\$ 12,651,865	\$ 32,753,017
Capital assets, net	81,775,274	79,535,421	2,239,853
Total assets	127,180,156	92,187,286	34,992,870
Other liabilities	2,954,345	2,876,232	78,113
Long-term debt	35,814,573	5,280,000	30,534,573
Total liabilities	38,768,918	8,156,232	30,612,686
Net position:			
Invested in capital assets, net of related debt	74,747,514	74,237,520	509,994
Restricted for capital projects	5,402,886	3,840,510	1,562,376
Unrestricted	8,260,838	5,953,024	2,307,814
Total net position	\$ 88,411,238	\$ 84,031,054	\$ 4,380,184

## Management's Discussion and Analysis, continued

### Changes in Net Position

Governmental activities increased the District's net position by \$4,380,184 this year. Property taxes increased by nearly \$173,000, this was due to a combination of: statutorily allowable increases in assessed value on other existing properties and new residential and commercial development. Recreation Services' charges for services increased by \$342,000 due to increased customer participation as the community begins coming out of the recession. System development charge revenue increased by over \$1.8 million from the prior year, a strong sign that growth in residential development is increasing, which also reflects that the recession nears its end. Capital grants and contributions are also up from prior year, due largely to a grant for Miller's Landing Community Park development from the State of Oregon's Local Government Grant program. Expenses for governmental activities increased by 7.8% over last year, and that is a reflection of growth in services and an increase in costs district-wide. The details of the District's changes in net position for fiscal year ended June 30, 2013 are as follows:

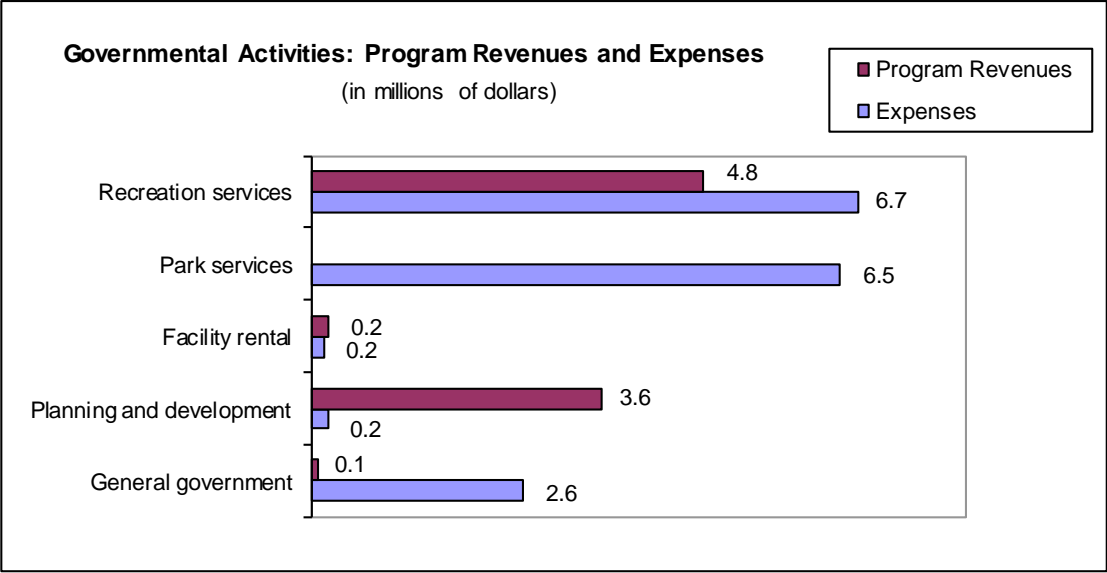
### Bend Metro Park and Recreation District Changes in Net Position

	Governmental Activities		
	2013	2012	Change
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 8,299,059	\$ 6,052,265	\$ 2,246,793
Operating grants and contributions	90,518	88,851	1,667
Capital grants and contributions	283,064	20,000	263,064
General revenues:			
Taxes	12,084,317	11,911,448	172,869
Investment earnings	82,350	49,761	32,589
Other	64,476	82,820	(18,344)
Total revenues	20,903,784	18,205,145	2,698,639
<b>Expenses</b>			
General government	2,598,957	2,300,028	298,929
Planning and development	222,323	630,029	(407,706)
Facility rental	168,731	151,516	17,215
Park services	6,475,498	5,474,235	1,001,263
Recreation services	6,687,359	6,456,422	230,937
Interest on long-term debt	289,948	235,911	54,037
Total expenses	16,442,816	15,248,141	1,194,675
Increase in net position	4,460,968	2,957,004	1,503,964
Net position - beginning	84,031,054	81,074,050	2,957,004
Prior period adjustment	(80,784)	-	(80,784)
Net position - ending	\$ 88,411,238	\$ 84,031,054	\$ 4,380,184

All governmental programs utilize general revenues to support their functions. Some programs such as general government and park services are fully dependent on general revenues to fund operations. Other programs, such as recreation services, are only subsidized by general revenues. The following chart compares the revenues and expenses for each of the District's governmental programs and shows the extent of each program's dependence on general revenues for support in the current year.

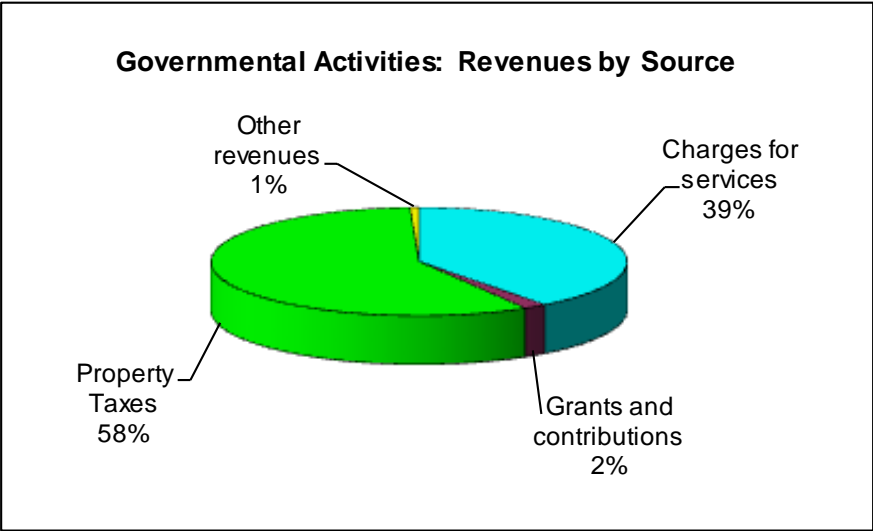


Management’s Discussion and Analysis, continued



Program revenues generated by planning and development include system development charges of \$3,276,002 and capital grants and contributions of \$283,064. The significant portion of these revenues is expended on acquisitions and development of capital assets, and not operational expenses.

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



## Management's Discussion and Analysis, continued

### Financial Analysis of the District's Funds

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

#### Governmental funds

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

At the end of fiscal year 2012-13, the District's governmental funds reported combined ending fund balances of \$43 million, which reflects an increase of \$32.8 million from the prior year's fund balances. The District issued general obligation bonds in June of 2013, in the amount of \$29 million, for the purposes of acquiring and developing park, recreation and trail facilities for the Bend community. The bond issuance and resultant proceeds account for \$28.8 million of the \$32.8 million increase from prior year's ending fund balances. The remaining \$4 million of the increase is largely due to reserving funds in the Facility Capital Projects Fund and the System Development Charges Fund for future capital outlay (a combined amount of \$3 million). Over 99% (\$43 million) of the District's combined ending fund balances is available for spending, subject to reporting fund limitations. The remainder of fund balance (\$97,000) is nonspendable because of prepaid contracted services.

The **General Fund** is the primary operating fund of the District. At the end of the current fiscal year, the fund balance of the General Fund was over \$4.5 million, a \$1.2 million increase from the prior year. Revenues increased by \$400,000, largely due to increased property tax collections, and expenditures increased by \$300,000 from the prior year (mainly in personnel services and materials and services). As a measure of the General Fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. The General Fund's spendable fund balance represents over 57% of total General Fund expenditures and over 38% of total General Fund combined expenditures and transfers out. These percentages were 44% and 25%, respectively, in the prior year.

Other major governmental funds include the System Development Charges (SDC) Fund, Recreation Services Fund, Bond Capital Projects Fund and Facility Capital Projects Fund.

The **System Development Charges Special Revenue Fund** is used to account for the acquisition and development of parks and trails. There had been a significant slowdown in growth in residential development in Bend caused by the national economic recession, which decreased SDC revenue for fiscal years 2006-07 through 2009-10. However, since then, SDC revenue has seen annual increases. Fiscal year 2012-13 SDC revenues saw an increase of \$1.8 million (123%) over the prior year. Capital outlay in this fund was \$1 million higher than in the prior year. The ending fund balance increased by \$1.6 million from the prior year balance. This fund balance of \$5,402,886 is entirely restricted by state law to capacity-enhancing and reimbursement projects for park and trail facilities.

The **Recreation Services Special Revenue Fund** is used to account for the recreational programs, activities and facilities provided by the District. The principal source of revenue is charges for services. The fund had \$330,000 (7.3%) more in revenues, \$168,000 (2.8%) more in expenditures, and the transfer-in from the General Fund decreased by approximately \$340,000 (27%). Future year transfers into the Recreation Services Fund are anticipated to increase annually at approximately 3% from \$1.5 million in fiscal year 2013-14. The fund balance decreased by over \$280,000. This fund balance of \$225,000 is committed for the purposes of paying for personnel, materials and services, and facility costs necessary to provide quality recreational programs for the community.

## Management's Discussion and Analysis, continued

The **Bond Capital Projects Fund** is a newly created fund in fiscal year 2012-13. It accounts for the financial resources received from the voter approved general obligation bond passed in November 2012. Primary expenditures of this fund are acquisition and construction of park, recreation and trail related capital projects promised to the community. The District is carrying forward into next fiscal year the majority of the bond proceeds, as these were received late in fiscal year 2012-13. This fund balance of \$28,804,292 is restricted for capital projects.

The **Facility Capital Projects Fund** accounts for major capital project activities of the District that are not accounted for in the SDC Fund or the Bond Capital Projects Fund. Principal financing source is from a transfer in from the General Fund. It also receives revenues from capital-related grants and contributions. The District is carrying forward into next fiscal year a large fund balance to pay for significant planned development projects and land acquisitions. These reserves are also for the purpose of major repair and replacement of capital assets as they end their useful life. The capital outlay funded this fiscal year was development at Ponderosa and Miller's Landing Community Parks, and improvements at Juniper Swim & Fitness Center and Big Sky Community Park. The fund balance increased by \$1.4 million. This fund balance of \$3,262,204 is committed for the purposes of land acquisitions, park development and other facility capital projects.

### General Fund Budgetary Highlights

#### Original budget compared to final budget and actual results

The General Fund's original budget was not amended in fiscal year 2013. For the year, actual revenues were more than budgetary estimates by 2.4%, due to higher than anticipated property tax collections. Actual expenditures were 76% of the budgeted expenditures. The significant underspending in expenditures occurred in capital outlay by 36%, and in not needing to use any of the \$1.8 million in operating contingency.

### Capital Assets and Debt Administration

#### Capital assets

As of June 30, 2013, the District had invested \$81.8 million in capital assets (net of accumulated depreciation) as reflected in the following table, which represents a net increase (additions, deductions and depreciation) of over \$2.2 million over the prior year, or 2.8%.

#### Bend Metro Park and Recreation District Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		
	2013	2012	Change
Land including right-of-way	\$ 38,289,508	\$ 37,681,807	\$ 607,701
Construction in progress	3,047,832	478,486	2,569,346
Artwork	230,000	230,000	-
Buildings and building improvements	21,403,121	22,105,633	(702,512)
Improvements other than buildings	17,761,370	17,988,006	(226,636)
Vehicles, equipment and software	1,043,443	1,051,489	(8,046)
Total capital assets	<u>\$ 81,775,274</u>	<u>\$ 79,535,421</u>	<u>\$ 2,239,853</u>

Capital asset additions, totaling over \$4.6 million for fiscal year 2013, are as follows:

- Acquisition of land for future park and recreation facilities, at over \$600,000,
- Deposits on additional future park land, in the amount of \$717,000,
- Construction in progress at three community parks in the amount of nearly \$1.8 million,

## Management's Discussion and Analysis, continued

- Other construction in progress totaling approximately \$92,000,
- Primary trail improvements, including a pedestrian bridge over the Deschutes River, totaling \$722,000,
- Access and hard surface improvements at Big Sky Community Park totaling approximately \$218,000,
- Beginning of design for future expansion of the Bend Senior Center, in the amount of \$32,000,
- Improvements at Juniper Swim and Fitness Center in the amount of \$18,000,
- Facility renovations and improvements, totaling \$40,000,
- Design and engineering for Colorado Dam safe passage in the amount of \$71,000, and
- Purchases of vehicles, equipment and software totaling just under \$299,000.

Offsetting these additions were depreciation and retirements of assets.

### Long-term debt

As of June 30, 2013 the District had \$35,814,573 in bonded debt outstanding, and is backed by the full faith and credit of the district. The remainder of the district's long-term obligations comprises employee-and development-related obligations.

#### Bend Metro Park and Recreation District Outstanding Debt

	Governmental Activities		
	2013	2012	Change
General obligations bonds	\$ 29,000,000	\$ -	\$ 29,000,000
Premium on general obligation bonds	1,849,573	-	1,849,573
Full faith & credit obligations	4,965,000	5,280,000	(315,000)
Compensated absences	320,398	298,622	21,776
Developer agreement payable	347,228	372,644	(25,416)
System development charges credit	55,477	309,127	(253,650)
Other post-employment benefits payable	353,045	285,312	67,733
Total outstanding obligations	<u>\$ 36,890,721</u>	<u>\$ 6,545,705</u>	<u>\$ 30,345,016</u>

The District's total long-term debt increased by \$30,345,000 over the prior year. The reason for this increase is that the District issued general obligation bonds in the amount of \$29 million. The bond proceeds are for the purpose of funding the construction of new park and recreation projects and to purchase land for new parks and trail connections to serve the community and its guests.

The District sold the bonds in June 2013, and created a new fund (Bond Capital Projects Fund) to account for the proceeds and the activity related to the bonds. This bond issuance will be paid off in fiscal year 2033. Of the amount outstanding at year-end, \$770,000 is due within one year. The full faith and credit obligation, related to the Juniper Swim and Fitness Center renovation and expansion, will be paid off in fiscal year 2025. Of the amount outstanding at year-end, \$325,000 is due within one year.

The District maintains an "Aa3" rating from Moody's Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt that park and recreation districts may issue to 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. As of June 30, 2013, the District's remaining general obligation debt capacity is \$220,279,695. The District has only issued 11.63% of its capacity.

## Management's Discussion and Analysis, continued

### Economic Factors and Next Year's Budget and Rates

The District now comprises approximately half the population of Deschutes County, which has been Oregon's fastest growing county over the past decade. The estimated population of the city of Bend as of July 1, 2013, was 78,640, an increase of 1.5% from the July 1, 2012, population of 77,455.

The District is dependent on property taxes, charges for services, grants, contributions and investment earnings to support its operations. Property taxes made up approximately 58% of the District's total revenue sources in fiscal year 2013, charges for services provided 24%, system development fees provided 15%, grants and contributions provided less than 1%, and investment earnings and other revenues also provided less than 2%. In May 1997, voters approved Measure 50, which rolled back property assessed values to 90% of 1995-96 levels, established permanent tax rates and limited assessed value growth for individual properties to 3% per year plus new construction. The permanent tax rate for the District is \$1.461 per \$1,000 of assessed value. For a number of years the strong economy and the significant residential and commercial development in Bend had helped mitigate the effects of Measure 50 on property tax revenues. However, during the economic recession, and the resultant significant slowdown in new construction in Bend, the District saw property tax assessments decrease or remain static over the prior three years. Now, with the local community's economic growth, the district's projected growth in property tax assessments for fiscal year 2014 is just over 5%.

The District's System Development Charges (SDC) revenue is the other area that saw a significant effect from the decline in residential construction in Bend, but has been climbing with the recent growth. SDCs collected in fiscal year 2013 were up \$1.8 million from the prior year, an increase of 55%, and 2012 was up \$480,000 from 2011, an increase of 49%. This follows closely on two consecutive years (2008-09 and 2009-10) of approximately 41% annual decreases, and a total of four consecutive years of revenue decreases. So far in the first five months of the current fiscal year 2014, SDC collections are actually up \$1.1 million, or 111%, from the same time period last year, projecting a steep growth trend going forward.

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

#### **Mission statement:**

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

#### **We value:**

- **Excellence** by striving to set the standard for quality programs, parks and services through leadership, vision, innovation and dedication to our work.
- **Environmental Sustainability** by helping to protect, maintain and preserve our natural and developed resources.
- **Fiscal Accountability** by responsibly and efficiently managing the financial health of the District today and for generations to come.
- **Inclusiveness** by reducing physical, social and financial barriers to our programs, facilities and services.
- **Partnerships** by fostering an atmosphere of cooperation, trust and resourcefulness with our patrons, coworkers, and other organizations.
- **Customers** by interacting with people in a responsive, considerate and efficient manner.

## Management's Discussion and Analysis, continued

- **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.

Some of the significant factors affecting the 2013-14 budget were:

- Assessed value on property within the district was budgeted to increase only by 3% from the prior year.
- Increasing staffing levels by a net of 3 full-time positions - from 84 to 87, and 6 part-time positions from prior fiscal year.
- Overall revenues are projected to be up by almost 30%.
- Personnel services expenditures are budgeted to increase by 13%.
- Materials and services are budgeted to decrease by 5%.
- Capital outlay is budgeted to increase by 191% (due largely to the bond-funded projects).
- Debt service is budgeted to increase by 370% (due to the bond-related debt service).

Budgetary highlights for the District's 2013-14 fiscal year include the following:

- Funds for the acquisition of park land totaling over \$3.15 million,
- Completion of design and engineering and beginning construction for the Colorado paddle trail at an estimated \$1.7 million,
- Planning, design and engineering for the Simpson site and related recreation pavilion for a projected amount of \$2.27 million,
- Improvements at Pine Nursery Community Park totaling \$4.9 million,
- Improvements to Ponderosa Community Park totaling over \$750,000,
- Acquisition, design, development and/or completion of neighborhood parks, totaling \$540,000,
- Funds for the acquisition of land or right-of-way for trails in the amount of \$500,000,
- Numerous trail improvements for an estimated amount of \$220,000,
- Development at Miller's Landing Community Park in the amount of \$230,000,
- Facility improvements at various sites totaling \$395,000,
- Improvements to Juniper Swim & Fitness Center totaling \$29,500,
- Purchases of vehicles, equipment, and computer technology totaling \$335,000,
- Continued development of quality recreational programs to serve the growing community's needs; the budget estimates approximately \$4.88 million in revenues which is approximately a 1.7% increase compared to last year, and a 75.2% cost recovery, and
- A projected General Fund subsidy of \$1.6 million for recreation programs, up 7.9% from prior year budget.

## 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 Lindsey Lombard, Finance Director, Bend Park and Recreation District, at 799 SW Columbia Street, Bend, Oregon 97702, [lindsey@bendparksandrec.org](mailto:lindsey@bendparksandrec.org). The District's telephone number is (541) 389-7275.

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## **BASIC FINANCIAL STATEMENTS**



# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Statement of Net Position June 30, 2013

	Primary Government Governmental Activities	Component Unit Bend Park and Recreation Foundation
<b>Assets</b>		
Current assets:		
Pooled cash and investments	\$ 44,080,064	\$ 313,361
Property taxes receivable	557,233	-
System development fees receivable	415,588	-
Accounts receivable	255,317	-
Prepaid items	96,680	1,375
Total current assets	<u>45,404,882</u>	<u>314,736</u>
Noncurrent assets:		
Capital assets:		
Land, construction in progress and artwork	41,567,340	-
Other capital assets (net of accumulated depreciation)	40,207,934	-
Total noncurrent assets	<u>81,775,274</u>	<u>-</u>
<b>Total assets</b>	<u>127,180,156</u>	<u>314,736</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	656,613	46,809
Accrued liabilities	307,209	-
Deposits payable	66,810	-
Accrued interest payable	83,167	-
Unearned revenue	764,398	1,670
Compensated absences	60,903	-
Developer agreement payable	144,817	-
Current portion of long-term debt	1,095,000	-
Total current liabilities	<u>3,178,917</u>	<u>48,479</u>
Noncurrent liabilities:		
Compensated absences	259,495	-
Developer agreement payable	202,411	-
System development charges credit	55,477	-
Other post-employment benefits payable	353,045	-
Long-term debt due in more than one year	34,719,573	-
Total noncurrent liabilities	<u>35,590,001</u>	<u>-</u>
<b>Total liabilities</b>	<u>38,768,918</u>	<u>48,479</u>
<b>Net position</b>		
Net investment in capital assets	74,747,514	-
Restricted for:		
Capital projects	5,402,886	-
Temporarily restricted - Program activities	-	174,165
Permanently restricted - Endowment	-	54,787
Unrestricted	8,260,838	37,305
<b>Total net position</b>	<u>\$ 88,411,238</u>	<u>\$ 266,257</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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Bend Park and Recreation Foundation
Primary government:						
Governmental activities:						
General government	\$ 2,598,957	\$ 88,439	\$ -	\$ -	\$ (2,510,518)	\$ -
Planning and development	222,323	3,276,002	-	283,064	3,336,743	-
Facility rental	168,731	219,079	-	-	50,348	-
Park services	6,475,498	-	15,244	-	(6,460,254)	-
Recreation services	6,687,359	4,715,539	75,274	-	(1,896,546)	-
Interest on long-term debt	289,948	-	-	-	(289,948)	-
Total primary government	<u>\$ 16,442,816</u>	<u>\$ 8,299,059</u>	<u>\$ 90,518</u>	<u>\$ 283,064</u>	<u>(7,770,175)</u>	<u>-</u>
Component unit:						
Bend Park and Recreation Foundation	<u>\$ 113,032</u>	<u>\$ -</u>	<u>\$ 163,976</u>	<u>\$ -</u>		<u>50,944</u>
General revenues:						
Property taxes					12,084,317	-
Unrestricted investment earnings					82,350	-
Gain on disposition of capital assets					10,550	-
Other revenues					<u>53,926</u>	<u>33,326</u>
Total general revenues					<u>12,231,143</u>	<u>33,326</u>
Change in net position					4,460,968	84,270
Net position, July 1, 2012					84,031,054	181,987
Prior period adjustment					<u>(80,784)</u>	<u>-</u>
Net position, June 30, 2013					<u>\$ 88,411,238</u>	<u>\$ 266,257</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, 2013

	General	System Development Charges	Recreation Services	Bond Capital Projects	Facility Capital Projects	Other Governmental	Total
<b>Assets</b>							
Pooled cash and investments	\$ 4,934,513	\$ 5,108,957	\$ 949,319	\$ 29,665,809	\$ 2,469,557	\$ 951,909	\$ 44,080,064
Receivables:							
Property taxes	557,233	-	-	-	-	-	557,233
System development fees	-	415,588	-	-	-	-	415,588
Accounts	36,793	4,000	69,972	167	83,153	61,232	255,317
Due from other funds	-	-	-	-	812,601	-	812,601
Prepaid items	96,271	409	-	-	-	-	96,680
Total assets	<u>\$ 5,624,810</u>	<u>\$ 5,528,954</u>	<u>\$ 1,019,291</u>	<u>\$ 29,665,976</u>	<u>\$ 3,365,311</u>	<u>\$ 1,013,141</u>	<u>\$ 46,217,483</u>
<b>Liabilities and fund balances</b>							
Liabilities:							
Accounts payable	\$ 275,621	\$ 126,068	\$ 101,300	\$ 49,083	\$ 103,107	\$ 1,434	\$ 656,613
Accrued payroll liabilities	254,822	-	-	-	-	-	254,822
Accrued compensated absences	60,903	-	-	-	-	-	60,903
Other current liabilities payable	-	-	52,387	-	-	-	52,387
Deposits payable	-	-	-	-	-	66,810	66,810
Due to other funds	-	-	-	812,601	-	-	812,601
Unearned revenue	-	-	640,604	-	-	123,794	764,398
Total liabilities	<u>591,346</u>	<u>126,068</u>	<u>794,291</u>	<u>861,684</u>	<u>103,107</u>	<u>192,038</u>	<u>2,668,534</u>
Deferred inflow of resources							
Unavailable revenue - taxes	<u>482,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,528</u>
Fund balances:							
Nonspendable:							
Prepaid items	96,271	409	-	-	-	-	96,680
Restricted for:							
Capital projects	-	5,402,477	-	28,804,292	-	-	34,206,769
Committed to:							
Recreation services	-	-	225,000	-	-	-	225,000
Capital projects - facilities	-	-	-	-	3,262,204	-	3,262,204
Facility rental activities	-	-	-	-	-	373,842	373,842
Capital projects - equipment	-	-	-	-	-	447,261	447,261
Assigned:							
Future expenditures	1,000,000	-	-	-	-	-	1,000,000
Unassigned:	<u>3,454,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,454,665</u>
Total fund balances	<u>4,550,936</u>	<u>5,402,886</u>	<u>225,000</u>	<u>28,804,292</u>	<u>3,262,204</u>	<u>821,103</u>	<u>43,066,421</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 5,624,810</u>	<u>\$ 5,528,954</u>	<u>\$ 1,019,291</u>	<u>\$ 29,665,976</u>	<u>\$ 3,365,311</u>	<u>\$ 1,013,141</u>	<u>\$ 46,217,483</u>

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

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

June 30, 2013

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

Total Fund Balances - governmental funds	\$ 43,066,421
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	81,775,274
Long-term liabilities, including accrued liabilities and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Deferred property taxes	482,528
Interest payable	(83,167)
System development charges credit	(55,477)
Developer agreement payable	(347,228)
Accrued compensated absences, portion due or payable in more than one year	(259,495)
Other post-employment benefits	(353,045)
Full faith and credit obligation	(4,965,000)
GO bond debt and premium on issuance, net	<u>(30,849,573)</u>
Net position of governmental activities	<u>\$ 88,411,238</u>

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

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

For the Year Ended June 30, 2013

	General	System Development Charges	Recreation Services	Bond Capital Projects	Facility Capital Projects	Other Governmental	Total
<b>Revenues</b>							
Taxes	\$12,293,207	\$ -	\$ -	\$ -	\$ -	\$ -	\$12,293,207
Charges for services	88,438	-	4,715,539	-	-	219,079	5,023,056
System development fees	-	3,276,002	-	-	-	-	3,276,002
Contributions	-	-	75,274	-	60,000	-	135,274
Grants	15,244	-	-	-	223,064	-	238,308
Investment earnings	32,630	27,804	-	10,129	7,814	3,972	82,349
Reimbursement for interfund services	30,120	-	-	-	-	-	30,120
Miscellaneous	-	-	53,926	-	-	-	53,926
Total revenues	<u>12,459,639</u>	<u>3,303,806</u>	<u>4,844,739</u>	<u>10,129</u>	<u>290,878</u>	<u>223,051</u>	<u>21,132,242</u>
<b>Expenditures</b>							
Current:							
Personnel services	4,434,368	-	4,573,443	-	-	92,701	9,100,512
Materials and services	2,481,305	2,317	1,491,697	551,056	-	51,434	4,577,809
Debt service	539,682	-	-	-	-	-	539,682
Capital outlay	256,786	1,381,113	-	1,504,354	1,590,159	202,963	4,935,375
Total expenditures	<u>7,712,141</u>	<u>1,383,430</u>	<u>6,065,140</u>	<u>2,055,410</u>	<u>1,590,159</u>	<u>347,098</u>	<u>19,153,378</u>
Excess (deficiency) of revenues over expenditures	<u>4,747,498</u>	<u>1,920,376</u>	<u>(1,220,401)</u>	<u>(2,045,281)</u>	<u>(1,299,281)</u>	<u>(124,047)</u>	<u>1,978,864</u>
<b>Other Financing Sources (Uses)</b>							
Sale of capital assets	-	-	-	-	-	11,850	11,850
Transfers in	358,000	-	935,726	-	2,694,887	250,000	4,238,613
Transfers out	(3,880,613)	(358,000)	-	-	-	-	(4,238,613)
Sale of general obligation bonds	-	-	-	29,000,000	-	-	29,000,000
Premium on bonds sold	-	-	-	1,849,573	-	-	1,849,573
Total other financing sources (uses)	<u>(3,522,613)</u>	<u>(358,000)</u>	<u>935,726</u>	<u>30,849,573</u>	<u>2,694,887</u>	<u>261,850</u>	<u>30,861,423</u>
Net change in fund balances	1,224,885	1,562,376	(284,675)	28,804,292	1,395,606	137,803	32,840,287
Fund balances, July 1, 2012	<u>3,326,051</u>	<u>3,840,510</u>	<u>509,675</u>	<u>-</u>	<u>1,866,598</u>	<u>683,300</u>	<u>10,226,134</u>
Fund balances, June 30, 2013	<u>\$ 4,550,936</u>	<u>\$ 5,402,886</u>	<u>\$ 225,000</u>	<u>\$ 28,804,292</u>	<u>\$ 3,262,204</u>	<u>\$ 821,103</u>	<u>\$43,066,421</u>

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

## 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, 2013

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

Net change in Fund Balances - total governmental funds	\$ 32,840,287
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. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital asset additions	4,565,833
Depreciation expense	(2,322,926)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations) is to decrease net assets.	
Disposals - cost	(73,558)
Disposals - accumulated depreciation	70,504
Revenues in the Statement of Activities that do not provide current financial resources, are not reported as revenues in the funds.	(208,890)
Some items are uses of financial resources that are not expenses in the current period. However, they are reported as a change in a liability in the Statement of Net Position.	
Developer agreement payable	25,416
System development charges credit payable	253,650
The issuance of long-term debt (e.g., bonds, leases) 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.	
Debt issued or incurred:	
General obligation bonds	(29,000,000)
Premium	(1,849,573)
Principal repayments:	
Full faith and credit obligation	315,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest payable	(65,266)
Accrued compensated absences	(21,776)
Accrued other postemployment benefit obligations	(67,733)
Change in net position of governmental activities	<u>\$ 4,460,968</u>

*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, 2013

### Note 1 – Summary of Significant Accounting Policies

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

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

#### A. The Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable or a legally separate organization that raises and holds economic resources for the direct benefit of the primary government. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

The accompanying financial statements present the Bend Metro Park and Recreation District, Oregon (the primary government) and its component unit, an entity whose primary purpose is for the financial benefit of the District.

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

#### B. Organization

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

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

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 1 – Summary of Significant Accounting Policies, continued

#### C. Government-wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) fees and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

##### Government-wide Financial Statements

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

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

##### Governmental Fund Financial Statements

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



# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 1 – Summary of Significant Accounting Policies, continued

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

##### Governmental Fund Financial Statements, continued

or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

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 2013 fiscal year tax levy was \$12,416,086.

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

Intergovernmental revenues are recognized when all eligibility requirements are met. Eligibility requirements for intergovernmental revenues received on a reimbursement basis (i.e. where monies must be expended on specific projects or for a specific purpose before any amounts are paid to the District) are determined to be met when the underlying expenditures are recorded.

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

##### Governmental Funds

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

**General Fund** – The General Fund is the general operating fund of the District. Principal sources of revenue are property taxes, intergovernmental revenues and contributions. Primary expenditures of the General Fund are made for park maintenance services, planning and development and general administration.

**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.

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 1 – Summary of Significant Accounting Policies, continued

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

##### Governmental Funds, continued

**Recreation Services Special Revenue Fund** – The Recreation Services Special Revenue Fund is used to account for the recreational programs, activities and facilities provided by the District. The principal source of revenue is charges for services. Primary expenditures of the fund are for personnel, materials and services, and facility costs necessary to provide quality recreational programs.

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

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

##### Other Governmental Funds

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

Facility Rental Special Revenue Fund  
Equipment Capital Projects Fund

#### E. Use of Estimates

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

#### F. Self-insurance

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

#### G. Pooled Cash and Investments

The District maintains a common cash and investments pool for all District funds. All short-term, highly-liquid investments, including investments in the State Treasurer's Local Government Investment Pool (LGIP) where the remaining maturity at the time of purchase is one year or less are stated at amortized cost, which approximates fair value. Interest earned on the pooled cash and investments is allocated monthly based on each fund's average cash and investments balance as a proportion of the District's total pooled cash and investments.

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 1 – Summary of Significant Accounting Policies, continued

#### H. Receivables

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

#### I. Prepaid Items

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

#### J. Capital Assets

Capital assets include land, right-of-way (included with land), artwork, buildings, improvements, vehicles and equipment, and other tangible and intangible assets with an initial individual cost of more than \$5,000 and have an estimated life in excess of two years.

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

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

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

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

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

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

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 1 – Summary of Significant Accounting Policies, continued

#### K. Deferred outflows/inflows of resources

The District implemented Governmental Accounting Standards Board Statement No. 63 (GASB 63), "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." GASB 63 identifies net position rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the fiscal year 2013 financial statements; however, there was no effect on beginning net position or fund balance.

The District also early implemented Governmental Accounting Standards Board Statement No. 65 (GASB 65), "Items Previously Reported as Assets and Liabilities" in the fiscal year 2013 financial statements. GASB 65 amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The early implementation of GASB 65 resulted in the charge-off of bond issuance costs and the effect of adoption of GASB 65 is the reduction of beginning net position by \$80,784.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

#### L. Unearned Revenue

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

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 1 – Summary of Significant Accounting Policies, continued

#### M. 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 fund which had 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.

#### N. Developer Agreement Payable

The District enters into agreements to reimburse various developers for the development of certain neighborhood parks through system development charges collected from properties established as recovery areas. As of June 30, 2013, the total amount due over a remaining maximum time period of 6 years was \$347,228. Of that amount, the current amount collected and due to developers at June 30, 2013 was \$144,817. This liability will be liquidated from the System Development Charges Special Revenue Fund.

#### O. System Development Charges Credit

The District has a contract with a developer to provide a credit against future system development charges in exchange for the donation of land. The credit expires on December 20, 2014, and as of June 30, 2013, the remaining liability is \$55,477. This liability will be liquidated from the System Development Charges Special Revenue Fund.

#### P. Long Term Debt and Issuance Costs

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

#### Q. Fund Balance Reporting

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

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

1. Nonspendable, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
2. Restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation,

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 1 – Summary of Significant Accounting Policies, continued

#### Q. Fund Balance Reporting, continued

3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's governing board (the District's highest level of decision-making authority),
4. Assigned fund balance classification is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. Intent is expressed when the District's Board of Directors approves which resources should be "set-aside" during the adoption of the upcoming fiscal year's annual budget. The District's Executive Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Audited Financial Statements, and
5. Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

#### R. Fund Balance Policy

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

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

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

#### S. Appropriation and Budgetary Controls

The District is subject to provisions of the Oregon Revised Statutes, which set forth local budget procedures. A resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations are established by function (personal services, material and services, capital outlay, debt service, interfund transfers and operating contingency) for all funds.

The District's Board of Directors may, however, approve additional appropriations for necessary expenditures which could not be reasonably estimated at the time the budget was adopted. Additionally, budgets may be modified during the fiscal year by the use of appropriation transfers between legal categories or appropriation transfers from one fund to another. Such transfers must be authorized by official resolution of the Board of Directors. The resolution must state the need for the transfer, the purpose of the authorized expenditures and the amount of the appropriation transferred.

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 1 – Summary of Significant Accounting Policies, continued

#### S. 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 and Investments

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

Cash and investments at June 30, 2013, consisted of the following:

	District	Foundation
Cash on hand	\$ 3,645	\$ -
Deposits with banks	2,256,952	238,626
Oregon Community Foundation	-	74,735
Local Government Investment Pool	41,819,467	-
Total pooled cash and investments	<u>\$ 44,080,064</u>	<u>\$ 313,361</u>

#### Deposits

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that all bank deposits in excess of the FDIC or FSLIC insurance amounts be collateralized through the Oregon State Treasurer's Public Funds Collateralization Program. This program provides a structure for specified depositories to participate in a shared liability collateral pool. Securities pledged by individual institutions may range from 10% to 110% of public fund deposits depending on the financial institution's level of capitalization as determined by its federal regulatory authority. The aggregate Oregon public fund collateral pledged at June 30, 2013, was \$1,386,615,970 for reported public funds of \$1,636,140,742. The custodian, Federal Home Loan Bank of Seattle, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The District's funds were held by financial institutions that participated in the State Treasurer's program and were in compliance with statutory requirements.

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 2 – Cash and Investments, continued

#### Investments

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

<u>Investment</u>	<u>Fair Value</u>
Local Government Investment Pool	\$41,819,467

#### Investments – Discretely Presented Component Unit

Investments of the Bend Park and Recreation Foundation at year-end consist of \$74,735 of marketable securities in an endowment fund held by The Oregon Community Foundation.

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

<u>Investment</u>	<u>Fair Value</u>
The Oregon Community Foundation	\$74,735

#### Interest Rate Risk

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

#### Credit Risk

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

#### Custodial Credit Risk

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



# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 2 – Cash and Investments, continued

#### Custodial Credit Risk, continued

Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," requires that investments be reported at fair value and the change in fair value of investments be reported as revenue in the operating statement. The District's investments consist solely of government pool investments. At June 30, 2013, 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, 2013 was as follows:

Primary Government	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets not being depreciated:				
Land including right-of-way	\$ 37,681,807	\$ 607,701	\$ -	\$ 38,289,508
Construction in progress	478,486	2,612,843	(43,497)	3,047,832
Artwork	230,000	-	-	230,000
Total capital assets not being depreciated	<u>38,390,293</u>	<u>3,220,544</u>	<u>(43,497)</u>	<u>41,567,340</u>
Capital assets being depreciated:				
Buildings and building improvements	28,564,877	55,746	-	28,620,623
Improvements other than buildings	26,053,425	1,034,068	-	27,087,493
Vehicles, equipment and software	3,799,077	298,972	(73,558)	4,024,491
Total capital assets being depreciated	<u>58,417,379</u>	<u>1,388,786</u>	<u>(73,558)</u>	<u>59,732,607</u>
Less accumulated depreciation for:				
Buildings and building improvements	(6,459,244)	(758,258)	-	(7,217,502)
Improvements other than buildings	(8,065,419)	(1,260,704)	-	(9,326,123)
Vehicles, equipment and software	(2,747,588)	(303,964)	70,504	(2,981,048)
Total accumulated depreciation	<u>(17,272,251)</u>	<u>(2,322,926)</u>	<u>70,504</u>	<u>(19,524,673)</u>
Total capital assets being depreciated, net	<u>41,145,128</u>	<u>(934,140)</u>	<u>(3,054)</u>	<u>40,207,934</u>
Total capital assets, net	<u>\$ 79,535,421</u>	<u>\$ 2,286,404</u>	<u>\$ (46,551)</u>	<u>\$ 81,775,274</u>

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

Primary government:

General government	\$ 331,365
Facility rental	19,688
Park services	1,502,140
Recreation services	<u>469,733</u>
Total depreciation expense - primary government	<u>\$ 2,322,926</u>

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 4 – Interfund Transfers

Interfund transfers during fiscal year ended June 30, 2013, consisted of the following:

Description	Amount
From the General Fund to the Recreation Services Fund for recreation services operations.	\$ 935,726
From the General Fund to the Facility Capital Projects Fund for land acquisitions and capital construction projects.	2,694,887
From the General Fund to the Equipment Capital Projects Fund for equipment acquisitions.	11,850
From the System Development Charges Special Revenue Fund to the General Fund for reimbursement of personnel services.	358,000
	<u>\$ 4,000,463</u>

### Note 5 – Due to/from other funds

The composition of the due to/from balances as of June 30, 2013, is as follows:

Receivable Fund	Payable Fund	Amount
Facility Capital Projects	Bond Capital Projects	\$ 812,601

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

### Note 6 – Long-Term Obligations

#### Changes in Long-Term Obligations

Changes in long-term obligations for the year ended June 30, 2013 are as follows:

Primary Government	July 1, 2012	Increases	Decreases	June 30, 2013	Due Within One Year
General obligations bonds	\$ -	\$ 29,000,000	\$ -	\$ 29,000,000	\$ 770,000
Premium on general obligation bond	-	1,849,573	-	1,849,573	92,479
Full faith & credit obligations	5,280,000	-	(315,000)	4,965,000	325,000
Compensated absences	298,622	385,944	(364,168)	320,398	60,903
Developer agreement payable	372,644	-	(25,416)	347,228	144,879
System development charges credit	309,127	-	(253,650)	55,477	-
Other post-employment benefits payable	285,312	87,880	(20,147)	353,045	-
Total long-term obligations	<u>\$ 6,545,705</u>	<u>\$ 31,323,397</u>	<u>\$ (978,381)</u>	<u>\$ 36,890,721</u>	<u>\$ 1,393,261</u>

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

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 6 – Long-Term Obligations, continued

#### 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. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Stated interest rates for specific maturities range from .35% to 3.375% with maturities through fiscal year 2033. Full faith and credit obligations currently outstanding are as follows:

<u>Primary Government</u>	<u>Interest Rate</u>	<u>Amount</u>
Capital Improvements, Series 2013	.35% to 3.375%	\$ 29,000,000

The interest matured and payable on the general obligation bonds for fiscal year ending June 30, 2013, was:

<u>Issue</u>	<u>Interest Matured and Payable</u>
Capital Improvements, Series 2013	\$ 65,688

#### Full Faith & Credit Obligations

The District issued full faith & credit obligations to provide financing for the Juniper Swim and Fitness Center renovation and expansion project. These obligations are backed by the full faith and credit of the District with interest rates ranging from 3.5% to 4.5% and maturities through fiscal year 2025. Full faith and credit obligations currently outstanding are as follows:

<u>Primary Government</u>	<u>Interest Rate</u>	<u>Amount</u>
Juniper Swim & Fitness Center, Series 2005	3.5% to 4.5%	\$ 4,965,000

The interest matured and paid on the full faith & credit obligation for fiscal year ending June 30, 2013, was:

<u>Issue</u>	<u>Interest Matured and Paid</u>
Juniper Swim & Fitness Center, Series 2005	\$ 224,682

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements June 30, 2013

### Note 6 – Long-Term Obligations, continued

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Full Faith & Credit		General Obligation Bond		Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 325,000	\$ 212,082	\$ 770,000	\$ 951,337	\$ 1,095,000	\$ 1,163,419
2015	340,000	199,083	780,000	959,331	1,120,000	1,158,414
2016	355,000	184,632	815,000	943,731	1,170,000	1,128,363
2017	370,000	170,433	885,000	927,431	1,255,000	1,097,864
2018	385,000	155,262	950,000	909,732	1,335,000	1,064,994
2019-2023	2,180,000	519,109	5,790,000	4,068,856	7,970,000	4,587,965
2024-2028	1,010,000	68,626	8,095,000	2,789,956	9,105,000	2,858,582
2029-2033	-	-	10,915,000	1,106,651	10,915,000	1,106,651
	<u>\$ 4,965,000</u>	<u>\$ 1,509,227</u>	<u>\$ 29,000,000</u>	<u>\$ 12,657,025</u>	<u>\$ 33,965,000</u>	<u>\$ 14,166,252</u>

### Note 7 – 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 or \$10,000,000 in the aggregate; a public employee dishonesty bond for claims up to \$250,000; and various real, personal and inland marine property coverage for replacement costs. The District also carries commercial insurance for workers' compensation and employee health, life and disability coverages. Settled claims from these risks have not exceeded insurance limits in any of the past three years.

### Note 8 – Participation in Public Employees' Retirement System

#### Plan Description

The District is a participating employer in the Oregon Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental units in the State of Oregon. PERS was established and is administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. PERS is a component unit of the State of Oregon and issues a publicly available comprehensive annual financial report which may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700 or by calling (503) 598-7377.

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 8 – Participation in Public Employees' Retirement System, continued

#### Plan Description, continued

Full-time employees and part-time employees who have completed six months of employment and work in excess of 600 hours for the fiscal year are eligible to participate in PERS. Benefits generally vest after five years of continuous service. Benefits differ depending on entry date. PERS Tier One and Tier Two plans and the Oregon Public Service Retirement Plan (OPSRP) established for employees hired after August 29, 2003, are established by state statute to provide benefits for state and local government employees. The authority to establish and amend the benefit provisions of the Plan rests with the Oregon Legislature.

For the fiscal year ended June 30, 2013, the District was required by the rules applicable to PERS to contribute 8.98% of Tier One and Tier Two employees' salaries to PERS. The current effective rate for OPSRP employees is 7.8%. The contribution rate is determined based on actuarial valuations, which are performed by PERS periodically. Covered employees are required by state statute to contribute 6% of their annual salary to the system, but the employer is allowed to pay all or none of the employees' contribution in addition to the required employers' contribution. In 1996, the District elected to contribute the 6% "pick-up" of the employees' contribution. Effective January 1, 2014, the District will no longer contribute the 6% "pick-up", but will instead require the employee to do so. Prior to December 31, 2003, the employee's 6% contribution was made to the PERS ORS 238 plans. Effective January 1, 2004, this same 6% contribution was required to be remitted to the Individual Account Program (IAP) for all eligible employees under ORS 238A Individual Account Program Plan.

Effective July 1, 2013, the District's contribution rates will increase to 9.05% for Tier One and Tier Two employees and to 6.38% for OPSRP employees. These rates are based on the December 31, 2011 valuation.

#### Annual Pension Cost

For the fiscal year ended June 30, 2013, the District's annual pension cost for PERS was equal to the District's required and actual contributions, and consisted of \$446,002 for the District's required share. The District also paid the employees' contribution of \$317,817. The required contribution was determined as part of the December 31, 2009, actuarial valuation using the projected unit credit actuarial cost method. The economic assumptions included (a) an 8.00% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.75% per year and (c) 2.75% per year post-retirement cost-of-living increases. The underlying long-term assumed rate of inflation is 2.75% per year. The actuarial values of PERS assets are valued on the Market Value Method. The District's unfunded actuarial liability is being amortized as a level percentage of payroll over 20 years for Tier One and Tier Two and over 16 years for OPSRP.

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 8 – Participation in Public Employees' Retirement System, continued

#### Annual Pension Cost, continued

The following tables present the three-year trend information and the schedule of funding progress for the District:

#### Three-Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Obligation
2010-2011	\$ 666,665	\$ 666,665	100%	-
2011-2012	\$ 735,532	\$ 735,532	100%	-
2012-2013	\$ 763,819	\$ 763,819	100%	-

#### Schedule of Funding Progress for PERS

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Percent	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 11,473,155	\$ 9,879,326	\$ (1,593,829)	116%	\$ 4,639,861	(34%)
12/31/09	\$ 10,568,000	\$ 11,449,834	\$ 881,834	92%	\$ 5,573,280	16%
12/31/11	\$ 11,574,356	\$ 13,624,264	\$ 2,049,908	85%	\$ 5,084,185	40%

### Note 9 – Other Post Employment Benefits (OPEB)

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

#### **Health Insurance Continuation**

##### Plan Description

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

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 9 – Other Post Employment Benefits (OPEB), continued

#### Health Insurance Continuation, continued

##### Funding Policy

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

##### Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The District has chosen to amortize the unfunded liability over 10 years on a rolling basis.

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

	For the Year Ended June 30		
	2013	2012	2011
<u>Determination of Annual Required Contribution</u>			
Normal cost at year-end	\$ 44,887	\$ 51,620	\$ 48,929
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	67,313	67,753	59,968
Annual required contribution (ARC)	<u>\$ 112,200</u>	<u>\$ 119,373</u>	<u>\$ 108,897</u>
<u>Determination of Net OPEB Obligation</u>			
Annual required contribution	\$ 112,200	\$ 119,373	\$ 108,897
Interest on prior year net OPEB obligation	9,986	7,724	3,899
Adjustment to annual required contribution	<u>(34,306)</u>	<u>(23,809)</u>	<u>(12,017)</u>
Annual OPEB expense	87,880	103,288	100,779
Benefit payments	<u>(20,147)</u>	<u>(11,084)</u>	<u>(5,143)</u>
Increase in net OPEB obligation	67,733	92,204	95,636
Net OPEB obligation - beginning of year	<u>285,312</u>	<u>193,108</u>	<u>97,472</u>
Net OPEB obligation - end of year	<u>\$ 353,045</u>	<u>\$ 285,312</u>	<u>\$ 193,108</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 100,779	5.1%	\$ 193,108
June 30, 2012	\$ 103,288	10.7%	\$ 285,312
June 30, 2013	\$ 87,880	22.9%	\$ 353,045

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### Note 9 – Other Post Employment Benefits (OPEB), continued

#### Health Insurance Continuation, continued

##### Funded Status and Funding Progress

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

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

##### Actuarial Methods and Assumptions

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

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

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

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



## BEND METRO PARK AND RECREATION DISTRICT, OREGON

### Notes to Financial Statements

June 30, 2013

#### Note 9 – Other Post Employment Benefits (OPEB), continued

##### **Oregon Public Employees Retirement System – Retirement Health Insurance Account**

###### Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution (currently \$60 per month) toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues 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.

###### Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating agencies are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59% of annual covered payroll for Tier 1 & 2 and .5% for OPSRP. The rates for years July 1, 2013 through June 30, 2015 will be 0.59% of annual covered payroll for Tier 1 & 2 and .49% for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA which equaled the required contributions for that year were included with the payments for the retirement plan described in Note 8 above and were approximately \$28,284 for the year ended June 30, 2013.

#### **Note 10 – Commitments and Contingent Liabilities**

At June 30, 2013, the District was committed on outstanding construction, engineering, consulting, service and equipment purchase contracts totaling \$1,507,650.

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Notes to Financial Statements

June 30, 2013

### **Note 10 – Commitments and Contingent Liabilities, continued**

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 11 – Prior Period Adjustment**

Net Position – Beginning has been restated for the impact of the early implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." The adjustment was in the amount of \$80,784 to write off debt issue costs that were capitalized in prior financial statements, but should be expensed in the period incurred per GASB Statement No. 65.

### **Note 12 – Subsequent Event**

On December 3, 2013, the District's board of directors approved a purchase and sale agreement for the acquisition of land situated in Northwest Crossing. This land will be developed as a community park through a development agreement with the developer. The development agreement was also approved at the same board meeting. Upon project completion, the District will purchase approximately 12 acres of land, and the developer will donate an approximately 3-acre lake. The developer will also donate an additional approximately 19 acres of adjacent natural area five years later. The approved purchase price for the land is \$1,930,000 plus the District's portion of the closing costs. The acquisition will be paid for out of the Facility Reserve Fund. The acquisition is anticipated to occur in the spring or summer of 2015, at the time the park is fully developed and accepted by the District from the developer.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

General Fund and Major Special Revenue Funds

# 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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 11,950,000	\$ 11,950,000	\$ 12,293,207	\$ 343,207
Charges for services	64,550	64,550	88,438	23,888
Grants	-	-	15,244	15,244
Investment income	15,000	15,000	32,630	17,630
Reimbursement for interfund services	135,000	135,000	30,120	(104,880)
Total revenues	<u>12,164,550</u>	<u>12,164,550</u>	<u>12,459,639</u>	<u>295,089</u>
<b>Expenditures</b>				
Current:				
Personnel services	4,662,717	4,662,717	4,434,368	228,349
Materials and services	2,731,029	2,731,029	2,481,305	249,724
Debt service	540,000	540,000	539,682	318
Capital outlay	400,113	400,113	256,786	143,327
Contingency	1,800,000	1,800,000	-	1,800,000
Total expenditures	<u>10,133,859</u>	<u>10,133,859</u>	<u>7,712,141</u>	<u>2,421,718</u>
Excess (deficiency) of revenues over expenditures	2,030,691	2,030,691	4,747,498	2,716,807
<b>Other Financing Sources (Uses)</b>				
Transfers in	358,000	358,000	358,000	-
Transfers out	<u>(4,242,207)</u>	<u>(4,242,207)</u>	<u>(3,880,613)</u>	<u>361,594</u>
Total other financing sources (uses)	<u>(3,884,207)</u>	<u>(3,884,207)</u>	<u>(3,522,613)</u>	<u>361,594</u>
Net change in fund balance	(1,853,516)	(1,853,516)	1,224,885	3,078,401
Fund balance, July 1, 2012	<u>2,853,516</u>	<u>2,853,516</u>	<u>3,326,051</u>	<u>472,535</u>
Fund balance, June 30, 2013	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 4,550,936</u>	<u>\$ 3,550,936</u>

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual System Development Charges Special Revenue Fund For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
System development fees	\$ 1,656,683	\$ 1,656,683	\$ 3,276,002	\$ 1,619,319
Investment income	18,500	18,500	27,804	9,304
Total revenues	<u>1,675,183</u>	<u>1,675,183</u>	<u>3,303,806</u>	<u>1,628,623</u>
<b>Expenditures</b>				
Current:				
Materials and services	30,000	30,000	2,317	27,683
Capital outlay	<u>4,710,823</u>	<u>4,710,823</u>	<u>1,381,113</u>	<u>3,329,710</u>
Total expenditures	<u>4,740,823</u>	<u>4,740,823</u>	<u>1,383,430</u>	<u>3,357,393</u>
Excess (deficiency) of revenues over expenditures	(3,065,640)	(3,065,640)	1,920,376	4,986,016
<b>Other Financing Uses</b>				
Transfers out	<u>(358,000)</u>	<u>(358,000)</u>	<u>(358,000)</u>	-
Total other financing uses	<u>(358,000)</u>	<u>(358,000)</u>	<u>(358,000)</u>	-
Net change in fund balance	(3,423,640)	(3,423,640)	1,562,376	4,986,016
Fund balance, July 1, 2012	<u>3,423,640</u>	<u>3,423,640</u>	<u>3,840,510</u>	<u>416,870</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,402,886</u>	<u>\$ 5,402,886</u>

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Recreation Services Special Revenue Fund For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 4,650,691	\$ 4,650,691	\$ 4,715,539	\$ 64,848
Contributions	9,000	9,000	75,274	66,274
Grants	74,800	74,800	-	(74,800)
Miscellaneous	55,200	55,200	53,926	(1,274)
Total revenues	<u>4,789,691</u>	<u>4,789,691</u>	<u>4,844,739</u>	<u>55,048</u>
<b>Expenditures</b>				
Current:				
Personnel services	4,685,694	4,685,694	4,573,443	112,251
Materials and services	1,595,521	1,595,521	1,491,697	103,824
Contingency	225,000	225,000	-	225,000
Total expenditures	<u>6,506,215</u>	<u>6,506,215</u>	<u>6,065,140</u>	<u>441,075</u>
Excess (deficiency) of revenues over expenditures	(1,716,524)	(1,716,524)	(1,220,401)	496,123
<b>Other Financing Sources</b>				
Transfers in	<u>1,297,320</u>	<u>1,297,320</u>	<u>935,726</u>	<u>(361,594)</u>
Total other financing sources	<u>1,297,320</u>	<u>1,297,320</u>	<u>935,726</u>	<u>(361,594)</u>
Net change in fund balance	(419,204)	(419,204)	(284,675)	134,529
Fund balance, July 1, 2012	<u>419,204</u>	<u>419,204</u>	<u>509,675</u>	<u>90,471</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 225,000</u>

## **OTHER SUPPLEMENTARY INFORMATION**

Major and Nonmajor Governmental Funds



# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Bond Capital Projects Fund For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original *	Final		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 10,129	\$ 10,129
Total revenues	-	-	10,129	10,129
<b>Expenditures</b>				
Issuance costs	551,056	551,056	551,056	-
Capital outlay	28,448,944	28,448,944	1,504,354	26,944,590
Total expenditures	29,000,000	29,000,000	2,055,410	26,944,590
Excess (deficiency) of revenues over expenditures	(29,000,000)	(29,000,000)	(2,045,281)	26,954,719
<b>Other Financing Sources</b>				
Sale of general obligation bonds	29,000,000	29,000,000	29,000,000	-
Premium on bonds sold	-	-	1,849,573	1,849,573
Total other financing sources	29,000,000	29,000,000	30,849,573	1,849,573
Net change in fund balance	-	-	28,804,292	28,804,292
Fund balance, July 1, 2012	-	-	-	-
Fund balance, June 30, 2013	\$ -	\$ -	\$ 28,804,292	\$ 28,804,292

\* As approved by voters November 2012

# 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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Contributions	\$ -	\$ -	\$ 60,000	\$ 60,000
Grant revenue	262,750	262,750	223,064	(39,686)
Investment income	2,500	2,500	7,814	5,314
Total revenues	265,250	265,250	290,878	25,628
<b>Expenditures</b>				
Capital outlay	3,786,363	3,786,363	1,590,159	2,196,204
Total expenditures	3,786,363	3,786,363	1,590,159	2,196,204
Excess (deficiency) of revenues over expenditures	(3,521,113)	(3,521,113)	(1,299,281)	2,221,832
<b>Other Financing Sources</b>				
Transfers in	2,694,887	2,694,887	2,694,887	-
Total other financing sources	2,694,887	2,694,887	2,694,887	-
Net change in fund balance	(826,226)	(826,226)	1,395,606	2,221,832
Fund balance, July 1, 2012	1,576,226	1,576,226	1,866,598	290,372
Fund balance, June 30, 2013	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 3,262,204</u>	<u>\$ 2,512,204</u>

BEND METRO PARK AND RECREATION DISTRICT, OREGON

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2013

	Facility Rental	Equipment Capital Projects	Total
<b>Assets</b>			
Pooled cash and investments	\$ 504,648	\$ 447,261	\$ 951,909
Accounts receivable	61,232	-	61,232
Total assets	<u>\$ 565,880</u>	<u>\$ 447,261</u>	<u>\$ 1,013,141</u>
 <b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 1,434	\$ -	\$ 1,434
Deposits payable	66,810	-	66,810
Deferred revenue	123,794	-	123,794
Total liabilities	<u>192,038</u>	<u>-</u>	<u>192,038</u>
 Fund balances:			
Committed to:			
Facility rental services	373,842	-	373,842
Capital equipment	-	447,261	447,261
Total fund balances	<u>373,842</u>	<u>447,261</u>	<u>821,103</u>
 Total liabilities and fund balances	<u>\$ 565,880</u>	<u>\$ 447,261</u>	<u>\$ 1,013,141</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, 2013

	Facility Rental	Equipment Capital Projects	Total
<b>Revenues</b>			
Facility rent	\$ 219,079	\$ -	\$ 219,079
Investment income	2,261	1,711	3,972
Total revenues	<u>221,340</u>	<u>1,711</u>	<u>223,051</u>
<b>Expenditures</b>			
Current:			
Personnel services	92,701	-	92,701
Materials and services	51,434	-	51,434
Capital outlay	28,330	174,633	202,963
Total expenditures	<u>172,465</u>	<u>174,633</u>	<u>347,098</u>
Excess (deficiency) of revenues over expenditures	48,875	(172,922)	(124,047)
<b>Other Financing Sources</b>			
Sale of capital assets	-	11,850	11,850
Transfers in	-	250,000	250,000
Total other financing sources	<u>-</u>	<u>261,850</u>	<u>261,850</u>
Net change in fund balances	48,875	88,928	137,803
Fund balances, July 1, 2012	<u>324,967</u>	<u>358,333</u>	<u>683,300</u>
Fund balances, June 30, 2013	<u>\$ 373,842</u>	<u>\$ 447,261</u>	<u>\$ 821,103</u>

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Facility Rental Special Revenue Fund For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Facility rent	\$ 186,616	\$ 186,616	\$ 219,079	\$ 32,463
Investment income	2,100	2,100	2,261	161
Total revenues	<u>188,716</u>	<u>188,716</u>	<u>221,340</u>	<u>32,624</u>
<b>Expenditures</b>				
Current:				
Personnel services	113,287	113,287	92,701	20,586
Materials and services	112,900	112,900	51,434	61,466
Capital outlay	<u>263,834</u>	<u>263,834</u>	<u>28,330</u>	<u>235,504</u>
Total expenditures	<u>490,021</u>	<u>490,021</u>	<u>172,465</u>	<u>317,556</u>
Net change in fund balance	(301,305)	(301,305)	48,875	350,180
Fund balance, July 1, 2012	<u>301,305</u>	<u>301,305</u>	<u>324,967</u>	<u>23,662</u>
Fund balance, June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,842</u>	<u>\$ 373,842</u>

# BEND METRO PARK AND RECREATION DISTRICT, OREGON

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Equipment Capital Projects Fund For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment income	\$ 2,000	\$ 2,000	\$ 1,711	\$ (289)
Total revenues	2,000	2,000	1,711	(289)
<b>Expenditures</b>				
Capital outlay	226,000	226,000	174,633	51,367
Reserves	394,749	394,749	-	394,749
Total expenditures	620,749	620,749	174,633	446,116
Excess (deficiency) of revenues over expenditures	(618,749)	(618,749)	(172,922)	445,827
<b>Other Financing Sources</b>				
Sale of capital assets	10,500	10,500	11,850	1,350
Transfers in	250,000	250,000	250,000	-
Total other financing sources	260,500	260,500	261,850	1,350
Net change in fund balance	(358,249)	(358,249)	88,928	447,177
Fund balance, July 1, 2012	358,249	358,249	358,333	84
Fund balance, June 30, 2013	\$ -	\$ -	\$ 447,261	\$ 447,261

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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, 2013

<b>Tax Year</b>	<b>Property Taxes Receivable July 1, 2012</b>	<b>Levy as Extended by Assessor</b>	<b>Adjustments, Interest and Discounts</b>	<b>Cash Collections</b>	<b>Property Taxes Receivable June 30, 2013</b>
2012-13	\$ -	\$ 12,416,086	\$ (388,746)	\$ (11,733,560)	\$ 293,780
2011-12	378,758	-	7,153	(247,909)	138,002
2010-11	204,890	-	11,978	(133,029)	83,839
2009-10	135,854	-	23,332	(130,025)	29,161
2008-09	58,265	-	13,168	(64,404)	7,029
2007-08	6,500	-	873	(4,222)	3,151
2006-07	1,572	-	263	(1,196)	639
2007-06	765	-	121	(438)	448
2006-05	526	-	46	(155)	417
2005-04	179	-	48	(134)	93
Prior	708	-	(4)	(30)	674
	<u>\$ 788,017</u>	<u>\$ 12,416,086</u>	<u>\$ (331,768)</u>	<u>\$ (12,315,102)</u>	<u>\$ 557,233</u>

Reconciliation to revenues:

Collections	\$ 12,315,102
Change in property tax receivable	(230,785)
Change in deferred property taxes	<u>208,890</u>
Total Property Tax Revenues	<u>\$ 12,293,207</u>

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

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Current year's levy	\$ 12,416,086	\$ 12,136,549	\$ 12,205,946
Collections on current year's levy	11,733,560	11,394,352	11,370,070
Percentage of collection	94.5%	93.9%	93.2%
Percentage of current year's levy uncollected at end of year	2.4%	3.1%	4.0%

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

**Schedule of Future Debt Service Requirements of Long-term Debt**  
For the Year Ended June 30, 2013

Year Ending June 30	<u>Primary Government</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 1,095,000	\$ 1,163,419
2015	1,120,000	1,158,414
2016	1,170,000	1,128,363
2017	1,255,000	1,097,864
2018	1,335,000	1,064,994
2019	1,415,000	1,020,516
2020	1,495,000	973,266
2021	1,590,000	923,228
2022	1,680,000	869,874
2023	1,790,000	801,081
2024	1,905,000	727,581
2025	2,025,000	648,907
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	<u>2,420,000</u>	<u>81,675</u>
	<u>\$ 33,965,000</u>	<u>\$ 14,166,252</u>

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## **AUDIT COMMENTS**

## AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

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### ***Internal Control***

We have audited the basic financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Bend Metro Park and Recreation District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements in accordance with auditing standards generally accepted in the United States of America. We considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Management is responsible for establishing and monitoring effective internal controls, including monitoring on going activities. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations during our audit, we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Accounting Records***

We found the condition of the accounting records adequate for audit purposes.

### ***Collateral***

All cash on deposit with banks was in financial institutions enrolled in the Oregon State Treasurer's Public Treasurer's Public Funds Collateralization Program and, therefore, met the statutory requirement for adequate collateralization.

### ***Indebtedness***

The District's short-term and long-term debt was found to be within legal limitations on the amount of debt which may be incurred, liquidation of debts were within the prescribed period of time and indebtedness was in compliance with provisions of bond indentures and other agreements, including restrictions on the use of monies available to retire indebtedness.

### ***Budgeting***

We reviewed the District's procedures for preparation, adoption and execution of its budget for the year ended June 30, 2013, and the procedures for preparation and adoption of its budget for the year beginning July 1, 2013. All procedures were found to be in compliance with statutory requirements.

## AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

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### ***Insurance Coverage and Fidelity Bonds***

Insurance coverage and fidelity bonds were reviewed and found to be in compliance with statutory requirements.

### ***Programs Funded From Outside Sources***

The District had no programs which required review or comment.

### ***Public Contracts and Purchasing***

Procedures for public contracts and purchasing were reviewed and found to be in compliance with statutory requirements.

### ***Investments***

Investments were reviewed and found to be in compliance with statutory requirements.

### ***Financial Reporting Requirements***

The District was not required to file financial reports with governmental agencies.

### ***Highway Funds***

The District does not receive any highway funds.

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

HARRIGAN PRICE FRONK & CO. LLP  
Certified Public Accountants & Consultants

By:   
Candace S. Fronk - a partner

December 24, 2013