Bend Metro Park & Recreation District, Oregon

Comprehensive Annual Financial Report

As of and for the Year Ended June 30, 2016

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Bend Park & Recreation District

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BEND METRO PARK AND RECREATION DISTRICT, OREGON

Comprehensive Annual Financial Report

As of and for the Year Ended June 30, 2016

Report Prepared by the District Finance Department

Lindsey Lombard, Administrative Services Director

Amy Crawford, Finance Manager

Bend Park & Recreation

DISTRICT

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INTRODUCTORY SECTION

Bend Park & Recreation DISTRICT

December 15, 2016

To the Board of Directors and citizens of the Bend Park and Recreation District,

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Bend Metro Park and Recreation District (the District) as of and for the fiscal year ended June 30, 2016, together with the opinion of our independent certified public accountants, Price/Fronk & Co. This report, required by Oregon Revised Statutes 297.425, is prepared by the Finance Department. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the District as of June 30, 2016, and the results of its operations for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

The report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, District management has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft or unauthorized use and to compile sufficient reliable information for the preparation of the District's financial statements. Because the cost of internal controls should not outweigh their benefits, the District's internal control system has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP requires management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A is located immediately following the independent auditors' report.

District Profile
The District is an Oregon municipal corporation formed under the Oregon Revised Statutes for special districts on May 28, 1974. The Board of Directors, composed of five elected board members, forms the legislative branch of the District government, and sets policy, adopts the annual budget and hires and directs the Executive Director. The Executive Director is responsible for the administration of the District and manages a staff of four department heads with approximately 209 full-time equivalent employees (FTE).

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District Office | Don Horton, Executive Director
799 SW Columbia St., Bend, Oregon 97702 | www.bendparksandrec.org | (541) 389-7275

The District boundaries and population are slightly larger than those of the city of Bend. The city of Bend is located in Central Oregon, just east of the Cascade mountain range and encompasses an area of 32.5 square miles. Bend is the largest city in Central Oregon with a population estimate of 81,310 as of July 2016 (Portland State University's Population Estimates). Bend serves as the seat for Deschutes County and as the hub of economic activity in a three-county region including Deschutes, Jefferson and Crook counties.

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 recreation programs and services; and owns, operates and maintains recreation facilities, including the Juniper Swim and Fitness Center, the Bend Senior Center, The Pavilion, the Bend Whitewater Park, Aspen Hall and Hollinshead Barn.

The District utilizes a budget committee, consisting of the five board members and an equal number of citizens-at-large, to review and approve the proposed budget for each fiscal year. The annual budget serves as the foundation for the District's financial planning and control. The District's budget is prepared in accordance with provisions of the Oregon Local Budget Law (ORS Chapter 294), which provides standard procedures for the preparation, presentation, administration and appraisal of budgets. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced. A budget is prepared for each fund requiring appropriations. Expenditure budgets are appropriated at the category level. Budgeted expenditures may not legally be overspent at the appropriation level. Budget to actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

Local Economy

Bend began as a logging town, but is now a gateway for many outdoor recreational activities such as mountain biking, hiking, golfing, rock climbing, and ice, snow and water sports. The employment and economic base have expanded to include a variety of businesses serving tourism, government, healthcare, utilities, high technology and research, and microbreweries. Over the last 16 years, Bend experienced a large influx of new residents drawn by the quality of life. Population grew significantly as a result of this in migration, by 61% from 2000 to 2016 (50,650 in 2000 to 81,310 as of July 2016). Low interest rates and easy lending fostered explosive home construction in 2001-05, causing the rate of home price appreciation in Bend to grow substantially during that period.

The 2008-09 housing downturn had a significant impact on Bend's housing and economic situation. Unemployment (seasonally adjusted) in the Bend area reached 15.5% in June 2009 and home foreclosure activity was the highest in the state. In May 2010, the Federal Housing and Finance Agency released a report in which Bend had the largest housing price drop in the country, 23% from first quarter of 2009 to the first quarter of 2010. The housing market began improving in the region in 2012 and the last two years have seen significant increases in development and housing permits. The local housing market is also seeing rapidly increasing home prices again. Affordable housing is a significant challenge for home buyers and renters in the area. Rental vacancy rates have been at approximately 1.04% since 2014 (Economic Development for Central Oregon (EDCO) 2015 Central Oregon Profile) and median and average home sales prices have increased by 72% since 2011.

Unemployment in Deschutes County decreased from 5.8% as of October 2015 to 4.9% as of October 2016. Tourism continues to provide a boost with visitor numbers ever growing as the opportunities for outdoor recreation increase, national sporting events are selecting Bend for various events, and tourism promotion efforts continue to reach broader markets. The total number of estimated visitor-days in Bend for calendar year 2015 was between 5,930,000 and 7,250,000. Small businesses across various industries, including microbreweries and technology, are continuing to expand.

Financial Policies

The District has established policies which are adopted by the Board of Directors. The District recognizes the need to ensure that it is capable of adequately funding and providing District services demanded by the community on a long-term sustainable basis. The Board acknowledges that in order to maintain a viable level of financial resources to protect against the need to reduce service levels due to temporary revenue shortfalls or unforeseeable one-time expenditures, the District will strive to maintain working capital balances in each fund. The amount of working capital, per fund, is a function of the type of fund. For the General Fund, the level is 17% of that fund's operating budget. Other topics covered in the District's financial policies include revenue, financial planning, financial reporting, investment and debt management, and pension funding among others.

Long-term Financial Planning

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

PERS Rates – PERS, the state retirement system, sets rates for employers every two years. PERS rates reached an all-time high in fiscal year 2012-13 due to the effects of the recession on pension fund earnings and due to years of greater than anticipated retirement payouts. The Oregon Legislature passed several bills that changed some of the rules related to cost of living adjustments and other features of the plan. The effect of the legislative changes was to effectively lower employer rates and to stem future rate increases. The Oregon Supreme Court, in April 2015, overturned the majority of the changes made by the legislature. As a result, employer rates will significantly increase in the next rate setting cycle (July 1, 2017 through June 30, 2019) and could continue to increase significantly for the next several cycles.

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

Major Initiatives

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

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

Awards and Acknowledgements

Distinguished Budget Presentation Award – The District has received the Distinguished Budget Presentation Award for its budget document from the Government Finance Officers Association (GFOA) for fiscal year 2015-16 – the first and only year it has applied so far. The award represents the District's commitment to meeting the highest principles of governmental budgeting. The budget is rated in four major categories: as a policy document, an operations guide, a financial plan and a communications device. Budget documents must be rated "proficient" in all four categories to receive the award. The District submitted its 2016-17 budget to GFOA in October 2016 and we believe that budget document will continue to meet the Certificate of Achievements Programs requirements.

The GFOA also awards a Certificate of Achievement for Excellence in Financial Reporting for comprehensive annual financial reports (CAFR). The District will be submitting this report to the GFOA for consideration for this award; this will be the first year that the District has applied. The Certificate of Achievement is a prestigious national award that is an important recognition of conformance with the highest standards for preparation of state and local government financial reports. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

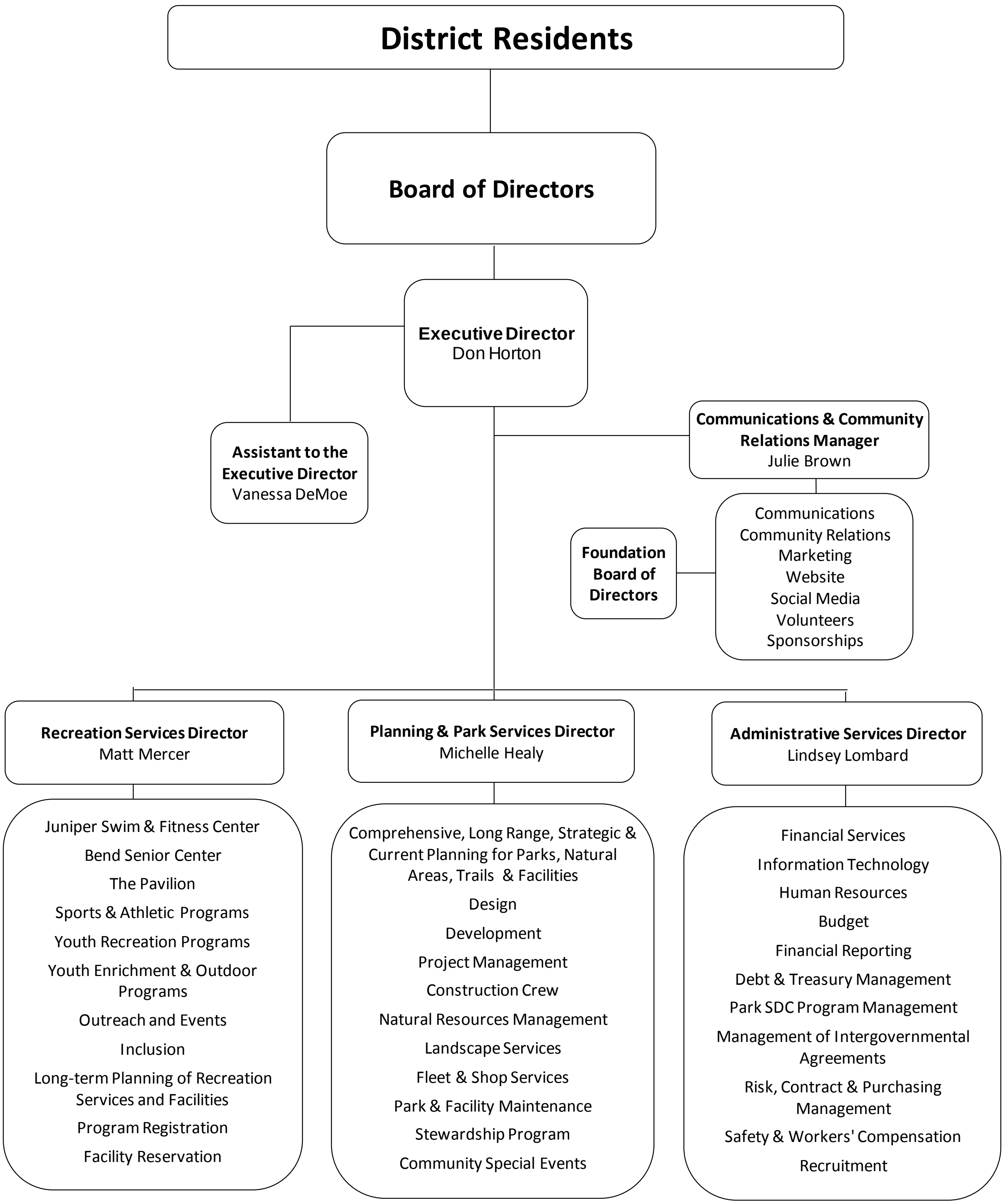
We wish to thank everyone who contributed to the preparation of this report with special thanks to Amy Crawford, the District's Finance Manager, for her dedication and expertise in financial reporting. We would also like to express our appreciation to the District's Board of Directors and the Budget Committee for their interest and support in planning and conducting the operations of the District in a responsible and accountable manner.

Respectfully submitted,

Lindsey Lombard	Don Horton
Administrative Services Director	Executive Director

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Organizational Chart
For the Year Ended June 30, 2016



Directory of District Officials

For the Year Ended June 30, 2016

Board of Directors

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

Registered Agent and Office

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

Principal Officials

Don P. Horton, Executive Director
Lindsey Lombard, Administrative Services Director
Michelle Healy, Planning and Park Services Director
Matt Mercer, Recreation Services Director
Julie Brown, Communications and Community Relations Manager

FINANCIAL SECTION

PRICE & CO FRONK

Wesley B. Price III, CPA
Candace S. Fronk, CPA
Kara L. Pardue, CPA
Karen C. Anderson, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bend Metro Park and Recreation District

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Bend Metro Park and Recreation District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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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, 2016, 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 Schedule of the Proportionate Share of the Net Pension Liability (Asset), Schedule of Employer Contributions and the 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 Schedule of the Proportionate Share of the Net Pension Liability (Asset), Schedule of Employer Contributions and the budgetary comparison information for the General and major special revenue 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

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 "Independent Auditors' Report Required by Oregon State Regulations" dated December 13, 2016, which is also not a required part of the financial statements. The purpose of that report is to address specific matters required by the State of Oregon.

PRICE FRONK & CO.
Certified Public Accountants & Consultants

By: Candace S Fronk
Candace S. Fronk – a partner

December 13, 2016

Management's Discussion and Analysis
For the Year Ended June 30, 2016

The management of the Bend Metro Park and Recreation District (District) offers readers of the District's financial statements this narrative overview and analysis of the financial activities and financial position of the District for the fiscal year ended June 30, 2016. Management's Discussion and Analysis (MD&A) focuses on currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The District's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources (net position) by $115,488,832 at June 30, 2016. Of this amount, $26,998,810 may be used to meet the District's on-going obligations to citizens and creditors, compared to $20,249,621 as of June 30, 2015.

- The District's net position at June 30, 2016 increased by $10,779,734 from the prior year. This increase in net position is resultant of a combination of: capital assets increasing by $8 million; cash and investments increasing by $2.7 million; deferred outflows of resources increasing by $382,000; deferred inflows of resources decreasing by $1.5 million; the prior year net pension asset becoming a net pension liability, causing a decrease in assets of $1.1 million and an increase in liabilities of $3.1 million; and all other liabilities decreasing by $2.7 million.

- The District's governmental funds reported a combined fund balance of $32,702,533, an increase of $3,480,014, from June 30, 2015. Of this balance, $123,576, or .4% is nonspendable; $16,974,966, or 51.9%, is restricted; $10,331,777, or 31.6%, is committed; $1,500,000, or 4.6% is assigned; and $3,772,214, or 11.5% is unassigned.

- The District's assets and deferred outflows of resources totaled $157.6 million at June 30, 2016 consisting of $120 million in capital assets, $34.9 million in cash and cash equivalents, $1.6 million in receivables and other assets, and $1 million in deferred outflows of resources. Total assets and deferred outflows of resources increased by $9.7 million from the prior year.

- The District's liabilities and deferred inflows of resources totaled $42.1 million at June 30, 2016 consisting of $32.2 million in debt, $1.6 million in accounts payable, $3.1 million in net pension liability, $4.4 million in other liabilities, and $774,576 in deferred inflows of resources. Total liabilities and deferred inflows of resources decreased by $1 million from the prior year.

- The District generated program revenues of $18.3 million from its governmental activities. Direct expenses of all programs totaled $24.1 million. General revenues which include taxes and investment earnings totaled $16.6 million.

- The District's Assessed Valuation of Taxable Property increased by 8.4%, to approximately $10.3 billion, in fiscal year ending June 30, 2016.

- Total bonded debt was $26,635,000 as of June 30, 2016, compared to total bonded debt of $27,450,000 as of June 30, 2015.

Overview of the Financial Statements

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

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

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

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

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

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

Component units. The District includes the Bend Park and Recreation Foundation as a discretely presented component unit. The sole purpose of this legally separate non-profit organization is to provide support and significant additional funding for the District. Information on how to obtain the Foundation's separately issued financial statements can be found in Note 1, item A on page 26.

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 essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This short-term view of the District's financial position helps the reader determine whether the District has sufficient resources to cover expenditures for its basic services in the near future.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financial decisions. A reconciliation from the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities that follows the governmental fund statements explains the relationship (differences) between the two statements.

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

The measurement criteria for each statement results in several significant differences between these two statements. Capital assets of $120,011,243 used in governmental activities are not financial resources and therefore are not included in fund balance but are part of net position. Liabilities which will be liquidated more than one year from balance sheet date of $37,787,002 are not reported on the Balance Sheet but are reported on the Statement of Net Position. Deferred outflows and inflows of resources, related primarily to reporting the District's defined benefit pension plan, are reported in the Statement of Net Position but not on the Balance Sheet. The full reconciliation can be found on page 21.

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

The fund balances of the District's governmental funds increased by $3,480,014 during fiscal year 2015-16 while the net position increased by $10,779,734. This $7,299,720 difference is due to fiscal year transactions that are reported differently on each statement. Repayments of long term debt of $1,302,530 and expenditures for the acquisition and development of capital assets of $8,054,345 are not reported as expenses on the Statement of Activities. Instead, they are reductions of noncurrent liabilities and additions to capital assets, respectively. Other reconciling items include accrued expenses and changes in accruals and deferrals netting a reduction in net position of $2,043,926. The largest item is the recognition of pension expense in the amount of $2,409,402 as required by GASB 68 that is reported only in the statement of activities, not the governmental fund statements as it is not a use of financial resources in the current period. The full reconciliation can be found on page 25.

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

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

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

Notes to the financial statements. The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-49 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons for the General Fund and major special revenue funds. These comparisons can be found on pages 55-56 of this report.

The combining statements and budget to actual schedules for the other major and nonmajor governmental funds are presented in the "Other Supplementary Information" section, and can be found on pages 58-65 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, 2016, the District had a positive net position balance – assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources - of $115,488,832. This is an increase of $10,779,734 or 10.3% over prior year.

Management's Discussion and Analysis, continued

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

Net Position

	June 30		
	2016	**2015**	**Change**
Assets other than capital assets and net pension asset	$ 36,558,616	$ 34,115,429	$ 2,443,187
Net pension asset	-	1,140,713	(1,140,713)
Capital assets, net	120,011,243	111,956,898	8,054,345
Total assets	156,569,859	147,213,040	9,356,819
Deferred outflows of resources	1,002,444	619,992	382,452
Current liabilities	5,301,311	6,256,049	(954,738)
Net pension liability	3,119,344	-	3,119,344
Noncurrent liabilities	32,888,240	34,639,068	(1,750,828)
Total liabilities	41,308,895	40,895,117	413,778
Deferred inflows of resources	774,576	2,228,818	(1,454,242)
Net position:			
Invested in capital assets, net of related debt	88,500,022	84,459,477	4,040,545
Restricted	16,362,379	9,002,872	7,359,507
Unrestricted	10,626,431	11,246,749	(620,318)
Total net position	$ 115,488,832	$ 104,709,098	$ 10,779,734

The District's net position saw a significant impact due to the change from a Pension Asset at June 30, 2015 of $1,140,713 to a Pension Liability of $3,119,344 at June 30, 2016. This resulted from the implementation of GASB 68 in fiscal year 2014-15 that requires pension related items be recorded on the government-wide statements. In addition, the State of Oregon's PERS system financial position changed dramatically from June 30, 2014 to June 30, 2015 due to an Oregon Supreme Court decision in the spring of 2015 that overturned a number of cost saving legislative changes to the pension system's terms for retirees. The impact of PERS related items on the statement of net position was a reduction of over $4.2 million. The impact of PERS related items was mitigated by financial events during the fiscal year which increased the District's net position. Most of this increase relates to increased revenues.

The most significant portion of the District's net position 77%, or $88,500,022 represents its investment in capital assets (land, buildings, improvements, and vehicles, equipment and software, net of accumulated depreciation) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to District residents. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, as the capital assets will not be liquidated to service the debt. The District's portion of net position restricted for use in its long-term capital projects and debt service requirements total $16,326,507 or 14% of the net position. The remaining 9%, or $10,662,303, of the District's net position may be used to meet the District's future obligations to community citizens and creditors.

Management's Discussion and Analysis, continued

Changes in Net Position

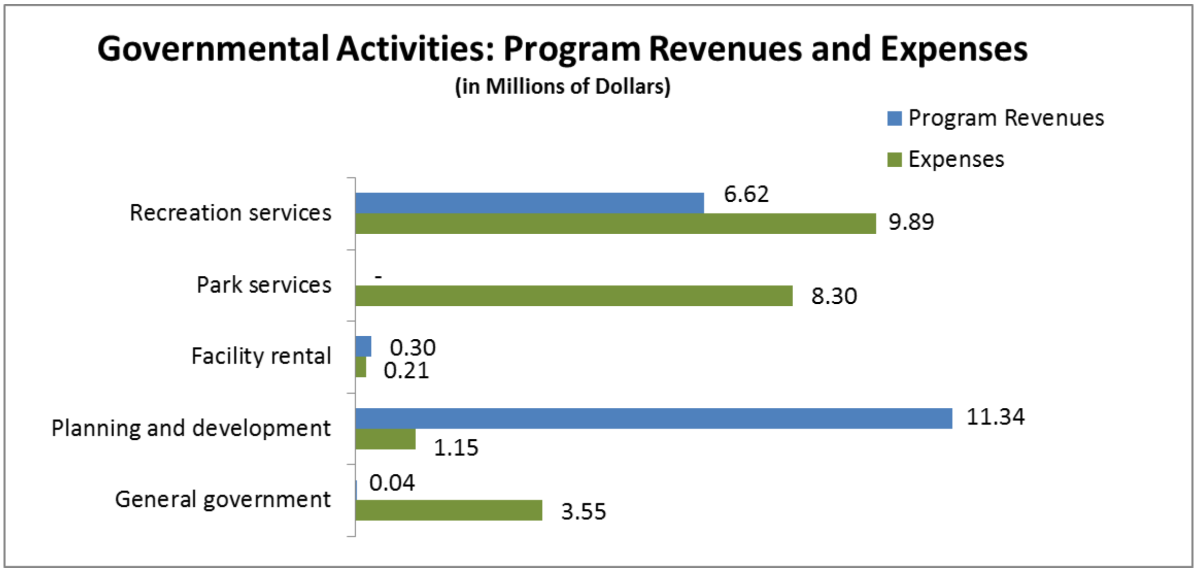
	Fiscal Year Ended June 30		
Revenues	**2016**	**2015**	**Change**
Program revenues:			
Charges for services	$ 17,849,894	$ 11,029,356	$ 6,820,538
Operating grants and contributions	59,542	50,151	9,391
Capital grants and contributions	384,646	1,441,960	(1,057,314)
General revenues:			
Property taxes	16,226,721	15,395,348	831,373
Investment earnings	217,531	206,154	11,377
Other	187,770	328,242	(140,472)
Total revenues	34,926,104	28,451,211	6,474,893
Expenses			
General government	3,545,037	2,771,181	773,856
Planning and development	1,146,682	538,205	608,477
Facility rental	207,824	176,509	31,315
Park services	8,301,736	6,522,644	1,779,092
Recreation services	9,892,216	6,603,770	3,288,446
Interest on long-term debt	1,052,875	1,106,175	(53,300)
Total expenses	24,146,370	17,718,485	6,427,886
Change in net position	10,779,734	10,732,726	47,008
Net position - beginning of year	104,709,098	93,976,372	10,732,726
Net position - end of year	$ 115,488,832	$ 104,709,098	$ 10,779,734

The District's net position increased by $10,779,734 during fiscal year 2015-16. Major impacts on the increase in net position include:

- Due to the Oregon Supreme Court's recent decision to overturn legislative changes to the terms of the statewide PERS system, the District's pension expense reported for fiscal year 2015-16 was $2,409,402 – a significant change from the negative pension expense reported for the prior fiscal year of $1,529,532.
- System development charge revenue increased by over $5.6 million from the prior year, a combination of both fee increases and significant growth in residential development.
- Recreation services charges for services increased by nearly $1.3 million due largely to an additional $627,000 in revenues from opening The Pavilion for the first ice season. Fiscal year 2016-17 will see the first full year of this recreation facility. Other recreation fees and charges increased due to greater customer participation, fee increases and community growth.
- Capital grants and contributions are down by $1 million from prior year, due to prior year seeing a few larger contributions from community organizations and members - for the Bend Whitewater Park project and additional Pickleball courts at Pine Nursery Park. Fiscal year 2015-16 had only one primary capital grant.
- Property taxes increased by just over $831,000, this was due to a combination of: statutorily allowable increases in assessed value on existing properties and new residential and commercial development.
- Expenses for governmental activities increased by a significant 36% from last year, or just over $6.4 million. Expenses would have increased by just under $2.5 million, or 14% except for the impact caused by the change in accounting for the pension expense, as noted earlier. Personnel costs, materials and services, and depreciation expenses make up the majority of the $2.5 million increase in expenses.

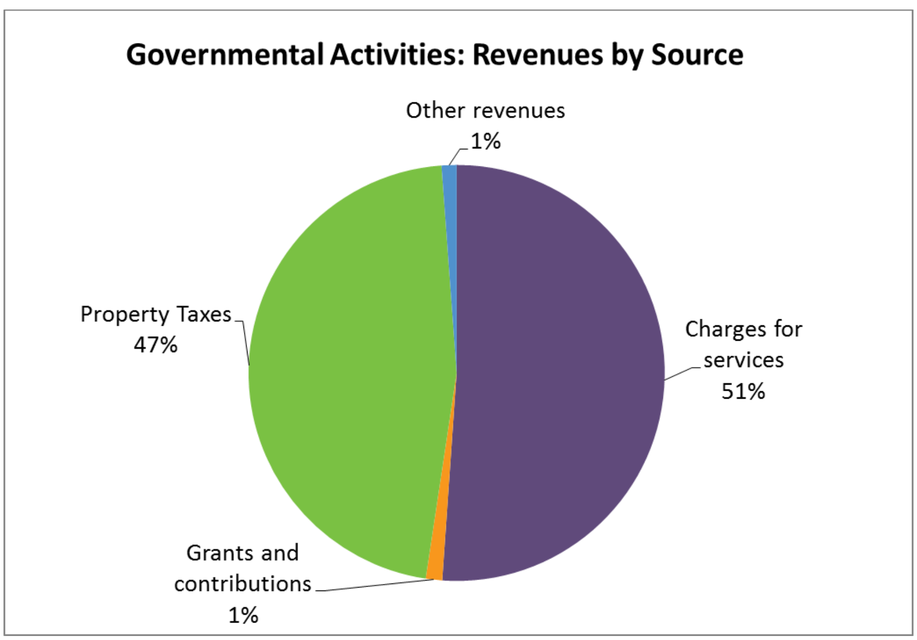
Management's Discussion and Analysis, continued

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



Program revenues generated by planning and development include system development charges of $10,951,017 and capital grants and contributions of $384,646. These revenues are expended on acquisitions and development of capital assets, and not operational expenses.

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



Financial Analysis of the District's Funds

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

Governmental funds

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

As of the end of fiscal year 2015-16, the District's governmental funds reported combined ending fund balances of $32.7 million, which reflects an increase of approximately $3.5 million over the prior year's fund balances. Changes, amounts and percentages, in the fund balances of the governmental funds were:

- General Fund — Decrease of $169,178, or 3.1%
- System Development Charges Fund — Increase of $7,354,564, or 82.7%
- Bond Capital Projects Fund — Decrease of $5,314,192, or 89.1%
- General Obligation Debt Service Fund — Decrease of $30,929, or 22.3%
- Facility Capital Projects Fund — Increase of $1,662,830, or 21.4%
- Nonmajor other governmental funds — Decrease of $23,081, or 2.5%

Significant Changes in Major Funds

General Fund:

The General Fund is the primary operating fund of the District. Principal sources of revenue are property taxes, charges for services, intergovernmental revenues and contributions. Primary expenditures are made for personnel, materials and services, debt service, and costs necessary to provide quality park maintenance, recreational, and planning, design, and development services for the community, and general administration of the District's operations. As of June 30, 2016, the fund balance of the General Fund was $5.4 million. Of this fund balance, $1,593,576 is nonspendable or assigned for future expenditures and $3,772,214 is unassigned.

As a measure of the General Fund's liquidity, it may be useful to compare spendable fund balance to total fund expenditures. The General Fund's spendable fund balance (assigned and unassigned fund balances) represents 30% of total General Fund expenditures and 23% of total General Fund combined expenditures and transfers out, exceeding the District's financial policy guideline of 17 percent. These percentages were 33% and 28%, respectively, in the prior year.

The General Fund's ending fund balance decreased by $169,178 or 3.1% during fiscal year 2015-16. Revenues exceeded expenditures by $3,708,057. These net resources along with Transfers In were used primarily to fund current and future capital expenditures through transfers to other funds in the amount of $4,931,235.

As compared to the prior fiscal year, General Fund revenues increased by just over $2.1 million, largely due to $883,000 (6.5%) in increased property tax collections and $1.27 million (23.8%) more in recreation charges for services. As mentioned earlier, the District opened a new recreation facility this fiscal year - The Pavilion – which accounts for half of the increase in recreation revenue. The remainder of the increase is due to greater customer participation, fee increases and community growth.

Expenditures increased by just under $1.69 million (10.5%). This increase was largely seen in personnel services, as the District expanded its staff in all areas in order to support the increase in demand for services from the growing community.

System Development Charges Special Revenue Fund:
This fund is used to account for development fees assessed on new residential construction within the District boundaries, and is expended on the acquisition and development of parks and trails. Since the low point of the Great Recession in fiscal year 2009-10, SDC revenue has seen annual increases. Fiscal year 2015-16 has seen the greatest increase yet - $5.6 million, a 106% increase over the prior year. Capital outlay in this fund was $2.6 million – equivalent to the amount expended in the prior year. The ending fund balance increased by $7.4 million from the prior year balance. This fund balance of $16,248,714 is entirely restricted by state law to capacity-enhancing and reimbursement projects for park and trail facilities within the District.

Bond Capital Projects Fund:
This fund accounts for the financial resources received from the voter approved general obligation bond passed in November 2012. Primary expenditures of this fund are acquisition and construction of park, recreation and trail related capital projects promised to the community. The District issued general obligation bonds in June of 2013, in the amount of $29 million. The unspent bond proceeds in the Bond Capital Projects Fund accounted for $648,459 of the District's ending fund balance at June 30, 2016, which was a decrease of $5.3 million from the prior year, which was all expended on capital outlay. The ending fund balance is restricted by state and federal law for capital projects.

General Obligation Bond Debt Service Fund:
This debt service fund accounts for the accumulation of resources, primarily property tax revenue, to pay principal and interest payments on the 2013 general obligation bonded debt. The fund balance of $107,793 is restricted by state law for debt service.

Facility Capital Projects Fund:
This capital projects fund accounts for major capital project activities of the District that are not accounted for in the SDC Fund or the Bond Capital Projects Fund. The principal financing source is from a transfer of property taxes from the General Fund. It also receives revenues from capital-related grants and contributions. The District is carrying forward into next fiscal year a large fund balance to pay for significant planned future projects – largely the future major expansion of the Bend Senior Center. These reserves are also for the purpose of major repair and replacement of capital assets as they end their useful life. The fund balance increased by nearly $1.7 million. This fund balance of $9,418,683 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

There was one budget adjustment between the General Fund's original budget and the final budget in fiscal year 2016. This was a transfer of $100,000 in appropriations from Operating Contingency to Personnel Services, in order to cover the cost of expanded recreation services. For the year, actual revenues were greater than budgetary estimates by 3%, due to higher property tax collections and recreation revenues than projected. Actual expenditures were 87% of the budgeted expenditures. The significant underspending in expenditures occurred in materials and services by 12%, and also in not needing to use $1.9 million in operating contingency.

Capital Asset and Debt Administration

Capital assets

As of June 30, 2016, the District had invested just under $120 million in capital assets (net of accumulated depreciation). The book value of the depreciable assets is 69.5% of historical cost. This investment in capital assets includes land, parks, trails, buildings and improvements, equipment and furnishings. Capital assets increased by a net amount (additions, deductions and depreciation) of approximately $8.1 million over the prior year, or 7.2%. The largest majority of the capital expenditures (45%) occurred in the Bond Capital Projects Fund in the current fiscal year.

Capital Assets (Net of Accumulated Depreciation)

	June 30		
	2016	2015	Change
Land including right-of-way	$ 52,808,628	$ 46,474,126	$ 6,334,502
Construction in progress	4,876,194	19,690,479	(14,814,285)
Artwork	230,000	230,000	-
Buildings and building improvements	29,509,234	22,780,911	6,728,323
Improvements other than buildings	31,125,689	21,736,503	9,389,186
Vehicles, equipment and software	1,461,498	1,044,879	416,619
Total capital assets	$120,011,243	$ 111,956,898	$ 8,054,345

Significant capital asset additions, totaling over $8 million for fiscal year 2016, were as follows:

- Construction of The Pavilion in the amount of $3.5 million,
- Construction of the Bend Whitewater Park in the amount of $2 million,
- Development and improvements at the Pine Nursery Community Park in the amount of $158,000,
- Design, engineering and improvements at two community parks in the amount of $1 million,
- Design, engineering and development of four neighborhood parks in the amount of $1.15 million,
- Development of the Deschutes River Trail Undercrossing, replacement of the pedestrian bridge at Farewell Bend, and other trails, totaling $1.6 million,
- Design and engineering for Riley Ranch Nature Reserve, in the amount of $350,000,
- Asset management and access plan expenditures at Juniper Swim and Fitness Center, Bend Senior Center, Juniper Park, and other District facilities in the approximate amount of $652,000, and
- Purchases of vehicles, equipment and technology totaling $511,000.

Offsetting these additions were depreciation and retirements of assets.

Additional information on the District’s capital assets is included in Note 3 on page 35 of this report.

Long-term debt and other long-term obligations

As of June 30, 2016 the District had $34,644,692 in debt and other long-term obligations (employee and development-related obligations) outstanding. Debt decreased by $1.2 million while other long-term obligations decreased by $470,000.

Outstanding Debt and Obligations

	June 30		
	2016	2015	Change
General obligations bonds	$ 26,635,000	$ 27,450,000	$ (815,000)
Premium on general obligation bonds	1,572,136	1,664,615	(92,479)
Loan payable	4,036,413	4,431,464	(395,051)
Compensated absences	432,837	423,144	9,693
Developer agreement payable	1,452,480	1,867,969	(415,489)
Other post-employment benefits payable	515,826	487,329	28,497
Total outstanding obligations	$ 34,644,692	$ 36,324,521	$ (1,679,829)

The general obligation bonds, related to park and recreation facilities, will be paid off in fiscal year 2033. Of the amount outstanding at year-end, $885,000 is due within one year. The loan payable will be paid off in fiscal year 2025. Of the amount outstanding at year-end for the loan payable, $406,049 is due within one year, and is paid from the General Fund.

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

State statutes limit the amount of general obligation debt that park and recreation districts may issue up to 2.5% of all the real market value (RMV) of all taxable properties within the district as reflected in the last certified assessment roll. With a real market value of $16.6 billion, the current debt limitation for the District is $414,765,365. As of June 30, 2016, the District's remaining general obligation debt capacity is $388,130,365. The District's general obligation debt at June 30, 2016 of $26,635,000 represents 6.4% of its capacity.

Additional information on the District's long-term debt and other long-term obligations is included in Note 6 on pages 36-38 of this report.

Key Economic Factors and Budget Information for the Next Year

- An increase in PERS contribution rates, effective July 1, 2017, is anticipated to increase the District's expenditure for its defined benefit retirement plans for fiscal year 2017 by an estimated 3.5% of payroll, over the prior year. At current staffing levels, fiscal year 2017-18 contributions to PERS are projected to exceed fiscal year 2016-17 contributions by an estimated $300,000. The recent interim valuation issued by PERS in September 2015 indicates that PERS employer rates could increase significantly over the next several rate-setting biennia. This expected increase is due to: the State Supreme Court decision to nullify the bulk of the cost saving legislative changes from the 2013 legislative session; changes to a number of actuarial assumption changes approved by the PERS Board in 2015 and 2016; and the earnings rate of the PERS fund were less than the assumed rate of 7.5% for the past two calendar years. The earnings rate through July 2016 was 4.55%.

- The District is dependent on property taxes, charges for services, grants, contributions and investment earnings to support its operations. Property taxes made up approximately 47% of the District's total revenue sources in fiscal year 2016, charges for services (including SDCs) provided 51%, grants and contributions provided 1%, and investment earnings and other revenues provided 1%.

- With the local community's population and economic growth, the District's Assessed Valuation of Taxable Property increased from fiscal year 2016 to fiscal year 2017 by 4.7% to approximately $10.8 billion.

- SDCs collected in fiscal year 2016 were up by $5.6 million from the prior year, an increase of 106%. So far in the first four months of the current fiscal year 2017 we have seen an equivalent number of single family homes being built, but a significant reduction in the number of multi-family units. SDC collections are down approximately $500,000 as compared to the same time period last year – a decrease of 12%. The significant growth we have been experiencing in the community reflects the need for the District to continue to provide its current level of service in parks, trails and recreation facilities over the upcoming years.

- In order to continue to provide exceptional services for the growing community, the District increased staffing levels in the fiscal year 2017 budget by 18 full-time equivalents (FTE) - from 209 to 227 from prior fiscal year. Over half of this increase is in the recreation services department.

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

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

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

We value:

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Statement of Net Position

June 30, 2016

	Primary Government Governmental Activities	Component Unit Bend Park and Recreation Foundation
Assets		
Current assets:		
Cash and cash equivalents	$ 34,923,457	$ 313,048
Property taxes receivable	404,110	-
System development fees receivable	605,292	-
Accounts receivable	502,181	-
Prepaid expenses	123,576	1,236
Total current assets	36,558,616	314,284
Capital assets:		
Land, construction in progress and artwork	57,914,822	-
Other capital assets (net of accumulated depreciation)	62,096,421	-
Total capital assets	120,011,243	-
Total assets	156,569,859	314,284
Deferred outflows of resources		
Deferred charge on refunding	125,650	-
Contributions subsequent to measurement date	876,794	-
Total deferred outflows of resources	1,002,444	-
Liabilities		
Current liabilities:		
Accounts payable	1,553,040	18,760
Accrued payroll liabilities	644,576	-
Accrued liabilities	77,182	
Deposits payable	147,053	-
Accrued interest payable	83,869	-
Unearned revenue	1,039,139	-
Compensated absences	60,903	-
Developer agreement payable	404,500	-
Current portion of long-term debt	1,291,049	-
Total current liabilities	5,301,311	18,760
Noncurrent liabilities:		
Net pension liability	3,119,344	
Compensated absences	371,934	-
Other post-employment benefits payable	515,826	-
Developer agreement payable	1,047,980	-
Long-term debt due in more than one year	30,952,500	-
Total noncurrent liabilities	36,007,584	-
Total liabilities	41,308,895	18,760
Deferred inflows of resources		
Differences between contributions and proportionate share	120,691	-
Net difference (projected and actual earnings)	653,885	-
Total deferred inflows of resources	774,576	-
Net position		
Net investment in capital assets	88,500,022	-
Restricted for:		
Capital projects	16,218,714	-
Debt service	143,665	-
Temporarily restricted - Program activities	-	169,735
Permanently restricted - Endowment	-	54,787
Unrestricted	10,626,431	71,002
Total net position	$ 115,488,832	$ 295,524

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, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Bend Park and Recreation Foundation
Primary Government:						
Governmental activities:						
General government	$ 3,545,037	$ 35,252	$ -	$ -	$ (3,509,785)	$ -
Planning and development	1,146,682	10,951,017	-	384,646	10,188,981	-
Facility rental	207,824	302,903	-	-	95,079	-
Park services	8,301,736	-	-	-	(8,301,736)	-
Recreation services	9,892,216	6,560,722	59,542	-	(3,271,952)	-
Interest on long-term debt	1,052,875	-	-	-	(1,052,875)	-
Total primary government	$ 24,146,370	$ 17,849,894	$ 59,542	$ 384,646	$ (5,852,288)	-
Component unit:						
Bend Park and Recreation						
Foundation	$ 100,757	$ -	$ 97,067	$ -		(3,690)
General revenues:						
Property taxes:						-
Levied for general purposes					14,504,627	
Levied for bonded debt					1,722,094	
Investment earnings					217,531	-
Gain on disposition of capital assets					27,200	-
Other revenues					160,570	25,358
Total general revenues					16,632,022	25,358
Change in net position					10,779,734	21,668
Net position, July 1, 2015					104,709,098	273,856
Net position, June 30, 2016					$ 115,488,832	$ 295,524

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, 2016

	General	System Development Charges	Bond Capital Projects	General Obligation Debt Service
Assets				
Pooled cash and investments	$ 7,037,624	$ 16,170,748	$ 665,391	$ 101,176
Receivables:				
Property taxes	361,621	-	-	42,489
System development fees	-	605,292	-	-
Accounts	167,893	-	-	-
Prepaid items	93,576	30,000	-	-
Total assets	$ 7,660,714	$ 16,806,040	$ 665,391	$ 143,665
Liabilities				
Accounts payable	$ 400,666	$ 557,326	$ 16,932	$ -
Accrued payroll liabilities	644,576	-	-	-
Accrued compensated absences	60,903	-	-	-
Other current liabilities payable	77,182	-	-	-
Deposits payable	-	-	-	-
Unearned revenue	813,279	-	-	-
Total liabilities	1,996,606	557,326	16,932	-
Deferred inflow of resources				
Unavailable revenue - property taxes	298,318	-	-	35,872
Fund balances				
Nonspendable:				
Prepaid items	93,576	30,000	-	-
Restricted for:				
Capital projects	-	16,218,714	648,459	-
Debt service	-	-	-	107,793
Committed to:				
Capital projects - facilities	-	-	-	-
Facility rental activities	-	-	-	-
Capital projects - equipment	-	-	-	-
Assigned:				
Future expenditures	1,500,000	-	-	-
Unassigned:	3,772,214	-	-	-
Total fund balances	5,365,790	16,248,714	648,459	107,793
Total liabilities, deferred inflow of resources and fund balances	$ 7,660,714	$ 16,806,040	$ 665,391	$ 143,665

(continued)

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

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Balance Sheet
Governmental Funds, continued
June 30, 2016

	Facility Capital Projects	Other Governmental	Total
Assets			
Pooled cash and investments	$ 9,748,067	$ 1,200,451	$ 34,923,457
Receivables:			
Property taxes	-	-	404,110
System development fees	-	-	605,292
Accounts	234,526	99,762	502,181
Prepaid items	-	-	123,576
Total assets	$ 9,982,593	$ 1,300,213	$ 36,558,616
Liabilities			
Accounts payable	$ 563,910	$ 14,206	$ 1,553,040
Accrued payroll liabilities	-	-	644,576
Accrued compensated absences	-	-	60,903
Other current liabilities payable	-	-	77,182
Deposits payable	-	147,053	147,053
Unearned revenue	-	225,860	1,039,139
Total liabilities	563,910	387,119	3,521,893
Deferred inflow of resources			
Unavailable revenue - property taxes	-	-	334,190
Fund balances			
Nonspendable:			
Prepaid items	-	-	123,576
Restricted for:			
Capital projects	-	-	16,867,173
Debt service	-	-	107,793
Committed to:			
Capital projects - facilities	9,418,683	-	9,418,683
Facility rental activities	-	606,718	606,718
Capital projects - equipment	-	306,376	306,376
Assigned:			
Future expenditures	-	-	1,500,000
Unassigned:	-	-	3,772,214
Total fund balances	9,418,683	913,094	32,702,533
Total liabilities, deferred inflow of resources and fund balances	$ 9,982,593	$ 1,300,213	$ 36,558,616

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

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BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

For the Year Ended June 30, 2016

Total fund balances for governmental funds		$ 32,702,533
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		120,011,243
Deferred outflows of resources:		
Contributions subsequent to measurement date (pension plan)		876,794
Debt refunding costs, net of amortization		125,650
Some revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and are therefore reported as deferred inflows of resources in the governmental funds, i.e. property taxes.		334,190
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Interest on bonds and loan payable is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, current and noncurrent, are reported in the Statement of Net Position. Balances at June 30, 2016 are:		
Interest payable	$ (83,869)	
Developer agreement payable	(1,452,480)	
Net pension liability	(3,119,344)	
Accrued compensated absences, portion due or payable in more than one year	(371,934)	
Other post-employment benefits	(515,826)	
Loan payable	(4,036,413)	
GO bond debt and premium on issuance, net	(28,207,136)	
Total noncurrent liabilities and accrued interest		(37,787,002)
Deferred inflows of resources (related to pension):		
Net difference between projected and actual earnings on investments		(653,885)
Changes in proportion and differences between employer contributions and proportionate share of contributions		(120,691)
Net position of governmental activities		$ 115,488,832

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, 2016

	General	System Development Charges	Bond Capital Projects	General Obligation Debt Service
Revenues				
Property taxes	$ 14,518,608	$ -	$ -	$ 1,721,342
Charges for services	6,595,974	-	-	-
System development fees	-	10,951,017	-	-
Contributions	59,542	-	-	-
Grants	-	-	-	-
Investment earnings	54,720	90,511	12,252	6,460
Reimbursement for interfund services	102,498	-	-	-
Miscellaneous	155,749	-	-	-
Total revenues	21,487,091	11,041,528	12,252	1,727,802
Expenditures				
Current:				
General government	3,144,301	-	-	-
Planning and development	1,010,391	6,315	-	-
Facility rental	-	-	-	-
Park services	5,364,996	-	-	-
Recreation services	7,683,363	-	-	-
Debt service	-	-	-	-
Principal payments	395,051	-	-	815,000
Interest	111,281	-	-	943,731
Capital outlay	69,651	2,626,649	5,326,444	-
Total expenditures	17,779,034	2,632,964	5,326,444	1,758,731
Excess (deficiency) of revenues over expenditures	3,708,057	8,408,564	(5,314,192)	(30,929)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	1,054,000	-	-	-
Transfers out	(4,931,235)	(1,054,000)	-	-
Total other financing sources (uses)	(3,877,235)	(1,054,000)	-	-
Net change in fund balances	(169,178)	7,354,564	(5,314,192)	(30,929)
Fund balances, July 1, 2015	5,534,968	8,894,150	5,962,651	138,722
Fund balances, June 30, 2016	$ 5,365,790	$ 16,248,714	$ 648,459	$ 107,793

(continued)

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

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds, continued
For the Year Ended June 30, 2016

	Facility Capital Projects	Other Governmental	Total
Revenues			
Property taxes	$ -	$ -	$ 16,239,950
Charges for services	-	302,903	6,898,877
System development fees	-	-	10,951,017
Contributions	22,569	-	82,111
Grants	362,077	-	362,077
Investment earnings	48,869	4,719	217,531
Reimbursement for interfund services	-	-	102,498
Miscellaneous	-	4,821	160,570
Total revenues	433,515	312,443	35,014,631
Expenditures			
Current:			
General government	-	-	3,144,301
Planning and development	-	-	1,016,706
Facility rental	-	157,928	157,928
Park services	-	-	5,364,996
Recreation services	-	-	7,683,363
Debt service	-	-	
Principal payments	-	-	1,210,051
Interest	-	-	1,055,012
Capital outlay	3,255,135	651,581	11,929,460
Total expenditures	3,255,135	809,509	31,561,817
Excess (deficiency) of revenues over expenditures	(2,821,620)	(497,066)	3,452,814
Other Financing Sources (Uses)			
Sale of capital assets	-	27,200	27,200
Transfers in	4,484,450	446,785	5,985,235
Transfers out	-	-	(5,985,235)
Total other financing sources (uses)	4,484,450	473,985	27,200
Net change in fund balances	1,662,830	(23,081)	3,480,014
Fund balances, July 1, 2015	7,755,853	936,175	29,222,519
Fund balances, June 30, 2016	$ 9,418,683	$ 913,094	$ 32,702,533

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

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BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds		$ 3,480,014
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, various miscellaneous transactions involving capital assets (i.e. disposals, donations, etc.) impact the net position.		
Capital asset additions	$ 11,105,383	
Capitalized labor	101,357	
Depreciation expense	(3,152,395)	
Disposals - cost	(58,500)	
Disposals - accumulated depreciation	58,500	
Total net effect of capital assets		8,054,345
Revenues in the Statement of Activities that do not provide current financial resources, are not reported as revenues in the funds (i.e. the change in unavailable revenue - property taxes).		(13,229)
The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments/(new debt):		
General obligation bonds	$ 815,000	
Amortization of bond premium	92,479	
Loan payable	395,051	
Total net effect of long-term debt		1,302,530
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds.		
Accrued interest payable	$ 2,138	
Accrued compensated absences	(9,693)	
Accrued other postemployment benefit obligations	(28,497)	
Amortization of deferred charge on refunding	(13,961)	
Pension expense	(2,409,402)	
Developer agreement payable	415,489	
System development charges credit payable	-	
Total net effect of resources that are not expenses		(2,043,926)
Total adjustments for fiscal year ended June 30, 2016		7,299,720
Change in net position, June 30, 2016		$ 10,779,734

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

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 Statues 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, the Pavilion, 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).

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.

<u>Government-wide Financial Statements</u>

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.

<u>Governmental Fund Financial Statements</u>

The governmental fund financial statements are accounted for using a *current financial resources measurement focus*, whereby only current assets and current liabilities generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures, and Changes in Fund Balances present increases and decreases in those net current assets. These funds use the *modified accrual basis of accounting* whereby revenues are recorded only when susceptible to accrual (i.e. when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined and “available” is defined as being collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Note 1 – Summary of Significant Accounting Policies, continued

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

Governmental Fund Financial Statements, continued

Property taxes are assessed on a July 1 – June 30 fiscal year basis. The taxes are levied as of July 1 based on assessed values as of January 1. Property tax payments are due in three equal installments, on November 15, February 15 and May 15. A discount of 3% is available if taxes are paid in full by November 15 and a discount of 2% on the unpaid balance is available if taxes are paid in full by February 15. Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the following May 15. The Deschutes County Treasurer is the tax collection agent for the District. The District's 2016 fiscal year tax levy was $16,773,856.

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

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

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

Governmental Funds

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

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

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

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

Note 1 – Summary of Significant Accounting Policies, continued

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

Governmental Funds, continued

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

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

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.

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.

Note 1 – Summary of Significant Accounting Policies, continued

J. Capital Assets

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

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

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

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

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

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

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

K. Deferred Outflows/Inflows of Resources

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

Note 1 – Summary of Significant Accounting Policies, continued

K. Deferred Outflows/Inflows of Resources, continued

In addition to liabilities, the Statement of Net Position and/or the governmental funds balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The District also reports deferred amounts related to the OPERS pension plan. This amount is deferred and recognized as an inflow of resources in the period when the District recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position. Deferred inflows of resources, as a result of the accounting for the OPERS pension plan, are reported on the Statement of Net Position.

L. Pensions

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

M. Unearned Revenue

Governmental funds recognize deferred outflows in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The financial statements also 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 its recreation facilities.

N. Compensated Absences

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

O. Developer Agreement Payable

The District enters into agreements to reimburse various developers for the development of certain parks through system development charges collected from properties established as recovery areas. This liability will be liquidated from the System Development Charges Special Revenue Fund. Payable amounts as of the reporting period can be found in Note 6.

P. Other Post-Employment Benefits Obligation (OPEB)

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

Note 1 – Summary of Significant Accounting Policies, continued

Q. Fund Balance Reporting

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

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

1. *Nonspendable*, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

2. *Restricted* fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation,

3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's governing board (the District's highest level of decision-making authority),

4. *Assigned* fund balance classification is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. Intent is expressed when the District's Board of Directors approves which resources should be "set-aside" during the adoption of the upcoming fiscal year's annual budget. The District's Executive Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Audited Financial Statements, and

5. *Unassigned* fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

R. Fund Balance Policy

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

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

Note 1 – Summary of Significant Accounting Policies, continued

S. Appropriation and Budgetary Controls

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

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

Transfers of operating contingency appropriations, which in aggregate during a fiscal year exceed 15% of the total appropriations of the fund, may only be made after adoption of a supplemental budget prepared for that purpose. A supplemental budget of less than 10% of the fund's original budget may be adopted at a regular meeting of the Board. A supplemental budget greater than 10% of the fund's original budget requires public hearings, publication in newspapers and approval by the Board. Budget amounts shown in the financial statements include the original budget, supplemental budgets and budget transfers. All appropriations terminate on June 30.

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, 2016, consisted of the following:

	District	Foundation
Cash on hand	$ 5,440	$ -
Deposits with banks	1,445,587	198,043
Oregon Community Foundation	-	115,005
Local Government Investment Pool	33,472,430	-
Total pooled cash and investments	$ 34,923,457	$ 313,048

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, 2016, was $1,425,656,743 for reported public funds of $2,060,399,665.

Note 2 – Cash and Investments, continued

Deposits, continued

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.

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.

Investment	Fair Value
Local Government Investment Pool	$33,472,430

Investments – Discretely Presented Component Unit

Investments of the Bend Park and Recreation Foundation at year-end consist of $115,005 of marketable securities in an endowment fund held by The Oregon Community Foundation.

Investments are valued at quoted prices in active markets, which is considered 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.

Investment	Fair Value
The Oregon Community Foundation	$115,005

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.

Note 2 – Cash and Investments, continued

Custodial Credit Risk, continued

Governmental accounting standards require that investments be reported at fair value and the change in fair value of investments be reported as revenue in the operating statement. The District's investments consist solely of government pool investments. At June 30, 2016, 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, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets not being depreciated:				
Land including right-of-way	$ 46,474,126	$ 6,334,502	$ -	$ 52,808,628
Construction in progress	19,690,479	3,109,464	(17,923,749)	4,876,194
Artwork	230,000	-	-	230,000
Total capital assets not being depreciated	66,394,605	9,443,966	(17,923,749)	57,914,822
Capital assets being depreciated:				
Buildings and building improvements	31,635,324	7,792,318	-	39,427,642
Improvements other than buildings	33,770,819	11,173,435	-	44,944,254
Vehicles, equipment and software	4,312,530	720,770	(58,500)	4,974,800
Total capital assets being depreciated	69,718,673	19,686,523	(58,500)	89,346,696
Less accumulated depreciation for:				
Buildings and building improvements	(8,854,413)	(1,063,995)	-	(9,918,408)
Improvements other than buildings	(12,034,316)	(1,784,249)	-	(13,818,565)
Vehicles, equipment and software	(3,267,651)	(304,151)	58,500	(3,513,302)
Total accumulated depreciation	(24,156,380)	(3,152,395)	58,500	(27,250,275)
Total capital assets being depreciated, net	45,562,293	16,534,128	-	62,096,421
Total capital assets, net	$111,956,898	$25,978,094	$ (17,923,749)	$120,011,243

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

General government	$ 356,562
Facility rental	26,021
Park services	2,096,078
Recreation services	673,734
Total depreciation expense - primary government	$ 3,152,395

Note 4 – Deferred Outflows of Resources

The difference between the carrying value of refunded debt and its reacquisition price was deferred and is amortized on the straight-line basis over the period benefitted. The contributions made to OPERS during the year ended June 30, 2016 have been classified as a deferred outflow of resources.

Deferred Outflows of Resources	Amount
Deferred charges on refunding debt (FF&C 2005)	$ 125,650
Contributions made to the defined benefit plan subsequent to measurement date	876,794
Total Deferred Outflows of Resources	$ 1,002,444

Note 5 – Interfund Transfers

Interfund transfers during fiscal year ended June 30, 2016, consisted of the following:

Description	Amount
From the General Fund to the Facility Capital Projects Fund for land acquisitions and capital construction projects.	$ 4,484,450
From the General Fund to the Equipment Capital Projects Fund for equipment acquisitions.	446,785
From the System Development Charges Special Revenue Fund to the General Fund for reimbursement of personnel services.	1,054,000
	$ 5,985,235

Note 6 – Long-Term Obligations

The District has issued debt for the purpose of supporting its capital financing activities. The types of debt are discussed below and each debt type reports the range of maturities for each of its outstanding debt issue. The District's tax-exempt debt remains in compliance with all Internal Revenue Service arbitrage regulations. Outstanding debt amounts are as of June 30, 2016.

General Obligation Bonds

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

Oregon state law limits general obligation debt to 2.5% of real market value. At June 30, 2016 the District's unused debt margin is $344.3 million.

General obligation bonds currently outstanding are as follows:

	Interest Rate(s) Outstanding Debt	Date of Issue	Years of Maturity	Amount of Original Issue	Outstanding June 30, 2016
Capital Improvements, Series 2013	2% - 4.5%	June 5, 2013	2013 to 2032	$ 29,000,000	$ 26,635,000

Note 6 – Long-Term Obligations, continued

General Obligation Bonds, continued

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

Year Ending June 30	General Obligation Bond Principal	General Obligation Bond Interest
2017	$ 885,000	$ 927,431
2018	950,000	909,732
2019	1,015,000	881,231
2020	1,080,000	850,781
2021	1,155,000	818,381
2022-2026	7,070,000	3,391,657
2027-2031	9,765,000	1,785,475
2032-2033	4,715,000	237,938
	26,635,000	9,802,626

Loan Payable

The District has entered into Financing Agreement, Series 2014, for the purpose of refunding the Full Faith and Credit Obligations, Series 2005 (Juniper Swim and Fitness Center Renovation and Expansion Project). The principal balance of this loan on June 30, 2016 is $4,036,413, with an interest rate of 2.47% with maturities through fiscal year 2025. Details for the activity of the loan payable can be found in the changes in long-term liabilities schedule at the end of this note.

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

Year Ending June 30	Loan Payable Principal	Loan Payable Interest
2017	$ 406,049	$ 101,084
2018	416,047	90,915
2019	425,489	80,496
2020	434,153	70,032
2021	447,579	58,968
2022-2025	1,907,096	120,822
	4,036,413	522,317

Changes in Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2016 was as follows:

Note 6 – Long-Term Obligations, continued

Changes in Long-Term Liabilities, continued

	June 30, 2015	Increases	Decreases	June 30, 2016	Due Within One Year
General obligations bonds	$ 27,450,000	$ -	$ (815,000)	$ 26,635,000	$ 885,000
Premium on general obligation bond	1,664,615	-	(92,479)	1,572,136	-
Loan payable	4,431,464	-	(395,051)	4,036,413	406,049
Compensated absences	423,144	539,012	(529,319)	432,837	60,903
Developer agreement payable	1,867,969	-	(415,489)	1,452,480	404,500
Other post-employment benefits payable	487,329	39,333	(10,836)	515,826	-
Total long-term obligations	$ 36,324,521	$ 578,345	$ (2,258,174)	$ 34,644,692	$ 1,756,452

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

Note 7 – Deferred Inflows of Resources and Unearned Revenue

Governmental Funds Balance Sheet: Unavailable revenues are reported as deferred inflows of resources on the governmental funds balance sheet. These are revenues which are earned, but not available to liquidate liabilities of the current period. Unearned revenues are reported on the governmental funds balance sheet, and are revenues which are available to liquidate liabilities of the current period, but are not yet earned. For the District, these are revenues related to recreation and reservation services. For the year ended June 30, 2016, these balances were:

	Deferred Inflows of Resources - Property Taxes	Unearned Revenue	Total Deferred Inflows of Resources and Unearned Revenue
General Fund	$ 298,318	$ 813,279	$ 1,111,597
General Obligation Debt Service Fund	35,872	-	35,872
Nonmajor Funds	-	225,860	225,860
Total Deferred Inflows of Resources and Unearned Revenue	$ 334,190	$ 1,039,139	$ 1,373,329

Statement of Net Position: An acquisition of net position, applicable to a future reporting period, is reported as deferred inflows of resources on the Statement of Net Position. For the year ended June 30, 2016, these balances, related to pensions by application of GASB Statement No. 68, were:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 653,885
Differences between employer contributions and employer's proportionate share of system contributions	120,691
	$ 774,576

Note 8 – Risk Management

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

Note 9 – Public Employees' Retirement System Pension Plan

Plan Name and Description

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

Benefits Provided

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

Pension Benefits

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

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

Death Benefits

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

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

Benefits Provided, continued

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

Death Benefits, continued

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

Disability Benefits

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

Benefit Changes After Retirement

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. OPSRP Pension Program (OPSRP DB)

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

Defined Pension Benefits

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

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

Death Benefits

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

Disability Benefits

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

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

Benefits Provided, continued

2. OPSRP Pension Program (OPSRP DB), continued

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

3. OPSRP Individual Account Program (OPSRP IAP)

Defined Contribution Benefits

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

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

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

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates, based on a percentage of payroll, first became effective July 1, 2015. The District's employer contributions for the year ended June 30, 2016 were $639,809, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were 12.45% for Tier One/Tier Two, and 7.52% for OPSRP Pension Program. Covered employees are required by state statute to contribute 6% of their annual salary for OPSRP Individual Account Program, but the employer is allowed to pay all or none of the employees' contribution in addition to the required employers' contribution. The District does not contribute the 6% "pick-up" for employees.

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

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

At June 30, 2016, the District reported an asset of $3,119,344 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the District's proportion was 0.0543%, and was increased from its proportion of 0.0503% measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of $2,409,402. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 168,211	$ -
Net difference between projected and actual earnings on pension plan investments	-	653,885
Changes in proportionate share	68,774	-
Differences between employer contributions and employer's proportionate share of system contributions	-	120,691
Total (prior to post-measurement date contributions)	236,985	774,576
Employer contributions subsequent to the measurement date	639,809	-
Total	$ 876,794	$ 774,576

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Deferred Outflows	Year Ending June 30	Deferred Inflows
2017	$ 975,757	2017	$ 622,604
2018	335,948	2018	622,604
2019	335,948	2019	622,604
2020	335,948	2020	26,114
2021	21,545	2021	9,002
	$ 2,005,146		$ 1,902,928

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

Actuarial Cost Method and Assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015, and effective July 1, 2015 through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following key actuarial methods and assumptions:

Valuation date	December 31, 2013
Measurement date	June 30, 2015
Experience study report	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.75 percent
Long-term expected rate of return	7.75 percent
Discount rate	7.75 percent
Projected salary increases	3.75 percent overall payroll growth.
Cost of living adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service.
Mortality	***Healthy retirees and beneficiaries:*** RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. ***Active members:*** Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. ***Disabled retirees:*** Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

(Source: June 30, 2015 OPERS CAFR, p. 57)

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

Actuarial Cost Method and Assumptions, continued

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

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

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's Proportionate Share of the Net Pension Liability (Asset)	$ 7,528,421	$ 3,119,344	$ (526,349)

Long-term Expected Rate of Return

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

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

Long-term Expected Rate of Return, continued

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

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

(Source: June 30, 2015 OPERS CAFR; p. 57)

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.

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

Depletion Date Projection, continued

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

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

Pension Plan Fiduciary Net Position

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

Changes in Plan Provisions During the Measurement Period

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

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

This change in benefit terms were reflected in the current valuation.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2015 measurement date.

Note 10 – 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.

Note 10 – 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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The District has chosen to amortize the unfunded liability over 10 years on a rolling basis.

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

	For the Year Ended June 30		
	2016	2015	2014
Determination of Annual Required Contribution			
Normal cost at year-end	$ 35,780	$ 50,435	$ 47,580
Amortization of Unfunded Actuarial Accrued Liability (UAAL)	45,093	78,191	72,601
Annual required contribution (ARC)	$ 80,873	$ 128,626	$ 120,181
Determination of Net OPEB Obligation			
Annual required contribution	$ 80,873	$ 128,626	$ 120,181
Interest on prior year net OPEB obligation	17,057	14,745	12,357
Adjustment to annual required contribution	(58,597)	(50,656)	(42,451)
Annual OPEB expense	39,333	92,715	90,087
Benefit payments	(10,836)	(26,673)	(21,845)
Increase in net OPEB obligation	28,497	66,042	68,242
Net OPEB obligation - beginning of year	487,329	421,287	353,045
Net OPEB obligation - end of year	$ 515,826	$ 487,329	$ 421,287

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	$ 39,333	28%	$ 515,826
June 30, 2015	$ 92,715	29%	$ 487,329
June 30, 2014	$ 90,087	24%	$ 421,287

Note 10 – Other Post Employment Benefits (OPEB), continued

Health Insurance Continuation, continued

Funded Status and Funding Progress

As of August 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $363,379 and the value of the assets was $0, resulting in an unfunded actuarial liability of $363,379.

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%
7/1/2014	$ -	$ 363,379	$ 363,379	0%	$ 7,293,081	5%

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, 2014 actuarial valuation, the projected unit credit cost method 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. The annual healthcare cost trend rate used varies from 4.0% to 6.75% in future years. The rates include a projected general inflation rate of 2.75%. Retirement and withdrawal rates were based on Oregon PERS valuation assumptions.

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

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

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

Plan Description

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

Note 10 – Other Post Employment Benefits (OPEB), continued

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

Plan Description, continued

provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues an independently audited Comprehensive Annual Financial Report and Actuarial Valuation which can be found at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Funding Policy

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

Participating agencies are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.53% of annual covered payroll for Tier 1 & 2 and .45% for OPSRP. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA which equaled the required contributions for that year were included with the payments for the retirement plan described in Note 9 above and were approximately $29,694, $33,580 and $32,030, respectively, for the years ended June 30, 2016, 2015 and 2014.

Note 11 – Commitments and Contingent Liabilities

At June 30, 2016, the District was committed on outstanding construction, engineering, consulting, service and equipment purchase contracts totaling $1,171,689.

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.

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REQUIRED SUPPLEMENTARY INFORMATION

Notes to the Required Supplementary Information
Fiscal Year Ended June 30, 2016

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

Note 1 – Budgetary Information

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

The Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and sets the level by which expenditures and other uses cannot legally exceed appropriations. For all funds, the levels of budgetary control are personnel services, materials and services, debt service, capital outlay, transfers and operating contingency. Appropriations lapse at of the end of the fiscal year for goods or services not yet received. The Board may modify the budget by transferring appropriations between levels of control and by adopting supplemental budgets. Unexpected additional resources may be added to the budget through the use of a supplemental budget. Some supplemental budgets require hearings before the public, publications in newspapers and approval by the Board. An appropriation transfer in the General Fund was approved by the Board for the 2015-16 fiscal year. All appropriations terminate on June 30, 2016.

Note 2 – Oregon Public Retirement System Information

Changes in Benefit Terms

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

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

This is a change in benefit terms was not included in the net pension liability (asset) proportionate shares provided by OPERS for the years ending June 30, 2015 and June 30, 2014.

Changes of Assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2012 and 2014 Experience Study for the System, which were published on September 18, 2013 and September 23, 2015. These reports can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/mercer_reports.aspx.

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

	(a)	(b)	(c)	(b/c)	
Year Ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2016	0.05433%	$ 3,119,344	$ 7,132,955	43.73%	91.90%
2015	0.05032%	$ (1,140,713)	$ 6,929,756	-16.46%	103.60%
2014	0.05032%	$ 2,568,133	$ 5,832,411	44.03%	91.97%

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

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

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Schedule of Employer Contributions
Last Three Fiscal Years*

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2016	$ 639,809	$ 639,809	$ -	$ 7,478,993	8.55%
2015	$ 480,381	$ 480,381	$ -	$ 7,132,955	6.73%
2014	$ 430,877	$ 430,877	$ -	$ 6,929,756	6.22%

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

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

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

For the Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Property taxes	$ 14,243,000	$ 14,243,000	$ 14,518,608	$ 275,608
Charges for services	6,170,610	6,170,610	6,595,974	425,364
Grants	50,975	50,975	-	(50,975)
Investment earnings	45,000	45,000	54,720	9,720
Contributions	9,000	9,000	59,542	50,542
Reimbursement for interfund services	185,000	185,000	102,498	(82,502)
Miscellaneous	127,000	127,000	155,749	28,749
Total revenues	20,830,585	20,830,585	21,487,091	656,506
Expenditures				
Current:				
Personnel services	12,275,761	12,375,761	12,330,733	45,028
Materials and services	5,561,344	5,561,344	4,872,318	689,026
Debt service	506,333	506,333	506,332	1
Capital outlay	82,000	82,000	69,651	12,349
Contingency	2,000,000	1,900,000	-	1,900,000
Total expenditures	20,425,438	20,425,438	17,779,034	2,646,404
Excess (deficiency) of revenues over expenditures	405,147	405,147	3,708,057	3,302,910
Other Financing Sources (Uses)				
Transfers in	1,074,000	1,074,000	1,054,000	(20,000)
Transfers out	(4,931,235)	(4,931,235)	(4,931,235)	-
Total other financing sources (uses)	(3,857,235)	(3,857,235)	(3,877,235)	(20,000)
Net change in fund balance	(3,452,088)	(3,452,088)	(169,178)	3,282,910
Fund balance, July 1, 2015	4,952,088	4,952,088	5,534,968	582,880
Fund balance, June 30, 2016	$ 1,500,000	$ 1,500,000	$ 5,365,790	$ 3,865,790

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, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
System development fees	$ 5,545,354	$ 5,545,354	$10,951,017	$ 5,405,663
Investment earnings	48,660	48,660	90,511	41,851
Total revenues	5,594,014	5,594,014	11,041,528	5,447,514
Expenditures				
Current:				
Materials and services	70,000	70,000	6,315	63,685
Capital outlay	12,420,304	12,420,304	2,626,649	9,793,655
Total expenditures	12,490,304	12,490,304	2,632,964	9,857,340
Excess (deficiency) of revenues over expenditures	(6,896,290)	(6,896,290)	8,408,564	15,304,854
Other Financing Uses				
Transfers out	(1,074,000)	(1,074,000)	(1,054,000)	20,000
Total other financing uses	(1,074,000)	(1,074,000)	(1,054,000)	20,000
Net change in fund balance	(7,970,290)	(7,970,290)	7,354,564	15,324,854
Fund balance, July 1, 2015	7,970,290	7,970,290	8,894,150	923,860
Fund balance, June 30, 2016	$ -	$ -	$16,248,714	$ 16,248,714

OTHER SUPPLEMENTARY INFORMATION

Major and Nonmajor Governmental Funds

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Bond Capital Projects Fund
For the Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Investment earnings	$ 21,614	$ 21,614	$ 12,252	$ (9,362)
Total revenues	21,614	21,614	12,252	(9,362)
Expenditures				
Capital outlay	7,421,423	7,421,423	5,326,444	2,094,979
Total expenditures	7,421,423	7,421,423	5,326,444	2,094,979
Net change in fund balance	(7,399,809)	(7,399,809)	(5,314,192)	2,085,617
Fund balance, July 1, 2015	7,399,809	7,399,809	5,962,651	(1,437,158)
Fund balance, June 30, 2016	$ -	$ -	$ 648,459	$ 648,459

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Obligation Bond Debt Service Fund
For the Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Property taxes	$ 1,727,400	$ 1,727,400	$ 1,721,342	$ (6,058)
Investment earnings	5,000	5,000	6,460	1,460
Total revenues	1,732,400	1,732,400	1,727,802	(4,598)
Expenditures				
Debt service	1,758,732	1,758,732	1,758,731	1
Reserves	97,041	97,041	-	97,041
Total expenditures	1,855,773	1,855,773	1,758,731	97,042
Net change in fund balance	(123,373)	(123,373)	(30,929)	92,444
Fund balance, July 1, 2015	123,373	123,373	138,722	15,349
Fund balance, June 30, 2016	$ -	$ -	$ 107,793	$ 107,793

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, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Contributions	$ 62,500	$ 62,500	$ 22,569	$ (39,931)
Grants	761,650	761,650	362,077	(399,573)
Investment earnings	45,000	45,000	48,869	3,869
Total revenues	869,150	869,150	433,515	(435,635)
Expenditures				
Capital outlay	4,185,589	4,185,589	3,255,135	930,454
Reserves	6,927,690	6,927,690	-	6,927,690
Total expenditures	11,113,279	11,113,279	3,255,135	7,858,144
Excess (deficiency) of revenues over expenditures	(10,244,129)	(10,244,129)	(2,821,620)	7,422,509
Other Financing Sources				
Transfers in	4,484,450	4,484,450	4,484,450	-
Total other financing sources	4,484,450	4,484,450	4,484,450	-
Net change in fund balance	(5,759,679)	(5,759,679)	1,662,830	7,422,509
Fund balance, July 1, 2015	5,759,679	5,759,679	7,755,853	1,996,174
Fund balance, June 30, 2016	$ -	$ -	$ 9,418,683	$ 9,418,683

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BEND METRO PARK AND RECREATION DISTRICT, OREGON

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Facility Rental	Equipment Capital Projects	Total
Assets			
Pooled cash and investments	$ 901,210	$ 299,241	$ 1,200,451
Accounts receivable	85,672	14,090	99,762
Prepaid items	-	-	-
Total assets	$ 986,882	$ 313,331	$ 1,300,213
Liabilities			
Accounts payable	$ 7,251	$ 6,955	$ 14,206
Deposits payable	147,053	-	147,053
Unearned revenue	225,860	-	225,860
Total liabilities	380,164	6,955	387,119
Fund balances			
Nonspendable:			
Prepaid items	-	-	-
Committed to:			
Facility rental services	606,718	-	606,718
Capital equipment	-	306,376	306,376
Total fund balances	606,718	306,376	913,094
Total liabilities and fund balances	$ 986,882	$ 313,331	$ 1,300,213

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, 2016

	Facility Rental	Equipment Capital Projects	Total
Revenues			
Charges for services	$ 302,903	$ -	$ 302,903
Investment earnings	3,968	751	4,719
Miscellaneous	-	4,821	4,821
Total revenues	306,871	5,572	312,443
Expenditures			
Current:			
Personnel services	102,402	-	102,402
Materials and services	55,526	-	55,526
Capital outlay	23,826	627,755	651,581
Total expenditures	181,754	627,755	809,509
Excess (deficiency) of revenues over expenditures	125,117	(622,183)	(497,066)
Other Financing Sources			
Sale of capital assets	-	27,200	27,200
Transfers in	-	446,785	446,785
Total other financing sources	-	473,985	473,985
Net change in fund balances	125,117	(148,198)	(23,081)
Fund balances, July 1, 2015	481,601	454,574	936,175
Fund balances, June 30, 2016	$ 606,718	$ 306,376	$ 913,094

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, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Charges for services	$ 289,000	$ 289,000	$ 302,903	$ 13,903
Investment earnings	3,500	3,500	3,968	468
Total revenues	292,500	292,500	306,871	14,371
Expenditures				
Current:				
Personnel services	134,339	134,339	102,402	31,937
Materials and services	131,950	131,950	55,526	76,424
Capital outlay	484,338	484,338	23,826	460,512
Total expenditures	750,627	750,627	181,754	568,873
Net change in fund balance	(458,127)	(458,127)	125,117	583,244
Fund balance, July 1, 2015	458,127	458,127	481,601	23,474
Fund balance, June 30, 2016	$ -	$ -	$ 606,718	$ 606,718

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, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Investment earnings	$ 3,500	$ 3,500	$ 751	$ (2,749)
Miscellaneous	-	-	4,821	4,821
Total revenues	3,500	3,500	5,572	2,072
Expenditures				
Capital outlay	691,457	691,457	627,755	63,702
Reserves	242,798	242,798	-	242,798
Total expenditures	934,255	934,255	627,755	306,500
Excess (deficiency) of revenues over expenditures	(930,755)	(930,755)	(622,183)	308,572
Other Financing Sources				
Sale of capital assets	15,000	15,000	27,200	12,200
Transfers in	446,785	446,785	446,785	-
Total other financing sources	461,785	461,785	473,985	12,200
Net change in fund balance	(468,970)	(468,970)	(148,198)	320,772
Fund balance, July 1, 2015	468,970	468,970	454,574	(14,396)
Fund balance, June 30, 2016	$ -	$ -	$ 306,376	$ 306,376

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OTHER FINANCIAL SCHEDULES

Schedule of Property Tax Transactions
For the Year Ended June 30, 2016

Tax Year	Property Taxes Receivable July 1, 2015	Levy as Extended by Assessor	Adjustments, Interest and Discounts	Cash Collections	Property Taxes Receivable June 30, 2016
2015-16	$ -	$ 16,773,856	$ (566,731)	$ (15,963,151)	$ 243,974
2014-15	252,609	-	7,405	(164,954)	95,060
2013-14	96,675	-	6,406	(60,150)	42,931
2012-13	44,313	-	5,933	(38,290)	11,956
2011-12	16,689	-	2,193	(15,520)	3,362
2010-11	4,928	-	(650)	(2,141)	2,137
2009-10	3,422	-	(846)	(1,317)	1,259
2008-09	2,632	-	(940)	(759)	933
2007-08	747	-	(51)	(114)	582
2006-07	455	-	(66)	(41)	348
Prior	1,809	-	213	(453)	1,568
	$ 424,279	$ 16,773,856	$ (547,134)	$ (16,246,890)	$ 404,110

Reconciliation to revenues:

Collections	$ 16,246,890
Change in property tax receivable	(20,169)
Change in deferred property taxes	13,229
Total Property Tax Revenues	$ 16,239,950

Summary by fund:	Revenues	Property Taxes Receivable
General Fund	$ 14,518,608	$ 361,621
General Obligation Bonds Debt Service Fund	1,721,342	42,489
Totals	$ 16,239,950	$ 404,110

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

	2015-16	2014-15	2013-14
Current year's levy	$ 14,993,274	$ 13,940,735	$ 13,119,245
Collections on current year's levy	14,268,628	13,320,763	12,501,310
Percentage of collection	95.2%	95.6%	95.3%
Percentage of current year's levy uncollected at end of year	1.5%	1.6%	1.9%

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

	2015-16	2014-15	2013-14
Current year's levy	$ 1,780,582	$ 1,873,722	$ 1,858,032
Collections on current year's levy	1,694,523	1,790,394	1,770,517
Percentage of collection	95.2%	95.6%	95.3%
Percentage of current year's levy uncollected at end of year	1.5%	1.6%	1.9%

Schedule of Future Debt Service Requirements
General Obligation Bonds
For the Year Ended June 30, 2016

Year Ending June 30	Primary Government Principal	Primary Government Interest
2017	$ 885,000	$ 927,431
2018	950,000	909,732
2019	1,015,000	881,231
2020	1,080,000	850,781
2021	1,155,000	818,381
2022	1,225,000	783,732
2023	1,315,000	734,731
2024	1,410,000	682,131
2025	1,510,000	625,731
2026	1,610,000	565,332
2027	1,725,000	492,881
2028	1,840,000	423,881
2029	1,960,000	350,281
2030	2,065,000	291,482
2031	2,175,000	226,950
2032	2,295,000	156,263
2033	2,420,000	81,675
	$ 26,635,000	$ 9,802,626

Schedule of Future Debt Service Requirements
Loan Payable
For the Year Ended June 30, 2016

Year Ending June 30	Primary Government Principal	Primary Government Interest
2017	$ 406,049	$ 101,084
2018	416,047	90,915
2019	425,489	80,496
2020	434,153	70,032
2021	447,579	58,968
2022	460,083	47,760
2023	471,812	36,238
2024	482,661	24,489
2025	492,540	12,335
	$ 4,036,413	$ 522,317

STATISTICAL SECTION

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Statistical Section Contents

June 30, 2016

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

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

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

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

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

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

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

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

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

	2007	2008	2009	2010	2011
Governmental activities					
Net Investment in capital assets	$ 49,109,642	$ 53,004,765	$ 63,425,155	$ 67,678,891	$ 72,076,860
Restricted	100,064	99,768	101,889	2,660,368	3,200,478
Unrestricted	18,164,437	18,205,535	10,501,256	6,800,190	5,796,712
Total Governmental Activities Net Position	**$ 67,374,143**	**$ 71,310,068**	**$ 74,028,300**	**$ 77,139,449**	**$ 81,074,050**

(continued)

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

	2012	2013	2014	2015	2016
Governmental activities					
Net Investment in capital assets	$ 74,237,520	$ 74,747,514	$ 78,127,746	$ 84,459,477	$ 88,500,022
Restricted	3,840,510	5,402,886	6,956,991	9,002,872	16,326,507
Unrestricted	5,953,024	8,260,838	11,028,891	11,246,749	10,662,303
Total Governmental Activities Net Position	**$ 84,031,054**	**$ 88,411,238**	**$ 96,113,628**	**$ 104,709,098**	**$ 115,488,832**

Totals may not add due to rounding

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

	2007	2008	2009	2010	2011
Expenses					
Governmental activities					
General government	$ 1,655,491	$ 1,827,905	$ 1,860,074	$ 2,160,632	$ 2,309,789
Planning and development	550,692	741,650	793,771	635,168	581,037
Facility Rental	137,573	157,836	148,760	152,943	158,313
Park Services	4,053,783	4,494,305	4,776,434	4,924,902	5,289,210
Recreation Services	5,512,638	6,283,046	6,473,255	6,406,071	6,507,320
Interest on long-term debt	282,632	274,894	265,285	256,777	246,892
Total Governmental Activities Expenses	$ 12,192,809	$ 13,779,636	$ 14,317,579	$ 14,536,493	$ 15,092,561
Program Revenues					
Governmental activities					
Charges for services:					
General government	$ 10,300	$ 70,554	$ 61,223	$ 68,686	$ 43,747
Planning and development	3,185,983	1,524,325	901,130	529,913	979,457
Facility Rental	146,007	154,873	140,410	114,763	155,896
Park Services	7,713	4,449	32,977	14,998	-
Recreation Services	3,770,318	4,341,061	4,231,046	4,069,088	4,506,243
Operating grants and contributions	81,539	102,839	100,237	154,459	103,928
Capital grants and contributions	2,432,245	79,554	305,370	821,593	1,091,406
Total Governmental Activities Program Revenues	$ 9,634,105	$ 6,277,655	$ 5,772,393	$ 5,773,500	$ 6,880,677
Net (Expense)/Revenue	**$ (2,558,704)**	**$ (7,501,981)**	**$ (8,545,186)**	**$ (8,762,993)**	**$ (8,211,884)**
General Revenues and Other Changes in Net Position					
Governmental activities					
Property taxes, levied for general purposes	$ 9,726,778	$ 10,556,911	$ 11,301,356	$ 11,693,424	$ 12,035,091
Property taxes, levied for bonded debt	-	-	-	-	-
Investment earnings	976,968	838,731	331,870	72,414	51,917
Gain (Loss) on disposition of capital assets	19,627	(36,206)	870	-	-
Other revenues	104,341	78,470	52,822	108,304	59,477
Total Governmental Revenues and Other Changes in Net Position	$ 10,827,714	$ 11,437,906	$ 11,686,918	$ 11,874,142	$ 12,146,485
Change in Net Position	**$ 8,269,010**	**$ 3,935,925**	**$ 3,141,732**	**$ 3,111,149**	**$ 3,934,601**

(continued)

Totals may not add due to rounding

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

	2012	2013	2014	2015	2016
Expenses					
Governmental activities					
General government	$ 2,300,028	$ 2,598,957	$ 2,669,407	$ 2,771,181	$ 3,545,037
Planning and development	630,029	222,323	661,638	538,205	1,146,682
Facility Rental	151,516	168,731	205,579	176,509	207,824
Park Services	5,474,235	6,475,498	6,519,040	6,522,644	8,301,736
Recreation Services	6,456,422	6,687,359	6,989,230	6,603,770	9,892,216
Interest on long-term debt	235,911	289,948	1,177,051	1,106,175	1,052,875
Total Governmental Activities Expenses	$15,248,141	$16,442,816	$18,221,945	$ 17,718,484	$ 24,146,370
Program Revenues					
Governmental activities					
Charges for services:					
General government	$ 45,098	$ 88,439	$ 101,034	$ 35,594	$ 35,252
Planning and development	1,460,267	3,276,002	4,932,741	5,427,787	10,951,017
Facility Rental	173,682	219,079	245,793	265,622	302,903
Park Services	-	-	-	8,048	-
Recreation Services	4,373,218	4,715,539	5,009,488	5,292,305	6,560,722
Operating grants and contributions	88,851	90,518	88,817	50,151	59,542
Capital grants and contributions	20,000	283,064	664,908	1,441,960	384,646
Total Governmental Activities Program Revenues	$ 6,161,116	$ 8,672,641	$11,042,781	$ 12,521,467	$ 18,294,082
Net (Expense)/Revenue	**$ (9,087,025)**	**$ (7,770,175)**	**$ (7,179,164)**	**$ (5,197,017)**	**$ (5,852,288)**
General Revenues and Other Changes in Net Position					
Governmental activities					
Property taxes, levied for general purposes	$11,911,448	$12,084,317	$12,780,676	$ 13,574,247	$ 14,504,627
Property taxes, levied for bonded debt	-	-	1,806,545	1,821,101	1,722,094
Investment earnings	49,761	82,350	224,954	206,154	217,531
Gain (Loss) on disposition of capital assets	8,700	10,550	12,745	66,690	27,200
Other revenues	74,120	53,926	56,636	261,552	160,570
Total Governmental Revenues and Other Changes in Net Position	$12,044,029	$12,231,143	$14,881,556	$ 15,929,744	$ 16,632,022
Change in Net Position	**$ 2,957,004**	**$ 4,460,968**	**$ 7,702,392**	**$ 10,732,727**	**$ 10,779,734**

Totals may not add due to rounding

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

	2007	2008	2009	2010	2011
General Fund					
Unreserved	$ 2,882,071	$ 2,891,522	$ 3,415,770	$ 3,913,990	$ -
Reserved/Nonspendable	52,418	61,448	46,329	65,682	75,104
Committed	-	-	-	-	-
Assigned	-	-	-	-	1,000,000
Unassigned	-	-	-	-	2,979,476
Total General Fund	**$ 2,934,489**	**$ 2,952,970**	**$ 3,462,099**	**$ 3,979,672**	**$ 4,054,580**
All Other Governmental Funds					
Reserved/Nonspendable	$ -	$ 744	$ -	$ -	$ -
Unreserved, reported in:					
Special revenue funds	15,466,849	15,268,381	7,175,262	5,783,129	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total Unreserved	15,466,849	15,268,381	7,175,262	5,783,129	-
Restricted, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	3,118,592
Debt service funds	-	-	-	-	-
Total Restricted	-	-	-	-	3,118,592
Committed, reported in:					
Special revenue funds	-	-	-	-	892,559
Capital projects funds	-	-	-	-	1,257,652
Debt service funds	-	-	-	-	-
Total Committed	-	-	-	-	2,150,211
Assigned, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total Assigned	-	-	-	-	-
Unassigned, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total Unassigned	-	-	-	-	-
Total All Other Governmental Funds	**$ 15,466,849**	**$ 15,269,125**	**$ 7,175,262**	**$ 5,783,129**	**$ 5,268,803**

(continued)

Totals may not add due to rounding

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

	2012	2013	2014	2015	2016
General Fund					
Unreserved	$ -	$ -	$ -	$ -	$ -
Reserved/Nonspendable	87,484	96,271	78,066	207,491	93,576
Committed	-	-	-	-	-
Assigned	1,000,000	1,000,000	1,500,000	1,500,000	1,500,000
Unassigned	2,238,567	3,454,665	3,307,120	3,827,477	3,772,214
Total General Fund	**$ 3,326,051**	**$ 4,550,936**	**$ 4,885,186**	**$ 5,534,968**	**$ 5,365,790**
All Other Governmental Funds					
Reserved/Nonspendable	$ -	$ 409	$ 30,000	$ 37,500	$ 30,000
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total Unreserved	-	-	-	-	-
Restricted, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	3,840,510	34,206,769	30,621,485	14,826,801	16,867,173
Debt service funds	-	-	59,482	138,722	107,793
Total Restricted	3,840,510	34,206,769	30,680,967	14,965,523	16,974,966
Committed, reported in:					
Special revenue funds	834,642	598,842	403,689	481,601	606,718
Capital projects funds	2,224,931	3,709,465	6,450,570	8,202,927	9,725,059
Debt service funds	-	-	-	-	-
Total Committed	3,059,573	4,308,307	6,854,259	8,684,528	10,331,777
Assigned, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total Assigned	-	-	-	-	-
Unassigned, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total Unassigned	-	-	-	-	-
Total All Other Governmental Funds	**$ 6,900,083**	**$ 38,515,485**	**$ 37,565,226**	**$ 23,687,551**	**$ 27,336,743**

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

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

	2007	2008	2009	2010	2011
Revenues					
Taxes	$ 9,648,228	$ 10,295,328	$ 11,014,835	$ 11,879,729	$ 12,008,728
Intergovernmental	48,076	55,509	291,440	341,073	314,202
Charges for services	3,934,338	4,570,937	4,465,655	4,267,535	4,705,886
System development fees	3,185,983	1,524,325	901,130	529,913	979,456
Contributions	33,463	118,184	95,571	158,625	100,928
Grants	-	8,700	9,376	8,204	3,000
Investment earnings	976,968	838,731	331,869	72,414	51,917
Reimbursement for interfund services	-	51,790	138,557	98,128	56,899
Miscellaneous	104,341	78,470	52,822	48,304	59,477
Total Revenue	**$ 17,931,397**	**$ 17,541,974**	**$ 17,301,255**	**$ 17,403,925**	**$ 18,280,493**
Expenditures					
Personnel services	$ 7,080,107	$ 7,977,312	$ 8,683,617	$ 8,603,546	$ 8,768,415
Materials and services	3,678,980	4,015,988	3,742,364	3,784,411	3,886,982
Debt service					
Principal	255,000	265,000	270,000	280,000	290,000
Interest	283,270	275,620	267,008	257,558	247,758
Capital Outlay	6,654,240	5,187,297	11,566,729	5,630,406	5,526,756
Total Expenditures	**$ 17,951,597**	**$ 17,721,217**	**$ 24,529,718**	**$ 18,555,921**	**$ 18,719,911**
Excess of revenues over (under) expenditures	**$ (20,200)**	**$ (179,243)**	**$ (7,228,463)**	**$ (1,151,996)**	**$ (439,418)**
Other Financing Sources (Uses)					
Sales of capital assets	$ 21,108	$ -	$ 50,870	$ 60,000	$ -
Transfers in	4,835,753	4,493,675	4,416,116	4,737,392	5,025,365
Transfers out	(4,835,753)	(4,493,675)	(4,416,116)	(4,737,392)	(5,025,365)
Insurance proceeds	-	-	-	217,436	-
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Total Other Financing Sources (Uses)	**$ 21,108**	**$ -**	**$ 50,870**	**$ 277,436**	**$ -**
Net Change in Fund Balances	**$ 908**	**$ (179,243)**	**$ (7,177,593)**	**$ (874,560)**	**$ (439,418)**
Debt Service as a percentage of noncapital expenses	5.00%	4.51%	4.32%	4.34%	4.25%

(continued)

Totals may not add due to rounding

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

	2012	2013	2014	2015	2016
Revenues					
Taxes	$ 11,958,162	$ 12,293,207	$ 14,666,894	$ 15,450,783	$ 16,239,950
Intergovernmental	-	-	-	-	-
Charges for services	4,611,791	5,023,056	5,356,315	5,593,521	6,898,877
System development fees	1,460,267	3,276,002	4,824,247	5,305,916	10,951,017
Contributions	88,851	135,274	401,067	1,359,424	82,111
Grants	20,000	238,308	47,186	132,687	362,077
Investment earnings	49,761	82,349	224,952	206,154	217,531
Reimbursement for interfund services	18,454	30,120	108,494	129,919	102,498
Miscellaneous	54,327	53,926	56,636	261,552	160,570
Total Revenue	**$ 18,261,613**	**$ 21,132,242**	**$ 25,685,791**	**$ 28,439,956**	**$ 35,014,631**
Expenditures					
Personnel services	$ 8,711,179	$ 9,100,512	$ 10,114,224	$ 10,994,835	$ 12,433,135
Materials and services	3,930,158	4,577,809	4,293,628	4,533,869	4,934,159
Debt service					
Principal	305,000	315,000	1,095,000	1,128,147	1,210,051
Interest	236,883	224,682	1,163,419	1,116,967	1,055,012
Capital Outlay	4,184,342	4,935,375	9,750,540	23,963,996	11,929,460
Total Expenditures	**$ 17,367,562**	**$ 19,153,378**	**$ 26,416,811**	**$ 41,737,814**	**$ 31,561,817**
Excess of revenues over (under) expenditures	**$ 894,051**	**$ 1,978,864**	**$ (731,020)**	**$ (13,297,858)**	**$ 3,452,814**
Other Financing Sources (Uses)					
Sales of capital assets	$ 8,700	$ 11,850	$ 115,010	$ 69,965	$ 27,200
Transfers in	6,081,767	4,238,613	5,203,419	3,884,714	5,985,235
Transfers out	(6,081,767)	(4,238,613)	(5,203,419)	(3,884,714)	(5,985,235)
Insurance proceeds	-	-	-	-	-
Bonds issued	-	29,000,000	-	-	-
Premium on bonds issued	-	1,849,573	-	-	-
Total Other Financing Sources (Uses)	**$ 8,700**	**$ 30,861,423**	**$ 115,010**	**$ 69,965**	**$ 27,200**
Net Change in Fund Balances	**$ 902,751**	**$ 32,840,287**	**$ (616,010)**	**$ (13,227,893)**	**$ 3,480,014**
Debt Service as a percentage of noncapital expenses	4.29%	3.95%	15.67%	14.46%	13.04%

Totals may not add due to rounding

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

Fiscal year	Real Property		Personal Property		Public Utilities		Total		Total Direct Tax Rate	Percent of TAV to RMV
	RMV	TAV	RMV	TAV	RMV	TAV	RMV	TAV		
2007	$ 12,819,609	$ 6,508,210	$ 260,464	$ 253,499	$ 109,408	$ 108,026	$ 13,189,481	$ 6,869,735	$ 1.45	52.08%
2008	16,807,814	7,062,500	278,152	277,110	129,973	126,844	17,215,940	7,466,453	1.45	43.37%
2009	17,220,243	7,573,423	287,497	286,778	139,577	138,602	17,647,317	7,998,803	1.45	45.33%
2010	15,069,546	7,926,146	262,909	262,881	156,499	155,963	15,488,954	8,344,990	1.45	53.88%
2011	10,671,121	8,024,823	248,769	248,764	163,239	162,036	11,083,129	8,435,622	1.45	76.11%
2012	9,691,157	7,970,128	237,693	237,668	168,507	166,616	10,097,357	8,374,412	1.45	82.94%
2013	9,632,594	8,133,058	234,273	234,268	163,958	162,362	10,030,824	8,529,688	1.46	85.03%
2014	10,470,173	8,589,968	231,174	231,173	173,014	171,399	10,874,361	8,992,539	1.67	82.69%
2015	12,357,186	9,148,218	242,439	242,437	195,885	193,188	12,795,510	9,583,842	1.65	74.90%
2016	14,239,207	9,710,226	253,991	253,981	345,810	339,712	14,839,008	10,303,919	1.63	69.44%

RMV - Real Market Value
TAV - Total Assessed Value

Source: Deschutes County Assessor's Office

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	District Rates			Overlapping Rates							
Fiscal Year	Bend Metro Park and Recreation District	General Obligation Rate	Total	City of Bend	Bend Urban Renewal District	Deschutes County	County Library	Education Service District	Central Oregon Community College	Bend La-Pine Administrative School District #1	Total
2007	$ 1.45	$ -	$ 1.45	$ 2.77	$ 0.38	$ 2.71	$ 0.54	$ 0.09	$ 0.71	$ 6.31	$ 14.96
2008	1.45	-	1.45	2.78	0.40	2.74	0.54	0.09	0.71	6.26	14.97
2009	1.45	-	1.45	2.78	0.41	2.97	0.54	0.09	0.70	6.30	15.24
2010	1.45	-	1.45	2.77	0.44	2.98	0.54	0.09	0.61	6.44	15.32
2011	1.45	-	1.45	2.76	0.48	2.94	0.54	0.09	0.72	6.49	15.47
2012	1.45	-	1.45	3.00	0.23	2.92	0.54	0.10	0.74	6.26	15.24
2013	1.46	-	1.46	3.04	0.12	2.96	0.54	0.10	0.75	6.18	15.15
2014	1.46	0.21	1.67	3.00	0.12	2.84	0.54	0.10	0.74	6.16	15.17
2015	1.46	0.19	1.65	3.19	0.13	2.72	0.54	0.10	0.73	6.20	15.26
2016	1.46	0.17	1.63	3.17	0.13	2.78	0.54	0.10	0.73	6.18	15.26

Source: Deschutes County Assessor's Office

Notes:
Property tax rates are for a representative tax code area (1001) within the District's boundary and include operating and debt service levels.
Deschutes County includes the following: Deschutes County, Fairgrounds Bond, Countywide Law Enforcement, County Extension/4H, 911 and 911 Local Options 2013.

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Principal Taxpayers
Current Fiscal Year and Nine Years Ago

	2016			2007		
Taxpayer	Rank	Taxable Assessed Value	Percentage of Total District Taxable Assessed Value (1)	Rank	Taxable Assessed Value	Percentage of Total District Taxable Assessed Value (1)
TDS Baja Broadband (Previously Bend Cable)	1	$ 88,026,000	0.85%	-	-	-
Touchmark at Mt. Bachelor Village	2	45,800,260	0.44%	-	-	-
Pacificorp (PP & L)	3	44,811,000	0.43%	7	23,000,000	0.33%
CVSC LLC	4	40,163,320	0.39%	-	-	-
Deschutes Brewery Inc	5	37,997,845	0.37%	4	25,133,696	0.37%
Cascade Natural Gas Corp	6	33,454,000	0.32%	8	22,423,000	0.33%
Forum Holdings LLC	7	27,121,240	0.26%	-	-	-
Deschutes Properties LLC	8	23,721,580	0.23%	-	-	-
Bend Research Inc	9	23,615,082	0.23%	-	-	-
Shepard Investment Group LLC	10	21,785,930	0.21%	-	-	-
Qwest Corporation	-	-	-	1	31,448,300	0.46%
Sima Mountain View LLC	-	-	-	2	25,226,589	0.37%
Bend Millwork Systems Inc	-	-	-	3	25,182,750	0.37%
Deschutes Landing LLC	-	-	-	5	24,867,750	0.36%
Pfizer Incorporated	-	-	-	6	9,293,680	0.14%
West Bend Property Company LLC	-	-	-	9	21,378,535	0.31%
Forum Associates II LLC	-	-	-	10	20,648,240	0.30%
Total		**$ 386,496,257**	**3.75%**		**$ 228,602,540**	**3.33%**

Source: Deschutes County Assessor's Office

Notes: (1) Percent of total net assessed valuation represents precent of taxpayer's net assessed valut to the District's total net assessed value of $10,303,919,039 for 2016 and $6,869,734,753 for 2007.

Totals may not add due to rounding

Property Tax Levies and Collections
Last Ten Fiscal Years

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year	Total Tax Levy	Amount Collected	Percent of Levy Collected	Collections in Subsequent years	Amount Collected	Percent of Levy Collected
2007	$ 9,957,371	$ 9,408,280	94.49%	$ 297,942	$ 9,706,222	97.48%
2008	10,795,363	10,052,436	93.12%	499,430	10,551,866	97.74%
2009	11,568,842	10,605,317	91.67%	733,917	11,339,234	98.02%
2010	12,081,740	11,177,973	92.52%	646,501	11,824,474	97.87%
2011	12,205,946	11,370,070	93.15%	534,036	11,904,106	97.53%
2012	12,136,549	11,394,352	93.88%	404,984	11,799,336	97.22%
2013	12,416,086	11,733,561	94.50%	292,658	12,026,219	96.86%
2014	14,977,277	14,271,827	95.29%	260,130	14,531,957	97.03%
2015	15,814,457	15,111,157	95.55%	164,954	15,276,111	96.60%
2016	16,773,856	15,963,151	95.17%	-	15,963,151	95.17%

Source: Deschutes County Assessor's Office

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(*amounts expressed in thousands, except per capita)*

Fiscal Year	General Obligation Bonds	Full Faith and Credit Obligations	Loan payable	Total Outstanding Debt	Total Debt Percentage of Personal Income	Total Debt Per Capita	Personal Income	Population
2007	$ -	$ 6,690	$ -	$ 6,690	0.25%	$ 89	$2,685,519	75,290
2008	-	6,425	-	6,425	0.22%	83	2,865,415	77,780
2009	-	6,155	-	6,155	0.19%	76	3,176,300	80,995
2010	-	5,875	-	5,875	0.20%	71	2,896,585	82,280
2011	-	5,585	-	5,585	0.20%	73	2,749,347	76,639
2012	-	5,280	-	5,280	0.19%	69	2,759,607	76,925
2013	29,000	4,965	-	33,965	1.14%	439	2,977,990	77,455
2014	28,230	4,640	-	32,870	1.11%	420	2,955,383	78,280
2015	27,450	-	4,431	31,881	1.01%	399	3,155,888	79,985
2016	26,635	-	4,036	30,671	0.91%	377	3,388,594	81,310

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

(1) Population and personal income data can be found in the Demographic and Economic Statistics schedule. Per capita income figures are for the Bend Metropolitan Statistical Area and are obtained from the U.S. Department of Commerce, Bureau of Economic Analysis. Starting in 2012 the advanced estimate formerly released in August of each year was discontinued since the complete set of local area estimates are now released annually at the end of November.

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Direct and Overlapping Debt

As of June 30, 2016

(*amounts expressed in thousands)*

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Debt repaid with property taxes			
City of Bend	$ 49,899	100.0000%	$ 49,899
Bend-LaPine Administrative School District No. 1	251,878	100.0000%	251,878
Central Oregon Community College	56,959	84.0125%	47,853
Deschutes County	50,548	100.0000%	50,548
High Desert ESD	3,831	91.6655%	3,511
Subtotal, overlapping debt			403,689
Bend Metro Park and Recreation District direct debt			30,671
Total direct and overlapping debt			$ 434,360

Sources: Oregon State Treasury, Debt Management Information System

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

Totals may not add due to rounding

Legal Debt Margin Information
Last Ten Fiscal Years

		June 30, 2016
Real Market Value		$ 14,839,008,203
	x	2.5%
General obligation debt limit at 2.5% of real market value		370,975,205
Debt applicable to limit:		
General obligation bonds		26,635,000
Total net debt applicable to limit		26,635,000
Legal debt margin		$ 344,340,205
Debt capacity percent		93%

Fiscal Year	2.5% Debt Limit	Net Debt Subject to 2.5% Limit	Legal Debt Margin	Debt Capacity Percent
2007	$ 329,737,032	$ -	$ 329,737,032	100%
2008	430,398,488	-	430,398,488	100%
2009	441,182,927	-	441,182,927	100%
2010	387,223,854	-	387,223,854	100%
2011	277,078,221	-	277,078,221	100%
2012	252,433,927	-	252,433,927	100%
2013	250,770,607	29,000,000	221,770,607	88%
2014	271,859,037	28,230,000	243,629,037	90%
2015	319,887,758	27,450,000	292,437,758	91%
2016	370,975,205	26,635,000	344,340,205	93%

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

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

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Area (Square Miles)	Average Density (person/square miles)	Personal Income (expressed in thousands) (2)	Per Capita Income	School Enrollment (3)	Unemployment Rate (4)
2007	75,290	32.5	2,317	$ 2,685,519	$ 35,669	15,837	4.3%
2008	77,780	32.5	2,393	2,865,415	36,840	16,025	4.5%
2009	80,995	32.5	2,492	3,176,300	39,216	15,834	6.9%
2010	82,280	32.5	2,532	2,896,585	35,204	15,719	14.7%
2011	76,639	32.5	2,358	2,749,347	35,874	15,818	13.4%
2012	76,925	32.5	2,367	2,759,607	35,874	15,519	12.0%
2013	77,455	32.5	2,383	2,977,990	38,448	16,473	10.5%
2014	78,280	32.5	2,409	2,955,383	37,754	16,863	10.0%
2015	79,985	32.5	2,461	3,155,888	39,456	17,163	8.1%
2016	81,310	32.5	2,502	3,388,594	41,675	17,534	5.2%

Sources:
(1) Population figures obtained from Portland State University Population Research Center.

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

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

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

Totals may not add due to rounding

Principal Employers
Current Year and Nine Years Ago

Employer	Product or Service	2016 Rank	2016 Employees	2016 Percent of Total District Employment (1)	2007 Rank	2007 Employees	2007 Percent of Total District Employment (1)
St. Charles Medical Center	Health Care	1	2,468	3.1%	1	2,176	2.7%
Bend-LaPine School District No. 1	Education	2	1,797	2.3%	3	1,661	2.1%
Deschutes County	Government	3	1,062	1.3%	2	850	1.1%
COCC - Bend Campus	Education	4	884	1.1%	-	-	0.0%
Mt. Bachelor Ski Resort	Recreation	5	769	1.0%	4	765	1.0%
Bend Memorial Clinic - Bend locations	Health Care	6	679	0.9%	9	480	0.6%
City of Bend	Government	7	596	0.7%	8	507	0.6%
Department of Forestry	Government	8	550	0.7%	-	-	0.0%
IBEX Global	Call Center	9	545	0.7%	-	-	0.0%
Jeld Wen Windows and Doors	Manufacturing	10	517	0.6%	6	550	0.7%
iSky Inc.	Call Center	-	-	0.0%	5	700	0.9%
Columbia Aircraft Manufacturing	Private Aircraft	-	-	0.0%	7	545	0.7%
Hap and Taylor & Son (Knife River)	Construction	-	-	0.0%	10	450	0.6%
	Total		9,867	12.4%		8,684	10.9%

Source: Economic Development for Central Oregon, 2016 Bend Profile

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

(1) Percent of total District employment represents percent of employer's employees to total employment for the Bend Metropolitan Statistical Area of 79,600 for June 2016 and 79,948 for June 2007 (obtained from the Bureau of Labor Statistics)

Totals may not add due to rounding

BEND METRO PARK AND RECREATION DISTRICT, OREGON

Full Time Equivalent District Employees by Program
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Executive	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Administrative	6.2	6.6	6.8	7.0	7.1	7.2	7.9	9.3	11.5	12.7
Community Relations	2.3	4.3	4.3	4.5	4.7	4.5	4.7	5.2	4.2	4.8
Strategic Planning and Design	5.6	7.3	8.3	8.9	7.6	7.4	4.3	4.9	10.2	10.5
Park Services	40.9	46.1	46.1	47.9	46.7	44.2	49.4	55.8	58.2	59.6
Recreation	100.4	100.0	103.5	104.2	105.2	99.2	101.4	100.8	103.9	118.9
Facility Reservation	2.0	2.0	2.1	2.2	2.1	1.7	1.7	1.7	1.7	1.3
Total	158.3	167.3	172.2	175.7	174.3	165.1	170.4	178.6	190.6	208.6

Totals may not add due to rounding

Operating Indicators by Recreation Program and Facility

Last Ten Fiscal Years*

By Recreation Program		2011	2012	2013	2014	2015	2016
Youth Recreation							
	# of Participants [(1)]	671	692	749	938	1,051	1,172
	# of Programs Held	137	153	78	89	87	182
Adult Enrichment							
	# of Participants	880	734	1,018	1,198	1,570	1,651
	# of Programs Held	121	118	219	200	268	284
Sports							
	# of Participants	9,958	8,467	8,525	9,808	10,343	10,979
	# of Programs Held	766	751	760	823	885	915
Therapeutic Recreation							
	# of Participants	682	836	693	903	1,063	984
	# of Programs Held	69	85	92	103	103	91
Aquatics							
	# of Participants	7,422	7,810	9,479	6,695	8,755	7,521
	# of Programs Held	816	763	834	757	874	850
Youth Enrichment							
	# of Participants	5,432	5,152	4,880	4,896	4,779	4,806
	# of Programs Held	1,205	1,177	953	966	659	652
Youth Outdoor Recreation							
	# of Participants	299	249	478	563	698	700
	# of Programs Held	49	75	85	65	79	84
Adult Outdoor Recreation							
	# of Participants	1,424	1,218	1,003	1,069	934	707
	# of Programs Held	197	195	187	182	192	125
Pavilion							
	# of Participants	No Programs Available before Fall 2015					3,698
	# of Programs Held						373
Art Station							
	# of Participants	No Programs Available before Fall 2016					
	# of Programs Held						
Total # of Participants		**26,768**	**25,158**	**26,825**	**26,070**	**29,193**	**32,218**
Total # of Programs Held		**3,360**	**3,317**	**3,208**	**3,185**	**3,147**	**3,556**

Recreation Facility Visitation by Location	2011	2012	2013	2014	2015	2016
Bend Senior Center	15,142	23,453	29,582	34,930	35,040	43,058
Juniper Swim and Fitness Center	399,190	406,876	414,282	414,747	416,129	417,318
The Pavilion	Opened in December 2015					25,063
Total Annual Visitation	**414,332**	**430,329**	**443,864**	**449,677**	**451,169**	**485,439**

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

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

Totals may not add due to rounding

Capital Asset Statistics by Program
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Planning and Development										
Number of Parks	79	81	81	83	85	88	88	88	88	91
Acres of Park Land	2,419	2,423	2,423	2,439	2,442	2,639	2,639	2,639	2,639	2,715
Acres of Park Land per 1,000 Residents	32.1	31.2	29.9	29.6	31.9	34.3	34.1	33.7	33.0	33.4
Miles of Trails	49	49	49	61	61	61	63	63	63	65
Recreation										
Recreation Facilities	2	2	2	2	2	2	2	2	2	3
Square Footage of Facilities:										
Juniper Swim & Fitness Center*	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Bend Senior Center	14,067	14,067	14,067	14,067	14,067	14,067	14,067	14,067	14,067	14,067
The Pavilion	-	-	-	-	-	-	-	-	-	47,780
Bend Whitewater Park	-	-	-	-	-	-	-	-	1	1

*Square footage inludes outdoor activity pool and surrounding deck area.

Totals may not add due to rounding

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AUDIT COMMENTS

PRICE & CO FRONK

Wesley B. Price III, CPA
Candace S. Fronk, CPA
Kara L. Pardue, CPA
Karen C. Anderson, CPA

INDEPENDENT AUDITORS' REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Bend Metro Park and Recreation District

We have audited the basic financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information Bend Metro Park and Recreation District (the District), as of and for the year ended June 30, 2016, and have issued our report thereon dated December 13, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **Authorized investment of surplus funds (ORS Chapter 294)**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 2179C)**

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

OAR 162-10-0230 <u>Internal Control</u>

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

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

PRICE FRONK & CO.
Certified Public Accountants & Consultants

By: Candace S Fronk
Candace S. Fronk – a partner

December 13, 2016