

CITY OF PENDLETON, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009





CITY OF PENDLETON, OREGON
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
OFFICIALS OF THE CITY	1
 <u>FINANCIAL SECTION</u> 	
INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government – Wide Financial Statements:	
Statement of Net Assets	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	26
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
State Tax Street Fund	27
Statement of Net Assets – Proprietary Funds	29
Reconciliation of the Proprietary Funds Statement of Net Assets to the Statement of Net Assets	30
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	31
Reconciliation of the Statement of Revenues, Expenses, and Changes In Fund Net Assets of Enterprise Funds to the Statement of Activities	32
Statement of Cash Flows – Proprietary Funds	33
Statement of Fiduciary Net Assets – Fiduciary Funds	36
Notes to the Basic Financial Statements	37
 SUPPLEMENTAL INFORMATION	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Non-Major Governmental Funds	66
Sub-Combining Balance Sheet:	
Non-Major Special Revenue Funds	67
Non-Major Capital Projects Funds	68
Non-Major Debt Service Funds	69
Non-Major Permanent Trust Funds	70

	<u>Page</u>
Combining Statement of Revenues, Expenditures, and Change in Fund Balance – Non-Major Governmental Funds	71
Sub-Combining Statement of Revenues, Expenditures, and Changes in Fund Balance:	
Non-Major Special Revenue Funds	72
Non-Major Capital Projects Funds	73
Non-Major Debt Service Funds	74
Non-Major Permanent Trust Funds	75
Combining Balance Sheet – Internal Service Funds	77
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds	78
Combining Statement of Cash Flows – Internal Service Funds	79
Combining Statement of Fiduciary Net Assets – Agency Funds	82
Schedule of Expenditures and Transfers – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	84
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Governmental Funds:	
Special Revenue Funds:	
Bike Fund	86
Library Fund	87
Library Trust Fund	88
Transportation Services Fund	89
Community Development Block Grant	90
Community Rehabilitation Fund	91
Local Community Development Fund	92
Sidewalk Repair Loan Fund	93
Pendleton Convention Center Fund	94
PCC TPAC Fund	95
Pendleton Youth Commission Fund	96
Police Interagency Special Revolving Fund	97
System Development Fees Fund	98
Parks Trust Fund	99
Parks Capital Reserve Fund	100
Fire Capital Reserve Fund	101
City / County Public Safety Fund	102
Urban Renewal District Operating Fund	103
Debt Service Fund:	
Debt Service Fund	104
Urban Renewal District Debt Service Fund	105
Permanent Trust Funds:	
Library Permanent Trust Fund	106
Cemetery Perpetual Care Fund	107
Capital Projects Funds:	
L.I.D. Construction Fund	108
Keystone Project Fund	109
Airport Connector Road Construction Fund	110
Quinney Bridge Construction Fund	111

	<u>Page</u>
Proprietary Funds:	
Enterprise Funds:	
Water Fund	113
All Sewer Funds:	
Sewer Fund	114
Sewer Capital Reserve Fund	115
Wastewater Capital Project Fund	116
Wastewater Rate Reserve Fund	117
Wastewater Debt Service Fund	118
Wastewater Rate Stabilization Fund	119
Reconciliation to Generally Accepted Accounting Principles	120
Airport Fund	121
Cemetery Fund	122
Internal Service Funds:	
Construction and Repair Fund	123
Central Services Fund	124
Schedule of Expenditures and Transfers – Budget and Actual (Non-GAAP Budgetary Basis) – Central Services Fund	125
Fiduciary Funds:	
Agency Funds:	
Eastern Oregon Drug Task Force Fund	127
Pendleton Foundation Trust	128
Other Financial Schedules:	
Schedule of Changes in Assets and Liabilities – All Agency Funds	129
Schedule of Property Tax Transactions and Outstanding Balances	130
Schedule of Outstanding Debt Principal and Interest Transactions	131
Schedule of Future General Obligation Bonded Debt Requirements – Governmental Funds	132
Schedule of Future Limited Tax Pension Bonded Debt Requirements – Governmental Funds	133
Schedule of Future Note Payable Debt Requirements – Governmental Funds	134
Water Fund	135
Sewer Fund	136
STATISTICAL SECTION	
Major Wastewater Accounts FY09	137
Coverage Table – Historical and Projected Operating Results	138
Sewer Fund Projected Debt Service Requirements	139
ACCOMPANYING INFORMATION	
Independent Auditor's Comments	140
Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	142
Report on Compliance with Requirements Applicable to Each Major Program and the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and the Passenger Facility Charge Audit Guide for Public Agencies	144
Notes to Schedule of Expenditures of Federal Awards	146
Schedule of Expenditures of Federal Awards	147
Schedule of Expenditures of Passenger Facility Charges	148
Summary Schedule of Prior Audit Findings	149
Schedule of Findings and Questioned Costs	150



**CITY OF PENDLETON, OREGON
OFFICIALS OF THE CITY
AS OF JUNE 30, 2009**

MAYOR AND CITY COUNCIL

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Phillip Houk, Mayor 707 NW 3 rd Street Pendleton, OR 97801	2012
Steve Taylor, Council President 514 SE 17 th Pendleton, OR 97801	2010
John Brenne, Council Member PO Box 1404 Pendleton, OR 97801	2010
Justin Pearce, Council Member 301 NW Gilliam Avenue Pendleton, OR 97801	2010
Becky Marks, Council Member PO Box 494 Pendleton, OR 97801	2012
Bryan Branstetter, Council Member 911 NW Carden Avenue Pendleton, OR 97801	2012
Steven Bjerke, Council Member PO Box 1537 Pendleton, OR 97801	2010
Dan Ceniga, Council Member 2130 SW Quinney Avenue Pendleton, OR 97801	2012
John Boston, Council Member 1911 SW Perkins Ave. Pendleton, OR 97801	2010

CITY STAFF

<u>Name</u>	<u>Position</u>
Larry Lehman	City Manager
Linda Carter	Finance Director
Pete Wells	City Attorney
Stuart Roberts	Police Chief
John Fowler	Fire Chief
Robert Ridgway	Municipal Judge
Bob Patterson	Public Works Director
Larry Dalrymple	Airport Manager
Tim Simmons	City Engineer
Mike Muller	Planning and Building Director
Dave Byrd	Parks and Recreation Director
Judy Zoske	City Recorder

CITY ADDRESS

Administrative Offices
500 SW Dorion Avenue
Pendleton, Oregon 97801



FINANCIAL SECTION



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Pendleton, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pendleton, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Pendleton, Oregon management. 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Pendleton, Oregon, as of June 30, 2009, the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General and major Special Revenue Funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2010, on our consideration of the City of Pendleton, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis 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. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pendleton, Oregon's basic financial statements. The accompanying and supplemental financial information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of the City of Pendleton, Oregon. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Guide for Public Agencies*, issued by the Federal Aviation Administration, and is also not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The statistical section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.


Dickey and Tremper, LLP
Certified Public Accountants

February 25, 2010



MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the City of Pendleton, we offer readers of the City's Annual Financial Report, this narrative overview and analysis of the financial activities of the City of the fiscal year ended June 30, 2009. This Management's Discussion and Analysis (MD&A) is based on currently know facts, decisions, and conditions that existed as of the date of the independent auditor's report. Please read it in conjunction with the City's basic financial statements (beginning on page 19).

Financial Highlights

- Governmental activities revenue decreased by \$535,200, or three percent. Interest and a loss on PERS earnings saw the majority of the decrease. Expenditures increased by \$1,275,637, with the largest increase in general activities and highway and streets, seeing increases of 18% and 10% respectively.
- Business-type activities revenue increased by \$1,194,714, due mainly to the increased sewer rates to cover the revenue bond debt requirements. The Airport improvement project was completed early in the fiscal year and received \$193,456 in capital grant receipts. Expenditures increased overall by a total of \$445,259. Sewer saw the greatest increase, \$533,813, with capital outlay at the Wastewater Treatment plant.
- The unreserved fund balance for the General Fund was \$1,734,347 and the total fund balance was \$3,438,847 or approximately 33% of total general fund expenditures. The beginning fund balance decreased by 9% from the previous year.
- The City's governmental activities total bonded debt decreased by \$520,000 or 5% over FY2007-08. The bonded debt consists of three General Obligation Bonds approved by the voters and the PERS limited tax pension obligation bonds. The Pendleton Development Commission increased their notes payable by additional borrowing of \$800,000.
- Enterprise fund debt decreased by \$550,894 or 3%. The City sold Wastewater Revenue Bonds to finance costs of improvements to the City's sanitary sewerage facilities for \$9,980,000 in December 07. The current outstanding principal of the WWTP bonds is \$9,665,000.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: A) government-wide financial statements, B) fund financial statements, and C) notes to the financial statements.

A. Government-wide financial statements

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Highways and Streets, and Culture and Recreation. The business-type activities of the City include Water, Sewer, Airport, and Cemetery.

The government-wide financials also include the Pendleton Downtown Commission, which is a legally separate Urban Renewal Agency for which the City is financially accountable. The Pendleton Downtown Commission's governing body is identical to the City's and services are exclusively for the benefit of the City. As such, it has been included as a blended component unit.

The government-wide financial statements can be found on pages 19-20 of this report.

B. Fund financial statements

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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions, reported 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. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term funding decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 28 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 the General Fund and State Tax Street Fund, which are considered to be *major funds*. Data from the other 26 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *nonmajor* governmental funds is provided in the form of *combining statements* in the supplemental information section of this report.

The City's major governmental funds, the General Fund and State Tax Street Fund are presented in their respective columns and remaining funds are combined into a column titled "Other Governmental Funds." For each major fund, a Budgetary Comparison Statement is presented. Information on nonmajor funds can be found in the Combining Schedules of Nonmajor Funds and/or the Supplemental Information-Budgetary Comparison Schedules sections of this report. Completing this document is a series of other financial and statistical schedules as required by statute.

The basic governmental fund financial statements can be found on pages 21-27 of this report.

Proprietary Funds. The City maintains 11 proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Of the 11 proprietary funds, nine are *Enterprise funds*.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its construction and repair, administration, legal, finance, engineering, insurance and facilities. The services stated above except for construction and repair predominately benefit governmental rather than business-type functions, therefore, they have been included within *governmental activities* in the government-wide financial statements. Of the 11 proprietary funds, two are *Internal Service funds*.

The basic proprietary fund financial statements can be found on pages 28-34 of this report.

Fiduciary Funds. *Fiduciary Funds* are used to account for resources held for the benefit of parties outside the governmental. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 36 of this report.

C. Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and should be read in conjunction with them. The notes to the financial statements can be found on pages 37-63 of this report.

D. Required Supplementary information

This report presents required supplementary information concerning budgetary comparisons for the general and major special revenue funds, information about the City's progress in funding its obligation to provide pension benefits to its employees, and the budget to GAAP reconciliation in the basic financial statements and accompanying notes.

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceed liabilities by \$52,478,900 at the close of the FY2008-09 year. Restricted net assets in the governmental funds include \$538,104 for bonded debt service, \$224,991 State Street Tax monies reserved for street operations, and \$819,920 of restricted funds for Library and the Cemetery Perpetual Care funds. Proprietary Funds have a restricted balance of \$744,702 in the Sewer Fund due to amount of debt associated with the Wastewater Treatment Plant improvement revenue bonds.

The largest portion of the City's net assets reflects an investment of \$46,645,835 or 89 percent, in capital asset (i.e. land, buildings, and equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for these liabilities.

A. Analysis of Net Assets

**Table 1-A
City of Pendleton
Summary of Net Assets
For Years Stated**

Governmental Activities			
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>Change</u>
Assets			
Current and other assets	\$ 15,039,754	\$ 13,715,098	\$(1,324,656)
Capital Assets	<u>29,175,036</u>	<u>30,040,501</u>	<u>865,465</u>
Total assets	<u>\$ 44,214,790</u>	<u>\$ 43,755,599</u>	<u>\$ (459,191)</u>
Liabilities			
Long-term liabilities outstanding	\$ 12,580,940	\$ 13,304,286	\$ 723,346
Other liabilities	<u>2,402,894</u>	<u>2,674,682</u>	<u>271,788</u>
Total liabilities	<u>\$ 14,983,834</u>	<u>\$ 15,978,968</u>	<u>\$ 995,134</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 22,919,175	\$ 24,236,403	\$ 1,317,228
Restricted	1,733,200	1,583,015	(150,185)
Unrestricted (deficit)	<u>4,578,581</u>	<u>1,957,213</u>	<u>(2,621,368)</u>
Total Net Assets	<u>\$ 29,230,956</u>	<u>\$ 27,776,631</u>	<u>\$(1,454,325)</u>

**Table 1-B
City of Pendleton
Summary of Net Assets
For Years Stated**

Business-type Activities

	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>Change</u>
Assets			
Current and other assets	\$ 11,082,728	\$ 11,279,690	\$ 196,962
Capital Assets	<u>27,937,694</u>	<u>28,665,515</u>	<u>727,821</u>
Total assets	<u>\$ 39,020,422</u>	<u>\$ 39,945,205</u>	<u>\$ 924,783</u>
Liabilities			
Long-term liabilities outstanding	\$ 14,290,411	13,726,144	\$ (564,267)
Other liabilities	<u>1,309,948</u>	<u>1,516,792</u>	<u>206,844</u>
Total liabilities	<u>\$ 15,600,359</u>	<u>\$ 15,242,936</u>	<u>\$ (357,423)</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 22,186,670	\$ 22,409,432	\$ 222,762
Restricted	973,345	744,702	(228,643)
Unrestricted (deficit)	<u>260,048</u>	<u>1,548,135</u>	<u>1,288,087</u>
Total Net Assets	<u>\$ 23,420,063</u>	<u>\$ 24,702,269</u>	<u>\$ 1,282,206</u>

**Table 1-C
City of Pendleton
Summary of Net Assets
For Years Stated**

Total Net Assets

	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>Change</u>
Assets			
Current and other assets	\$ 26,122,482	\$ 24,994,788	\$ (1,127,694)
Capital Assets	<u>57,112,730</u>	<u>58,706,016</u>	<u>1,593,286</u>
Total assets	<u>\$ 83,235,212</u>	<u>\$ 83,700,804</u>	<u>\$ 465,592</u>
Liabilities			
Long-term liabilities outstanding	\$ 26,871,351	\$ 27,030,430	\$ 159,079
Other liabilities	<u>3,712,842</u>	<u>4,191,474</u>	<u>478,632</u>
Total liabilities	<u>\$ 30,584,193</u>	<u>\$ 31,221,904</u>	<u>\$ 637,711</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 45,105,845	\$ 46,645,835	\$ 1,539,990
Restricted	2,706,545	2,327,717	(378,828)
Unrestricted (deficit)	<u>4,838,629</u>	<u>3,505,348</u>	<u>(1,333,281)</u>
Total Net Assets	<u>\$ 52,651,019</u>	<u>\$ 52,478,900</u>	<u>\$ (172,119)</u>

An additional portion of the City's net assets \$2,327,717, approximately 5 percent, represents resources that are subject to external restrictions on how they may be used. The remaining, balance is *unrestricted net assets* totaling \$3,505,348 or approximately 7 percent. Unrestricted net assets decreased from the previous year by \$1,333,281.

At the end of the current fiscal year, the City of Pendleton is able to report positive balances in all two categories of net assets, restricted and unrestricted.

B. Analysis of Changes in Net Assets

**Table 2-A
City of Pendleton
Summary of Changes in Net Assets
For Years as Stated**

Governmental Activities			
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$3,171,626	\$2,954,650	\$ (216,976)
Operating grants & contributions	1,812,443	1,515,960	(296,483)
Capital grants & contributions	485,485	1,081,571	596,086
<i>General revenues:</i>			
Property taxes	5,112,788	5,260,537	147,749
Franchise fees	3,728,679	3,913,444	184,765
Investment earnings	253,785	(642,814)	(896,599)
Other	<u>171,570</u>	<u>195,136</u>	<u>23,566</u>
Total revenues	<u>\$14,736,376</u>	<u>\$14,278,484</u>	<u>\$ (457,892)</u>
Expenses			
General government	\$2,676,999	\$3,160,175	\$ 483,176
Public safety	6,400,108	6,822,373	422,265
Highways & streets	1,534,291	1,688,048	153,757
Culture & recreation	2,649,113	2,797,426	148,313
Amortization of PERS prepayment	295,832	310,202	14,370
Interest on long-term debt	<u>690,884</u>	<u>744,640</u>	<u>53,756</u>
Total expenses	<u>\$14,247,227</u>	<u>\$15,522,864</u>	<u>\$ 1,275,637</u>
Revenues over (under) expenses	\$ 489,149	\$ (1,244,380)	\$ (1,733,529)
Transfers	<u>(132,637)</u>	<u>(209,945)</u>	<u>(77,308)</u>
Change in net assets	356,512	(1,454,325)	(1,810,837)
Net assets--beginning	<u>\$28,966,161</u>	<u>\$29,230,956</u>	<u>\$ 264,795</u>
Prior Period adjustment	(91,717)	-0-	91,717
Net assets--ending	<u>\$29,230,956</u>	<u>\$27,776,631</u>	<u>\$(1,454,325)</u>

Table 2-B
City of Pendleton
Summary of Changes in Net Assets
For Years as Stated

Business-type Activities

	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$6,482,577	\$7,358,625	\$ 876,048
Operating grants & contributions	270,412	268,107	(2,305)
Capital grants & contributions	54,642	220,621	165,979
<i>General revenues:</i>			
Investment earnings	287,905	360,169	72,264
Other	<u>3,897</u>	<u>10,317</u>	<u>6,420</u>
Total revenues	<u>\$7,099,433</u>	<u>\$8,217,839</u>	<u>\$1,118,406</u>
Expenses			
Water	\$ 2,976,793	\$ 2,906,511	\$ (70,282)
Sewer	1,830,356	2,364,169	533,813
Airport	1,666,441	1,627,886	(38,555)
Cemetery	<u>229,729</u>	<u>247,012</u>	<u>17,283</u>
Total expenses	<u>\$ 6,700,319</u>	<u>\$ 7,145,578</u>	<u>\$ 442,259</u>
Revenues over (under) expenses	\$ 399,114	\$ 1,072,261	\$ 673,147
Transfers	<u>132,637</u>	<u>209,945</u>	<u>77,308</u>
Change in net assets	531,751	1,282,206	750,455
Net assets--beginning	<u>\$22,888,312</u>	<u>\$23,420,063</u>	<u>\$ 531,751</u>
Net assets--ending	<u>\$23,420,063</u>	<u>\$24,702,269</u>	<u>\$ 1,282,206</u>

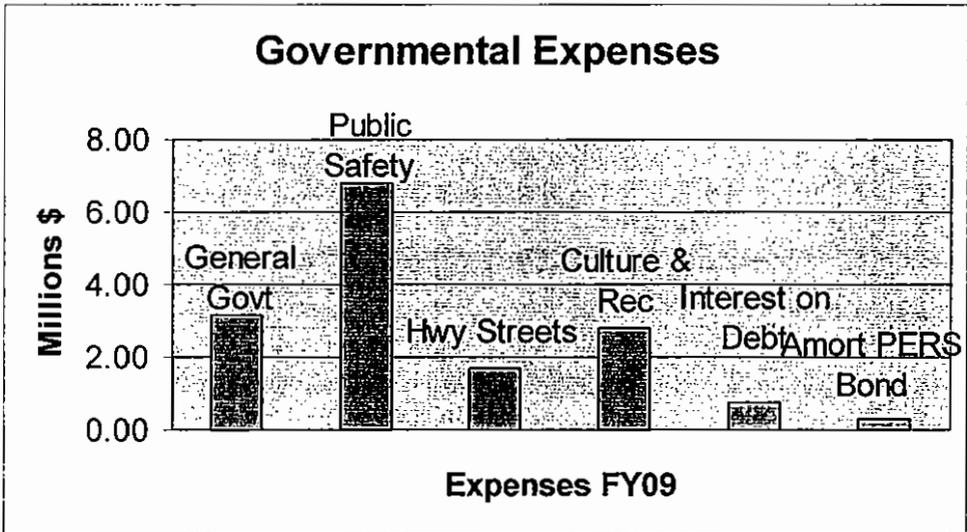
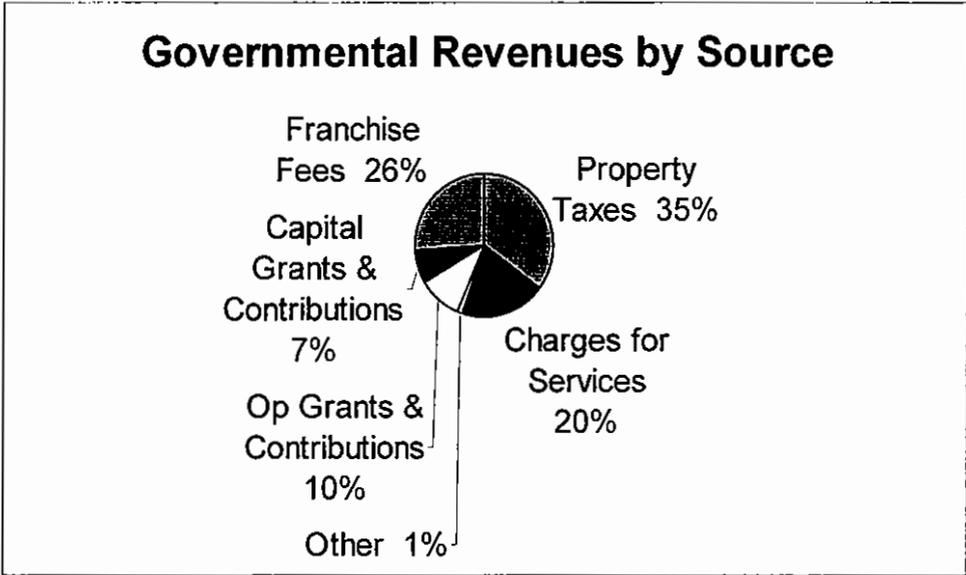
Table 2-C
City of Pendleton
Summary of Changes in Net Assets
For Years as Stated

Total Net Assets			
	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$9,654,203	\$10,313,275	\$ 659,072
Operating grants & contributions	2,082,855	1,784,067	(298,788)
Capital grants & contributions	540,127	1,302,192	762,065
<i>General revenues:</i>			
Property taxes	5,112,788	5,260,537	147,749
Franchise fees	3,728,679	3,913,444	184,765
Investment earnings	541,690	(282,645)	(824,335)
Other	<u>175,467</u>	<u>205,453</u>	<u>29,986</u>
Total revenues	<u>\$21,835,809</u>	<u>\$22,496,323</u>	<u>\$ 660,514</u>
Expenses			
General government	\$2,676,999	\$3,160,175	\$ 483,176
Public safety	6,400,108	6,822,373	422,265
Highways & streets	1,534,291	1,688,048	153,757
Culture & recreation	2,649,113	2,797,426	148,313
Amortization on PERS prepayment	295,832	310,202	14,370
Interest on long-term debt	690,884	744,640	53,756
Water	2,976,793	2,906,511	(70,282)
Sewer	1,830,356	2,364,169	533,813
Airport	1,663,441	1,627,886	(35,555)
Cemetery	<u>229,729</u>	<u>247,012</u>	<u>17,283</u>
Total expenses	<u>\$20,947,546</u>	<u>\$22,668,442</u>	<u>\$1,720,896</u>
Revenues over (under) expenses	\$ 888,263	\$ (172,119)	\$(1,060,382)
Transfers	--	--	--
Change in net assets	<u>888,263</u>	<u>(172,119)</u>	<u>(1,060,382)</u>
Net assets--beginning	<u>\$51,854,473</u>	<u>\$52,651,019</u>	<u>\$ 796,546</u>
Prior Period adjustment	(91,717)	-0-	91,717
Net assets--ending	<u>\$52,651,019</u>	<u>\$52,478,900</u>	<u>\$ (172,119)</u>

As noted above, the City of Pendleton's overall net assets decreased by \$172,119 during FY2008-09. This decrease is explained in the government and business-type activities discussion below.

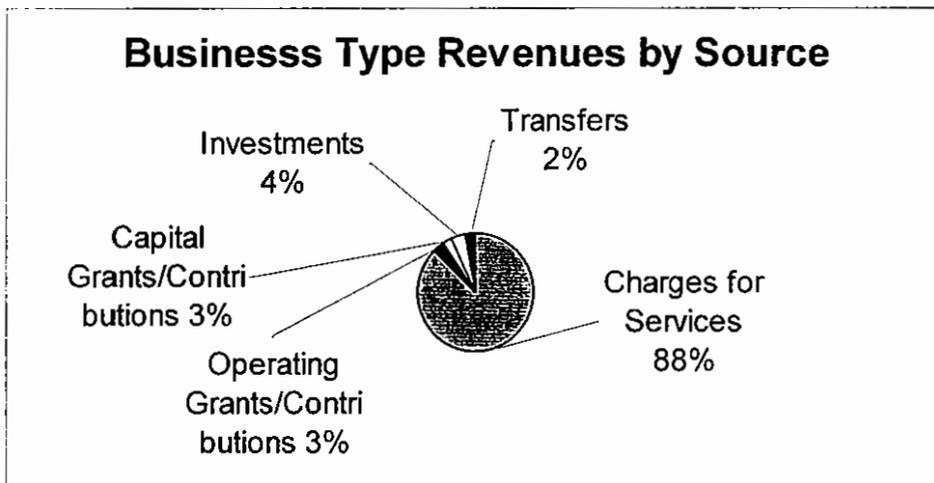
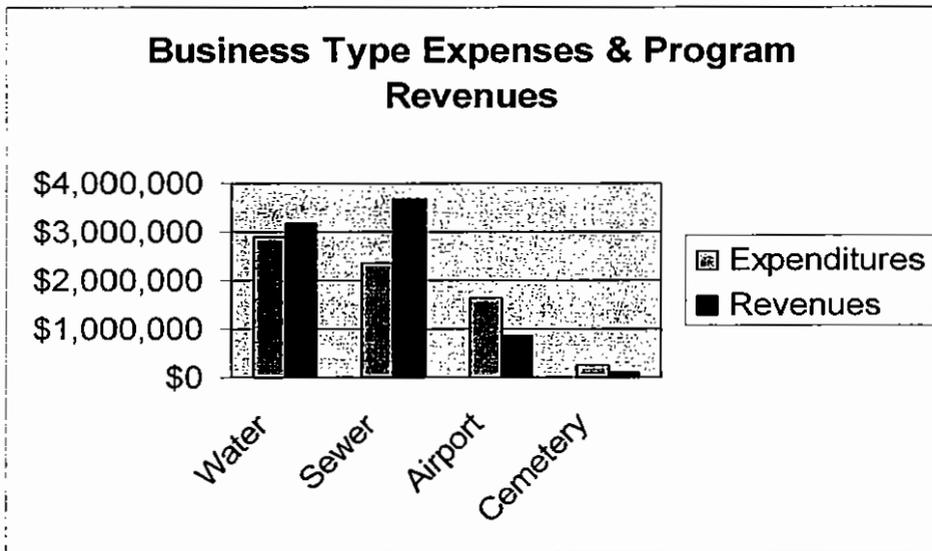
Governmental activities. The major factor for the governmental activities net asset decrease was reductions in interest earnings and charges for services for a combined decrease of \$1,113,575. Total revenues decreased by three percent while total expenditures increased by nine percent. The net affect was net assets ending balance of \$27,776,631. Franchise fees increased by \$184,765 or five percent and grants increased by \$ 299,603 or 13 percent.

The following graphs provide visual representation of the expenses and revenues for governmental activities for FY2008-09.



Business-type activities. Business-type activities increased the City's net assets by \$1,282,206. Charges for services increased by over \$876,048 due mainly to a full year of sewer charge collections from the rate increase to cover the costs of the Wastewater Treatment Plant's revenue bonds issued for improvements. Capital grants & contributions overall increased by \$165,979 due mainly to the Airport Improvement projects. Total revenues taken in were more than total expenses by \$1,072,261 for FY09. Two of the four business-type funds had a positive net revenue over expenditures, water and sewer.

The following graphs provide visual representation of the expenses and revenues for business-type activities for FY2008-09.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

A. Governmental funds

The focus of the City of Pendleton's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,321,413, a decrease of \$700,898. Of the combined ending fund balances, \$3,140,898 or 43 percent constitutes unreserved fund balance, which is available for spending at the government's discretion, subject to Council approval policies, in the appropriate fund type. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) State street tax of \$224,991 committed to construction, maintenance and use of City streets, 2) permanent funds which are legally restricted to earnings only to be used to support Library and Cemetery operations of \$819,920, 3) to pay for future debt service payments of \$538,104, and 4) advances to other funds of \$2,597,500.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, *unreserved fund balance* of the General Fund was \$1,734,347.

As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total fund balance represents 33 percent of total General Fund expenditures and transfers.

The General Fund balance decreased by \$364,352 during FY2008-09. Key factors in that affected fund balance are as follows:

- Revenues and transfers in received by the General Fund increased by only 1%, taking in \$10,539,279 for the year. Charges for services decreased by \$143,888 or 14% and contributions decreased by \$91,454 or 70%. The major reason for the decreased in contributions was the end of fund raising for the skate park in 2008.
- Expenditures & transfers increased by 11% for a total of \$10,903,630. Materials and services increased by 16% or \$419,308. Personnel costs, not including the PERS bond payment, increased by five percent from the prior year, \$292,643.
- Franchise fees from utilities are assessed at 7% for all utilities, an increase of 6 percent, or \$119,675.
- Capital Outlay of \$773,196 for governmental projects, including parks and recreation, facilities, and patrol cars, increased from the prior year by \$327,086 or 74 percent.

See pages 64-75 for greater detail on Combining Statements for governmental funds.

B. Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund, Sewer Fund, Airport Fund and Cemetery Fund at the end of the year amounted to \$144,376, \$2,711,219, (\$1,697,118) and \$14,042 respectively. The Water Fund owed \$4.62

million to the State for the project and borrowed \$243,000 from other funds at the end of the fiscal year. The Airport Fund owes approximately \$1.939 million to other City funds for AIP capital improvements and operating expenses. Total net assets for business-type activities increased by \$1,282,206 due mainly to sewer fund rate increases required for the sewer revenue bonds issued while holding expenditures to essential requirements.

See Combining Statements on pages 76-80 for the internal service funds, and pages 102-125 for the proprietary funds budgetary schedules.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were three budget resolutions adopted by Council which affected the General Fund Budget. The major differences between the original budget and the final amended budget and can be briefly summarized as follows:

- \$27,000 *transfer out* from General Fund to Cemetery to provide for additional cemetery road improvements. *Contingency* was decreased to balance the fund.
- Increased non-departmental by \$45,000 in General Fund for consultants costs to address FEMA requirements for levee protection against the base flood plane. The study had significant insurance rating issues to properties located inland from the levees. Increased non-departmental by \$40,000 to cover electrical and water damage at City Hall. Insurance has covered part of the damage costs. Increased grants for computer equipment for police department \$7,025, increased miscellaneous income for Wildhorse grant for reconstruction of crime scene software for \$7,375, and \$3,000 for recreation sponsorship. Increased capital by \$70,100 for carryover of skate park construction from prior year. Reduced contingency to balance.
- Increased the Aquatic Center Division Personnel for the higher than budgeted minimum wage increase for pool help by \$3,000 and increased Materials & Services by \$10,000 for federally mandated safety retrofit at the pool. Contingency was reduced to balance.

The net change in budgeted fund balance during the year was an increase of \$17,400.

CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$58,706,016 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, improvements and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$1,593,286 or three percent (a three percent increase for business-type activities and a three percent increase for governmental activities).

Major events that affected capital assets for the current fiscal year included the following:

- The Airport fund closed out the year with \$203,638 in improvements due to the rehabilitation of a runway and runway lighting system.
- The construction in progress of the Round-Up grandstands and fencing was added for \$415,935.
- The Sewer Fund expended approximately \$1,337,634 on the Wastewater Treatment Plant improvements.
- The Rudy Rada Skatepark was finished with \$414,261 spent in FY09.

- The Airport Connector Road was begun with federal government grants and city funding from the fuel tax.
- Depreciation for governmental activities expense for FY09 was \$1,728,283 versus capital outlay expenditures of \$2,593,748. Depreciation for business-type activities expense for FY09 was \$1,724,883 versus capital outlay expenditures of \$2,453,990.

The following table provides comparative information on the City's capital assets for FY2007-08 and FY2008-09.

Table 3
City of Pendleton, Oregon
Capital Assets, net of depreciation
For Years as Stated

Governmental Activities

Asset Category	<u>FY2007-08</u>	<u>FY2008-09</u>	<u>Change</u>
Land	\$ 2,428,987	\$ 2,478,872	\$ 49,885
Assets available for sale	308,726	308,726	-0-
Buildings	15,106,152	15,622,139	515,987
Equipment	5,300,986	5,975,469	674,483
Improvements	9,866,435	10,938,262	1,071,827
Infrastructure	20,926,650	20,926,650	0
Work In Progress	327,250	466,017	138,767
Accumulated depreciation & amort.	<u>(25,090,150)</u>	<u>(26,675,634)</u>	<u>(1,585,484)</u>
Total	<u>\$29,175,036</u>	<u>\$30,040,501</u>	<u>\$ 865,465</u>

Business-type Activities

Asset Category	<u>FY2007-08</u>	<u>FY2008-09</u>	<u>Change</u>
Land	\$ 339,345	\$ 339,345	\$ 0
Buildings	13,611,915	13,631,868	19,953
Equipment	17,573,979	17,598,541	24,562
Improvements	27,364,365	28,258,720	894,355
Work In Progress	349,252	1,686,886	1,337,634
Accumulated depreciation & amort.	<u>(31,301,162)</u>	<u>(32,849,845)</u>	<u>(1,548,683)</u>
Total	<u>\$27,937,694</u>	<u>\$28,665,515</u>	<u>\$ 727,821</u>

Total Net Capital Assets

Asset Category	<u>FY2007-08</u>	<u>FY2008-09</u>	<u>Change</u>
Land	\$ 2,768,332	\$ 2,818,217	\$ 49,885
Assets Available for sale	308,726	308,726	-0-
Buildings	28,718,067	29,254,007	535,940
Equipment	22,874,965	23,574,010	699,045
Improvements	37,230,800	39,196,982	1,966,182
Infrastructure	20,926,650	20,926,650	-0-
Work In Progress	676,502	2,152,903	1,476,401
Accumulated depreciation & amort.	<u>(56,391,312)</u>	<u>(59,525,479)</u>	<u>(3,134,167)</u>
Total	<u>\$57,112,730</u>	<u>\$58,706,016</u>	<u>\$1,593,286</u>

Additional information on the City of Pendleton's capital assets can be found in footnote III.E. on pages 49-50 of this report.

B. Debt Administration

As of June 30, 2009, the City had General Obligation Bond debt outstanding of \$2,740,000. The general obligation debt outstanding is backed by the full faith and credit and taxing power of the City. Debt payments of \$520,000 were made on scheduled for FY09. All GO bonded debt is related to governmental activities and is funded by property taxes.

In September 2006, the City chose to finance \$7,050,000 of Public Employee Retirement System (PERS) unfunded actuarial liability which is projected to save the City \$60,000 a year in interest costs. The full faith and credit and taxing power of the City with certain limitations of the State Constitution back the bonds. The City is not able to levy additional taxes to pay the pension bonds. The bonds were issued for a total of \$7,160,000. As of June 30, 2009, the City had PERS debt outstanding of \$6,980,000.

The City also holds a business loan for the purchase of land and construction of a RV manufacturing plant for \$2,299,742 at June 30th. The Pendleton Development Commission (PDC) was advanced \$800,000 in loan proceeds for the Downtown Facade Restoration Program in FY09. Total PDC loan balance outstanding at June 30th was \$2,000,000. New in the spring was a construction loan with Oregon Transportation Investment Bank (OTIP) for the construction of the Airport Connector Road and improvements with a balance of \$65,000 as of June 30th.

In addition, the Water Fund owed \$4,625,412 to the State of Oregon, Safe Drinking Water State Revolving Loan Fund for the construction of the water treatment plant and intake facility. This debt is funded by Water Fund revenue.

The City sold Wastewater Revenue Bonds to finance costs of improvements to the City's sanitary sewerage facilities for \$9,980,000 in December 07. Sewer rates were increased to cover the debt service required in the future. The balance of the outstanding bonds as of June 30th was \$9,665,000.

The following table provides comparative information on the City's outstanding debt:

**Table 4
City of Pendleton, Oregon
Outstanding Debt
For Years as Stated**

Governmental Activities			
Debt Category	<u>FY2007-08</u>	<u>FY2008-09</u>	<u>Change</u>
General Obligation Bonds	\$ 3,260,000	\$ 2,740,000	\$ (520,000)
Less Deferred Refunding	(39,034)	(33,745)	5,289
Limited Tax Pension Obligation Bonds	7,045,000	6,980,000	(65,000)
Notes Payable	2,397,672	2,364,742	(32,930)
Notes Payable - PDC	<u>1,200,000</u>	<u>2,000,000</u>	<u>800,000</u>
Total	<u>\$13,863,638</u>	<u>\$14,050,997</u>	<u>\$ 187,359</u>
Business-type Activities			
Debt Category	<u>FY2007-08</u>	<u>FY2008-09</u>	<u>Change</u>
Revenue Bonds Payable	\$ 9,980,000	\$ 9,665,000	\$ (315,000)
Notes Payable	<u>4,861,306</u>	<u>4,625,412</u>	<u>(235,894)</u>
Total	<u>\$14,841,306</u>	<u>\$14,290,412</u>	<u>\$ (550,894)</u>

Total Outstanding Debt

Debt Category	<u>FY2007-08</u>	<u>FY2008-09</u>	<u>Change</u>
General Obligation Bonds	\$ 3,260,000	\$ 2,740,000	\$ (520,000)
Less Deferred Refunding	(39,034)	(33,745)	5,289
Limited Tax Pension Obligation Bonds	7,045,000	6,980,000	(65,000)
Revenue Bonds Payable	9,980,000	9,665,000	(315,000)
Notes Payable	<u>8,458,978</u>	<u>8,990,154</u>	<u>531,176</u>
Total	<u>\$28,704,944</u>	<u>\$28,341,409</u>	<u>\$ (363,535)</u>

The City's total debt decreased by \$363,535 (1 percent) during the current fiscal year. Debt for governmental activities increased by \$187,359 while debt for business-type activities decreased by \$550,894. The new OTIB loan of \$65,000 and the Pendleton Development Commission component unit to the City of Pendleton additional debt for the urban renewal district of \$800,000 increased the overall general governmental debt. The Business-type activities debt decreased by 3% due to no additional debt incurred for the year.

Oregon Revised Statutes provides a limit on non-self-supporting general obligation debt of 3% of the real market value of all taxable property within the City's boundaries. Based on the City's FY2008-09 real market value, this debt limitation is \$31,236,571. The amount of outstanding City debt subject to this limitation is \$9,720,000.

Additional information on the City of Pendleton's bonded debt can be found in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY2009 budget:

- Assessed values, the basis of property tax revenues, will grow by 5.4%.
- Property tax rate is set at 6.5771 as a permanent rate due to Measure 50.
- Health insurance rates expect a 9% increase and Workers Comp rates expect a 10% decrease.
- Fire and exempt salaries would increase by 3%.
- OPEU salaries would increase by \$100 per month in July.
- Police salaries would increase by 5%.
- PERS rates would see increases between 10.11% and 13.38% for the various tiers.
- General Fund capital improvements would be minimal due to lack of funds available except for donation/grant funded construction.
- Water residential rates would increase by the CPI.
- Sewer rates would not increased due to the previous year's rate increase for revenue bonds.
- Airport Connector Road construction would begin with federal grants and state loans.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of this information provided in this report, requests for additional financial information, or to obtain a copy of this report for the Pendleton Development Commission should be addressed to:

City of Pendleton
Linda Carter, Finance Director
500 SW Dorion Ave.
Pendleton, OR 97801



BASIC FINANCIAL STATEMENTS

CITY OF PENDLETON, OREGON
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,215,454	\$ 3,792,369	\$ 8,007,823
Receivables:			
Accounts, net	1,095,986	577,463	1,673,449
Property taxes	482,340	-	482,340
Assessments	395,277	-	395,277
Notes	533,180	275,796	808,976
Interest	892	12,547	13,439
Internal balances	2,359,117	(2,359,117)	-
Prepaid items	2,849	-	2,849
Inventories	-	201,601	201,601
Bond discounts and issuance costs	90,846	131,547	222,393
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	763,095	2,804,087	3,567,182
Investments	-	5,843,397	5,843,397
Pension asset	2,956,142	-	2,956,142
Permanently restricted:			
Cash and cash equivalents	158,015	-	158,015
Investments	661,905	-	661,905
Capital assets:			
Land	2,478,872	339,345	2,818,217
Assets available for sale	308,726	-	308,726
Construction in progress	466,017	1,686,886	2,152,903
Depreciable assets, net of depreciation	26,786,886	26,639,284	53,426,170
Total assets	<u>43,755,599</u>	<u>39,945,205</u>	<u>83,700,804</u>
LIABILITIES			
Accounts payable and accrued expenses	864,792	420,621	1,285,413
Deposits	47,847	102,746	150,593
Retainage payable	10,152	-	10,152
Unearned revenue	286,481	-	286,481
Accrued interest payable	143,149	298,798	441,947
Compensated absences payable	436,067	93,526	529,593
Long-term obligations:			
Due within one year	886,194	601,101	1,487,295
Due in more than one year	13,304,286	13,726,144	27,030,430
Total liabilities	<u>15,978,968</u>	<u>15,242,936</u>	<u>31,221,904</u>
NET ASSETS			
Invested in capital assets, net of related debt	24,236,403	22,409,432	46,645,835
Restricted for:			
Debt service	538,104	744,702	1,282,806
Highways and streets	224,991	-	224,991
Library permanent trust	140,598	-	140,598
Cemetery perpetual care permanent trust	679,322	-	679,322
Unrestricted	1,957,213	1,548,135	3,505,348
Total net assets	<u>\$ 27,776,631</u>	<u>\$ 24,702,269</u>	<u>\$ 52,478,900</u>

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

CITY OF PENDLETON, OREGON
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,160,175	\$ 1,236,900	\$ 213,120	\$ 629,178	\$ (1,080,977)	\$ -	\$ (1,080,977)
Public safety	6,822,373	1,240,160	219,908	140,991	(5,221,314)	-	(5,221,314)
Highways and streets	1,688,048	172,508	661,450	111,539	(742,551)	-	(742,551)
Culture and recreation	2,797,426	305,082	421,482	199,863	(1,870,999)	-	(1,870,999)
Amortiation of PERS prepayment	310,202	-	-	-	(310,202)	-	(310,202)
Interest on long-term obligations	744,640	-	-	-	(744,640)	-	(744,640)
Total governmental activities	15,522,864	2,954,650	1,515,960	1,081,571	(9,970,683)	-	(9,970,683)
Business-type activities:							
Water	2,906,511	3,158,509	-	27,165	-	279,163	279,163
Sewer	2,364,169	3,670,753	-	-	-	1,306,584	1,306,584
Airport	1,627,886	411,098	268,107	193,456	-	(755,225)	(755,225)
Cemetery	247,012	118,265	-	-	-	(128,747)	(128,747)
Total business-type activities	7,145,578	7,358,625	268,107	220,621	-	701,775	701,775
Total primary government	\$ 22,668,442	\$ 10,313,275	\$ 1,784,067	\$ 1,302,192	(9,970,683)	701,775	(9,268,908)
General revenues:							
Property taxes levied for:							
General purposes					4,370,295	-	4,370,295
Debt service					890,242	-	890,242
Franchise and public services taxes					3,913,444	-	3,913,444
Interest and investment earnings					276,865	360,169	637,034
Investment earnings (loss) on pension asset					(919,679)	-	(919,679)
Miscellaneous					194,475	10,317	204,792
Gain (loss) on sale of property					661	-	661
Transfers					(209,945)	209,945	-
Total general revenues, special items, and transfers					8,516,358	580,431	9,096,789
Change in net assets					(1,454,325)	1,282,206	(172,119)
Net assets, beginning					29,230,956	23,420,063	52,651,019
Net assets, ending					\$ 27,776,631	\$ 24,702,269	\$ 52,478,900

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



FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

The General Fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for Police, Fire, Planning, and General Operations.

State Tax Street Fund

Accounts for revenues received from state gasoline tax, which are to be expended for the construction, maintenance and use of City streets.

CITY OF PENDLETON, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Street Fund	Other Governmental Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 1,431,812	\$ 253,525	\$ 3,047,702	\$ 4,733,039
Investments	-	-	661,905	661,905
Receivables:				
Property taxes	401,890	-	80,450	482,340
Accounts	663,639	82,273	332,017	1,077,929
Interest	298	53	462	813
Assessments	2,949	-	392,328	395,277
Notes	189,581	10,149	333,450	533,180
Advances to other funds	1,704,500	-	893,000	2,597,500
Prepaid items	2,849	-	-	2,849
Total assets	<u>\$ 4,397,518</u>	<u>\$ 346,000</u>	<u>\$ 5,741,314</u>	<u>\$ 10,484,832</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 299,253	\$ 110,860	\$ 402,233	\$ 812,346
Deposits	75	-	40,916	40,991
Deferred revenue	659,343	10,149	1,214,938	1,884,430
Retainage payable	-	-	10,152	10,152
Advances from other funds	-	-	415,500	415,500
Total liabilities	<u>958,671</u>	<u>121,009</u>	<u>2,083,739</u>	<u>3,163,419</u>
FUND BALANCES (DEFICIT)				
Reserved for:				
Advances to other funds	1,704,500	-	893,000	2,597,500
Debt service	-	-	538,104	538,104
Highways and streets	-	224,991	-	224,991
Permanent funds	-	-	819,920	819,920
Unreserved, reported in:				
Major funds	1,734,347	-	-	1,734,347
Capital projects funds	-	-	43,918	43,918
Special revenue funds	-	-	1,362,633	1,362,633
Total fund balances	<u>3,438,847</u>	<u>224,991</u>	<u>3,657,575</u>	<u>7,321,413</u>
Total liabilities and fund balances	<u>\$ 4,397,518</u>	<u>\$ 346,000</u>	<u>\$ 5,741,314</u>	<u>\$ 10,484,832</u>

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

CITY OF PENDLETON, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Fund balances - total governmental funds \$ 7,321,413

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

Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds 29,989,326

Pension assets resulting from contributions in excess of the annual required contribution and bond issuance costs are not financial resources, and therefore, are not reported in the funds. 3,046,988

Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements. 1,597,949

Other post employment benefits payable are not due and payable in the current period, and, therefore, are not reported in the funds. (114,147)

Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds. (372,025)

Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements. (143,149)

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and, therefore, are not reported in the fund statements. (14,050,997)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Central Services Internal Service Fund are included in governmental activities in the Statement of Net Assets.

Cash and cash equivalents	\$ 403,525
Accounts receivable, net	18,057
Interest receivable	79
Internal balances	177,117
Capital assets, net	51,175
Accounts payable and accrued expenses	(52,446)
Deposits	(6,856)
Other post employment benefits liability	(25,336)
Compensated absences payable	<u>(64,042)</u>

Total internal service funds 501,273

Net assets of governmental activities \$ 27,776,631

CITY OF PENDLETON, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	General Fund	State Tax Street Fund	Other Governmental Funds	Totals
REVENUES				
Property taxes	\$ 4,303,821	\$ -	\$ 875,173	\$ 5,178,994
Other taxes	523,566	-	457,508	981,074
Franchise fees	2,404,474	-	-	2,404,474
Licenses and fees	531,045	-	200,047	731,092
Charges for services	885,101	172,369	602,510	1,659,980
Intergovernmental	1,115,436	659,950	831,983	2,607,369
Fines and forfeitures	390,220	-	-	390,220
Assessments	961	-	117,052	118,013
Loan repayments	-	-	135,819	135,819
Contributions	38,386	-	55,649	94,035
Interest on investments	113,760	8,816	150,428	273,004
Miscellaneous	132,228	139	91,951	224,318
TOTAL REVENUES	10,438,998	841,274	3,518,120	14,798,392
EXPENDITURES				
Current:				
General government	1,297,777	-	1,530,662	2,828,439
Public safety	6,329,256	-	178,977	6,508,233
Culture and recreation	1,787,658	-	520,588	2,308,246
Highways and streets	-	1,010,360	-	1,010,360
Capital outlay	773,196	125,466	1,280,454	2,179,116
Debt service	412,853	-	957,625	1,370,478
TOTAL EXPENDITURES	10,600,740	1,135,826	4,468,306	16,204,872
REVENUES OVER (UNDER) EXPENDITURES	(161,742)	(294,552)	(950,186)	(1,406,480)
OTHER FINANCING SOURCES (USES)				
Sale of property	2,081	3,727	-	5,808
Payment to refund debt	-	-	(2,000,000)	(2,000,000)
Issuance of debt	-	-	2,865,000	2,865,000
Transfers in	98,200	-	563,271	661,471
Transfers out	(302,890)	(5,400)	(518,406)	(826,696)
TOTAL OTHER FINANCING SOURCES (USES)	(202,609)	(1,673)	909,865	705,583
NET CHANGE IN FUND BALANCE	(364,351)	(296,225)	(40,321)	(700,897)
FUND BALANCE, Beginning	3,803,198	521,216	3,697,896	8,022,310
FUND BALANCE, Ending	\$ 3,438,847	\$ 224,991	\$ 3,657,575	\$ 7,321,413

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

CITY OF PENDLETON, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Net change in fund balance - governmental funds	\$	(700,897)
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Deferred revenues		(83,302)
<p>Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets.</p>		
		677,643
<p>Issuance of debt is a financial resource in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Assets.</p>		
		(865,000)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds:</p>		
Change in compensated absences		(34,751)
Change in other post employment benefits liability		(114,147)
Change in accrued interest payable		(46,816)
Amortization of bond discounts and issuance costs		(4,989)
<p>Governmental funds report the payment to PERS made from bond proceeds to reduce the estimated actuarial unfunded liability as a debt service expenditure. In the Statement of Activities, this added to the pension asset and is amortized over the period benefitted:</p>		
Interest earned on pension asset	\$ (919,679)	
Amortization of PERS UAL	<u>(310,202)</u>	
		(1,229,881)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense:</p>		
Capital asset additions	\$ 2,569,103	
Depreciation expense	<u>(1,711,365)</u>	
		857,738
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the internal service funds are allocated between governmental and business - type activities.</p>		
		<u>90,077</u>
Change in net assets - governmental activities	\$	<u>(1,454,325)</u>

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

CITY OF PENDLETON, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 4,493,200	\$ 4,493,200	\$ 4,303,821	\$ (189,379)
Other taxes	475,000	475,000	523,566	48,566
Franchise fees	2,351,650	2,351,650	2,404,474	52,824
Licenses and fees	1,060,000	1,060,000	531,045	(528,955)
Charges for services	1,056,600	1,056,600	885,101	(171,499)
Intergovernmental	1,105,675	1,112,700	1,115,436	2,736
Fines and forfeitures	372,500	372,500	390,220	17,720
Assessments	1,000	1,000	961	(39)
Contributions	36,300	46,675	38,386	(8,289)
Interest on investments	140,000	140,000	113,760	(26,240)
Miscellaneous	69,700	69,700	132,228	62,528
TOTAL REVENUES	<u>11,161,625</u>	<u>11,179,025</u>	<u>10,438,998</u>	<u>(740,027)</u>
EXPENDITURES				
Current:				
General government	1,963,010	2,008,010	1,297,777	710,233
Public safety	6,415,920	6,430,320	6,329,256	101,064
Culture and recreation	1,820,100	1,836,100	1,787,658	48,442
Capital outlay	705,230	815,330	773,196	42,134
Debt service	413,000	413,000	412,853	147
Contingency	3,455,100	3,260,000	-	3,260,000
TOTAL EXPENDITURES	<u>14,772,360</u>	<u>14,762,760</u>	<u>10,600,740</u>	<u>4,162,020</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,610,735)</u>	<u>(3,583,735)</u>	<u>(161,742)</u>	<u>3,421,993</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	1,425	1,425	2,081	656
Transfers in	98,200	98,200	98,200	-
Interfund loan repayment	-	-	483,500	483,500
Transfers out	(291,890)	(318,890)	(302,890)	16,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(192,265)</u>	<u>(219,265)</u>	<u>280,891</u>	<u>500,156</u>
NET CHANGE IN FUND BALANCE	(3,803,000)	(3,803,000)	119,149	3,922,149
Budgetary basis adjustment	-	-	(483,500)	(483,500)
FUND BALANCE, Beginning	<u>3,803,000</u>	<u>3,803,000</u>	<u>3,803,198</u>	<u>198</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,438,847</u>	<u>\$ 3,438,847</u>

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

CITY OF PENDLETON, OREGON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STATE TAX STREET FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 163,350	\$ 163,350	\$ 172,369	\$ 9,019
Intergovernmental	1,088,100	1,088,100	659,950	(428,150)
Interest on investments	10,000	10,000	8,816	(1,184)
Miscellaneous	2,000	2,000	139	(1,861)
TOTAL REVENUES	<u>1,263,450</u>	<u>1,263,450</u>	<u>841,274</u>	<u>(422,176)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	345,300	345,300	306,648	38,652
Materials and services	710,995	710,995	703,712	7,283
Capital outlay	625,000	625,000	125,466	499,534
Contingency	50,000	50,000	-	50,000
TOTAL EXPENDITURES	<u>1,731,295</u>	<u>1,731,295</u>	<u>1,135,826</u>	<u>595,469</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(467,845)</u>	<u>(467,845)</u>	<u>(294,552)</u>	<u>173,293</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	3,727	3,727
Transfers out	(5,400)	(5,400)	(5,400)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,400)</u>	<u>(5,400)</u>	<u>(1,673)</u>	<u>3,727</u>
NET CHANGE IN FUND BALANCE	<u>(473,245)</u>	<u>(473,245)</u>	<u>(296,225)</u>	<u>177,020</u>
FUND BALANCE, Beginning	<u>606,200</u>	<u>606,200</u>	<u>521,216</u>	<u>(84,984)</u>
FUND BALANCE, Ending	<u>\$ 132,955</u>	<u>\$ 132,955</u>	<u>\$ 224,991</u>	<u>\$ 92,036</u>

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



FUND FINANCIAL STATEMENTS

Proprietary Funds

The City of Pendleton utilizes six Proprietary Funds comprised of four Enterprise Funds and two Internal Service Funds.

Enterprise Funds are used to report for activities for which a fee is charged to external users for goods and services, and to account for the acquisition, operation, and maintenance of the water, sewer, airport, and cemetery. These funds are entirely or predominantly self-supported through user charges to the customer. Funds included are:

- **Water**
- **Sewer**
- **Airport**
- **Cemetery**

For budgetary purposes (see budget schedules in the Supplemental Information section), the Sewer funds are accounted for in the following separate funds:

- **Sewer Fund**
 - Sewer Fund
 - Sewer Capital Reserve Fund
 - Wastewater Capital Project Fund
 - Wastewater Revenue Bond Reserve Fund
 - Wastewater Revenue Bond Debt Service Fund
 - Wastewater Rate Stabilization Fund

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City and to other government units on a cost reimbursement basis. The Internal Service Funds are eliminated for the Government-Wide Financial Statements and any residual assets and income and expenses from outside sources are combined with the Governmental and Business – Type Activities. Internal Service Funds of the City are:

- **Construction and Repair Fund**
- **Central Services Fund**

CITY OF PENDLETON, OREGON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Business - type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 903	\$ 3,205,226	\$ 17,316	\$ 15,522	\$ 3,238,967	\$ 956,927
Receivables:						
Accounts, net	381,255	5,821	134,541	8,908	530,525	64,995
Notes	10,149	10,149	245,349	-	265,647	10,149
Interest	-	12,433	-	1	12,434	192
Inventories	188,008	13,593	-	-	201,601	-
Total current assets	<u>580,315</u>	<u>3,247,222</u>	<u>397,206</u>	<u>24,431</u>	<u>4,249,174</u>	<u>1,032,263</u>
Noncurrent assets:						
Restricted cash and cash equivalents	-	2,804,087	-	-	2,804,087	-
Restricted investments	-	5,843,397	-	-	5,843,397	-
Bond discount and issuance costs	-	131,547	-	-	131,547	-
Capital assets:						
Land	254,903	41,975	21,317	21,150	339,345	-
Construction in progress	-	1,686,886	-	-	1,686,886	-
Depreciable assets, net of depreciation	13,557,337	3,057,548	9,148,794	172,130	25,935,809	754,650
Total noncurrent assets	<u>13,812,240</u>	<u>13,565,440</u>	<u>9,170,111</u>	<u>193,280</u>	<u>36,741,071</u>	<u>754,650</u>
Total assets	<u>\$ 14,392,555</u>	<u>\$ 16,812,662</u>	<u>\$ 9,567,317</u>	<u>\$ 217,711</u>	<u>\$ 40,990,245</u>	<u>\$ 1,786,913</u>
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ 48,001	\$ 226,851	\$ 131,822	\$ 2,409	\$ 409,083	\$ 63,984
Accrued interest payable	118,563	180,235	-	-	298,798	-
Deposits	2,296	100,450	-	-	102,746	6,856
Compensated absences payable	14,258	20,709	19,165	5,476	59,608	97,960
Current portion of long-term debt	246,101	355,000	-	-	601,101	-
Total current liabilities	<u>429,219</u>	<u>883,245</u>	<u>150,987</u>	<u>7,885</u>	<u>1,471,336</u>	<u>168,800</u>
Long-term debt, net of current portion:						
Advances from other funds	243,000	-	1,939,000	-	2,182,000	-
Other post employment benefits liability	9,821	7,758	4,337	2,504	24,420	37,749
Notes and contracts payable	4,379,311	-	-	-	4,379,311	-
Bonds payable	-	9,310,000	-	-	9,310,000	-
Total liabilities	<u>5,061,351</u>	<u>10,201,003</u>	<u>2,094,324</u>	<u>10,389</u>	<u>17,367,067</u>	<u>206,549</u>
Net assets (deficit):						
Invested in capital assets, net of related debt	9,186,828	3,155,738	9,170,111	193,280	21,705,957	754,650
Restricted for debt service	-	744,702	-	-	744,702	-
Unrestricted	144,376	2,711,219	(1,697,118)	14,042	1,172,519	825,714
Total net assets	<u>9,331,204</u>	<u>6,611,659</u>	<u>7,472,993</u>	<u>207,322</u>	<u>23,623,178</u>	<u>1,580,364</u>
Total liabilities and net assets	<u>\$ 14,392,555</u>	<u>\$ 16,812,662</u>	<u>\$ 9,567,317</u>	<u>\$ 217,711</u>	<u>\$ 40,990,245</u>	<u>\$ 1,786,913</u>

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

CITY OF PENDLETON, OREGON
RECONCILIATION OF THE PROPRIETARY FUNDS STATEMENT OF NET ASSETS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

Net assets - total enterprise funds \$ 23,623,178

Amounts reported for business-type activities in the Statement of Net Assets are different because:

Internal service funds are used by management to charge the costs of certain activities to individual funds. The Constructin and Repair internal service fund predominately serve the senterprise funds, so the assets and liabilities of the fund are included in Business-Type Activities in the Statement of Net Assets as follows:

Cash and cash equivalents	\$	553,402	
Accounts receivable, net		46,938	
Notes receivable		10,149	
Interest receivable		113	
Internal balances		(177,117)	
Capital assets, net		703,475	
Accounts payable and accrued expenses		(11,538)	
Compensated absences payable		(33,918)	
Other post employment benefits liability		(12,413)	
		1,079,091	1,079,091

Net assets of business - type activities \$ 24,702,269

CITY OF PENDLETON, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Business - type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Total	
OPERATING REVENUES						
Charges for services	\$3,126,771	\$3,657,645	\$ 404,551	\$ 7,174	\$ 7,196,141	\$3,438,278
Licenses and fees	-	-	-	111,091	111,091	35,894
Miscellaneous	31,738	13,108	6,547	-	51,393	4,842
TOTAL OPERATING REVENUES	<u>3,158,509</u>	<u>3,670,753</u>	<u>411,098</u>	<u>118,265</u>	<u>7,358,625</u>	<u>3,479,014</u>
OPERATING EXPENSES						
Personal services	488,232	393,481	275,193	136,598	1,293,504	2,311,975
Materials and services	1,644,303	1,372,562	471,401	99,362	3,587,628	820,361
Depreciation	583,215	228,822	788,395	12,144	1,612,576	129,224
TOTAL OPERATING EXPENSES	<u>2,715,750</u>	<u>1,994,865</u>	<u>1,534,989</u>	<u>248,104</u>	<u>6,493,708</u>	<u>3,261,560</u>
OPERATING INCOME (LOSS)	<u>442,759</u>	<u>1,675,888</u>	<u>(1,123,891)</u>	<u>(129,839)</u>	<u>864,917</u>	<u>217,454</u>
NON-OPERATING INCOME (EXPENSES)						
Intergovernmental	27,165	-	268,107	-	295,272	15,000
Contributions	-	-	-	-	-	1,733
Gain (loss) on disposal of capital assets	700	-	-	-	700	(1,286)
Interest on investments	675	346,162	15	386	347,238	16,792
Interest expense	(229,078)	(402,501)	(97,267)	-	(728,846)	-
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>(200,538)</u>	<u>(56,339)</u>	<u>170,855</u>	<u>386</u>	<u>(85,636)</u>	<u>32,239</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	242,221	1,619,549	(953,036)	(129,453)	779,281	249,693
CAPITAL CONTRIBUTIONS						
Intergovernmental	-	-	193,456	-	193,456	-
TRANSFERS						
Transfers in	-	1,984,608	69,195	166,000	2,219,803	-
Transfers out	(8,550)	(1,994,708)	(200)	(3,400)	(2,006,858)	(63,091)
CHANGE IN NET ASSETS	<u>233,671</u>	<u>1,609,449</u>	<u>(690,585)</u>	<u>33,147</u>	<u>1,185,682</u>	<u>186,602</u>
NET ASSETS, Beginning	<u>9,097,533</u>	<u>5,002,210</u>	<u>8,163,578</u>	<u>174,175</u>	<u>22,437,496</u>	<u>1,393,762</u>
NET ASSETS, Ending	<u>\$9,331,204</u>	<u>\$6,611,659</u>	<u>\$7,472,993</u>	<u>\$ 207,322</u>	<u>\$23,623,178</u>	<u>\$1,580,364</u>

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

CITY OF PENDLETON, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Change in net assets - total enterprise funds	\$ 1,185,682
Amounts reported for business-type activities in the Statement of Activities are different because:	
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net revenue (expense) of the internal service funds are allocated to business - type activities.	<u>96,524</u>
Change in net assets of business - type activities	<u>\$ 1,282,206</u>

CITY OF PENDLETON, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds				Totals	Governmental
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund		Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,208,904	\$ 3,672,891	\$ 411,098	\$ 116,191	\$ 7,409,084	\$ 45,822
Receipts from interfund services provided	-	-	-	-	-	3,388,387
Payments to suppliers	(824,773)	(536,891)	(367,237)	(120,913)	(1,849,814)	(1,346,350)
Payments to employees	(339,320)	(276,901)	(205,428)	(97,835)	(919,484)	(1,713,954)
Payments for interfund services used	(965,520)	(915,807)	(87,767)	(19,580)	(1,988,674)	(8,030)
Net cash provided from (used by) operating activities	<u>1,079,291</u>	<u>1,943,292</u>	<u>(249,334)</u>	<u>(122,137)</u>	<u>2,651,112</u>	<u>365,875</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	1,984,608	69,195	166,000	2,219,803	-
Transfers out	(8,550)	(1,994,708)	(200)	(3,400)	(2,006,858)	(63,091)
Net cash provided from (used by) non-capital financing activities	<u>(8,550)</u>	<u>(10,100)</u>	<u>68,995</u>	<u>162,600</u>	<u>212,945</u>	<u>(63,091)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from intergovernmental revenue	27,165	-	367,950	-	395,115	15,000
Contributions	-	100,450	-	-	100,450	1,733
Notes receivable principal collections	3,066	3,066	35,418	-	41,550	3,066
Proceeds from sale of capital assets	700	-	-	-	700	-
Interfund loan proceeds	-	-	94,000	-	94,000	-
Interfund loan payments	(415,000)	-	-	-	(415,000)	-
Acquisition of capital assets	(215,941)	(1,776,271)	(202,641)	(86,381)	(2,281,234)	(197,400)
Principal paid on long-term obligations	(235,895)	(315,000)	-	-	(550,895)	-
Interest paid on long-term obligations	(235,122)	(427,470)	(97,267)	-	(759,859)	-
Net cash provided from (used by) capital and related financing activities	<u>(1,071,027)</u>	<u>(2,415,225)</u>	<u>197,460</u>	<u>(86,381)</u>	<u>(3,375,173)</u>	<u>(177,601)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net sales (purchases) of investments	-	2,589,615	-	-	2,589,615	-
Interest on investments	675	420,229	15	386	421,305	16,600
Net cash provided (used) by investing activities	<u>675</u>	<u>3,009,844</u>	<u>15</u>	<u>386</u>	<u>3,010,920</u>	<u>16,600</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	389	2,527,811	17,136	(45,532)	2,499,804	141,783
CASH AND CASH EQUIVALENTS, Beginning	<u>514</u>	<u>3,481,502</u>	<u>180</u>	<u>61,054</u>	<u>3,543,250</u>	<u>815,144</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 903</u>	<u>\$ 6,009,313</u>	<u>\$ 17,316</u>	<u>\$ 15,522</u>	<u>\$ 6,043,054</u>	<u>\$ 956,927</u>

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

CITY OF PENDLETON, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund		
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities						
Operating income (loss)	\$ 442,759	\$ 1,675,888	\$ (1,123,891)	\$ (129,839)	\$ 864,917	\$ 217,454
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	583,215	228,822	788,395	12,144	1,612,576	129,224
(Increase) decrease in assets:						
Receivables	49,814	2,138	-	(2,074)	49,878	(43,851)
Inventories	8,691	160	-	-	8,851	-
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	(14,906)	25,697	80,492	(5,033)	86,250	13,664
Deposits	661	-	-	-	661	(954)
Compensated absences payable	(764)	2,829	1,333	161	3,559	12,589
Other post employment benefits liability	9,821	7,758	4,337	2,504	24,420	37,749
Net cash provided from (used by) operating activities	<u>\$ 1,079,291</u>	<u>\$ 1,943,292</u>	<u>\$ (249,334)</u>	<u>\$ (122,137)</u>	<u>\$ 2,651,112</u>	<u>\$ 365,875</u>

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



FUND FINANCIAL STATEMENTS

Fiduciary Funds

The City of Pendleton uses four Agency Funds to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds. The assets and liabilities of these funds are not considered assets of the City of Pendleton, and have been excluded from the Government-Wide Financial Statements. Funds included are:

- **Northeast Oregon Air Task Force Fund**
- **Bail Fund**
- **Pendleton Foundation Trust Fund**
- **Eastern Oregon Drug Task Force Fund**

**CITY OF PENDLETON, OREGON
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2009**

	Agency
ASSETS	
Cash and cash equivalents	\$ 13,196
Accounts receivable	29,086
Total assets	\$ 42,282
LIABILITIES	
Accounts payable	\$ 36,459
Due to other governments	5,823
Total liabilities	\$ 42,282

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

NOTES TO THE BASIC FINANCIAL STATEMENTS



CITY OF PENDLETON, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Pendleton, Oregon (the City) is organized under the general laws of the State of Oregon. The City Council, composed of the mayor and eight Council members, comprises the legislative branch of the City. Individual departments are under the direction of the City Manager, who is appointed by the City Council.

There are various other governmental agencies and special service districts which provide services within the City's boundaries. However, the City is not financially accountable for any of these entities and accordingly their financial information is not included in these financial statements.

The accompanying financial statements present all activities, funds and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the City is a primary government with the following includable component unit.

Pendleton Development Commission

The Agency was formed to undertake urban renewal projects and activities pursuant to the City's urban renewal plan. The Board of Directors of the Agency consists of the Mayor and the eight elected City Council members. The City is required to certify to the County Assessor any incremental taxes to be levied for the benefit of the Agency. Since the City Council acts as its governing board, it has been included as a blended component unit in the financial statements. Complete financial statements for the Agency may be obtained at the City's administrative offices, 500 SW Dorian Avenue, Pendleton, OR 97801.

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the City (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements

of a particular function or segment, including special assessments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *state tax street fund* accounts for revenues received from the state and local gasoline tax, which are expended for the construction, maintenance, and use of city streets.

The City reports the following major proprietary funds:

The *water fund* accounts for the activities associated with the water distribution system and capital improvements to the system.

The *sewer* and *sewer capital reserve funds* are collapsed in to "All Sewer Funds" for presentation in the financial statements. These funds account for the activities associated with wastewater collection and capital improvements to the wastewater system.

The *airport fund* accounts for activity associated with the operations and capital improvements of the City's municipal airport.

Additionally, the City reports the following fund types:

Internal service funds account for central services and construction and repair services provided to other departments or agencies of the City, or to other governments on a cost reimbursement basis.

Agency funds account for resources held by the City as an agent for individuals, private organizations, other governments, and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs of program revenues reporting in the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included as program revenues are reported instead as *general revenues*.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including water and sewer charges, grave site sales and opening and closing fees, landing fees, facility and equipment rents, and labor and overhead charges. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted assets, as they are needed.

D. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, investments in the Local Government Investment Pool, and short-term investments with original maturities of three months or less from the date of acquisition.

The City maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the City is to invest in the Local Government Investment Pool and interest bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The City allocates earnings on investments to selected funds based on the average monthly balances throughout the year. Investments are stated at amortized cost, which approximates fair value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal loans".

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not available expendable financial resources.

Other receivables including accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in Paragraph C above. An allowance for uncollectibles has been established for the General, Airport and Water Fund and represents the portion of receivables not expected to be collected.

3. Inventories and Prepaid Items

Inventories in Enterprise Funds are determined by physical count and are stated at the lower of cost (first in, first out) or market. Expenses are recognized when inventories are consumed. Other inventories are taken for control purposes only with no dollar value assigned.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

The State Tax Street Fund is legally restricted to be expended on streets and sidewalks, the Debt Service Fund is legally restricted to debt service, and the pension asset is restricted to the payment of pension expenditures. The Sewer funds have \$744,702 restricted for debt service and \$7,902,782 of unspent bond proceeds restricted towards capital improvements. The unspent funds have been classified as restricted assets in the government-wide statement of net assets. In addition, net assets of the library permanent trust fund and the cemetery perpetual care permanent trust fund are permanently restricted.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial

statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. There was no interest capitalized during the year.

Property, plant, and equipment is depreciated using the straight-line method. In the year of acquisition, depreciation and amortization are taken for a full year if the asset is put into service during the first six months of the year, and no depreciation is taken if the asset is placed in service in the last six months of the fiscal year.

The estimated useful lives of capital assets are:

- Buildings 5 to 50 years
- Equipment 3 to 20 years
- Improvements 5 to 50 years
- Infrastructure 40 years

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, holiday, "comp time", and sick leave benefits. No liability is reported for unpaid accumulated sick leave benefits since the City does not have a policy to pay sick leave when employees separate from service with the City. All vacation, holiday, and comp time is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Estimates

The preparation of 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 certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

E. Adoption of New GASB Pronouncement

For the fiscal year ended June 30, 2009, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement addresses how state and local governments should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). The Statement generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. These changes have been incorporated in the Other Information section of the Notes to the Basic Financial Statements (Note IV.D. Other Postemployment Benefits) and a liability of \$36,833 was accrued in business-type activities and \$139,483 was accrued for governmental activities on the government-wide Statement of Net Assets.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis of accounting principles generally accepted in the United States of America (GAAP) for most special revenue funds, debt service funds, and most trust funds. The annual budget for the General fund, Pendleton Convention Center special revenue fund, System Development Fees special revenue fund, Local Improvement District construction capital project fund, and the proprietary funds are adopted on a basis not consistent with GAAP in order to comply with Oregon Local Budget Law. The individual fund statements for the General fund, Pendleton Convention Center special revenue fund, System Development Fees special revenue fund, Local Improvement District construction capital project fund, and the Water proprietary fund include debt service expenditures and other financing sources for interfund loan repayments as required by Oregon Local Budget Law. These amounts have been adjusted from the schedules to arrive at a basis consistent with GAAP. All annual appropriations lapse at fiscal year end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Management develops budget recommendations by early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the

hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Except in the case of grant receipts, loan, and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted, expenditure appropriations may not be legally over expended.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established at the department level for the General Fund and the Central Services Fund. For all other funds, the level of budgetary control is established at the personal services, materials and services, capital outlay, debt service, contingency, and all other requirement levels.

Unexpected additional resources may be added to the budget and appropriated for expenditure through the use of a supplemental budget. The supplemental budget process requires a hearing before the public, publication in the newspaper, and approval by the City Council. Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Management must obtain City Council authorization for all appropriation transfers and supplementary budgetary appropriations.

During the year ended June 30, 2009, appropriation reclassifications and transfers were approved, and supplemental budgets were adopted. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapses as of fiscal year-end.

B. Excess of Expenditures over Appropriations

Using the appropriation levels as set by the City Council, described above, the City had two expenditures that exceeded appropriations. Interfund loan repayment exceeded budgetary authority by \$415,000 in the Water fund and materials and services exceeded budgetary authority by \$32,205 in the Eastern Oregon Drug Task Force fund.

C. Deficit fund balances

Funds having a deficit fund balance on the budgetary basis at June 30, 2009 are as follows:

Special Revenue Funds

Sidewalk Repair Loan Fund	\$ (216,652)
Pendleton Convention Center Fund	\$ (52,037)
PCC TPAC Fund	\$ (182,817)
Fire Capital Reserve Fund	\$ (23,232)

Capital Project Funds

Airport Connector Road Construction Fund	\$ (113,784)
--	--------------

Enterprise Funds

Airport Fund	\$ (1,938,130)
--------------	----------------

Management expects the deficit fund balances to be reversed in future years by loan collections and charges for services.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2009. If bank deposits at year end are not entirely insured or collateralized by the City or by its agent in the City's name, the City must disclose the custodial credit risk that exists. The City's deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. For deposits in excess of federal depository insurance, Oregon Revised Statutes require that Public officials report to the Office of the State Treasurer (OST) all bank depositories in which they deposit public funds and bank depositories will then report financial information and total public funds deposits quarterly to OST. OST will then calculate the required collateral that must be pledged by the bank based on this information and the depository's FDIC assigned capitalization category. Bank depositories will then have a shared liability in the event of a bank loss. For the fiscal year ended June 30, 2009, the carrying amount of the City and Urban Renewal Agency's deposits, including certificates of deposit categorized as investments of \$5,843,397, was \$9,552,651 and the bank balance was \$10,265,414. All deposits are held in the name of the City or the Pendleton Development Commission (blended component unit). Of the bank balance, \$4,288,188 was covered by federal depository insurance. The remaining \$5,977,226 was collateralized under ORS 295.

Custodial credit risk for deposits is the risk that, in the event of bank failure, a government's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk.

Restricted Cash in Escrow – The City is responsible for Limited Tax Pension Obligations issued for financing of payment of the City's Oregon Public Employee Retirement System (PERS) unfunded liability. Scheduled payments for bond redemption are made monthly to an escrow account. These deposited amounts are invested and when payments are due, the escrow account transmits the payment. At June 30, 2009, the amount held in the escrow account for future scheduled payments was \$19.

Investments. The City of Pendleton has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry as defined by GASB Statement No. 40.

In addition, The Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

The City of Pendleton also invests in the AFCTS Master Trust which is an external investment pool administered by Key Trust. These approved investments are carried at fair value, as required by Governmental Accounting Standards Board Statement 31. This investment pool has not been assigned a risk category since the City is not issued securities, but rather owns an undivided beneficial interest in the assets of this pool. Income from this investment pool is recorded in the Cemetery Perpetual Care Fund, a permanent trust fund, and periodically transferred to the Cemetery Fund, a special revenue fund to be used for cemetery operations.

Credit Risk. State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has Certificates of Deposit at Banner Bank and Sterling Savings Bank, which represent 67% and 26% of total investments, respectively.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Investments held by the City at June 30, 2009 include Certificates of Deposit with Banner Bank totaling \$5,843,397. \$3,633,750 of the Certificates will mature within one year and the remaining \$2,209,647 will mature within 18 months. In addition, the City is invested in the following:

Investments not subject to categorization:	
External Investment Pool	<u>\$ 661,905</u>

A reconciliation of cash and cash equivalents as shown on the Fund Financial Statements is as follows:

Cash on hand	\$ 2,145
Cash with Police Department	42,440
Deposits with financial institutions	3,709,254
Local Government Investment Pool	<u>7,992,377</u>
Total cash and cash equivalents	<u>\$ 11,746,216</u>
Funds:	
General	\$ 1,431,812
State Tax Street	253,525
Non - major Governmental funds	3,047,702
Water	903
All Sewer funds	6,009,313
Airport	17,316
Cemetary	15,522
Internal Service funds	956,927
Fiduciary funds	<u>13,196</u>
Total cash and cash equivalents	<u>\$ 11,746,216</u>

B. Receivables

Uncollected property taxes in governmental funds are shown on the Statement of Net Assets as receivables. Property is valued as of January 1. Taxes are assessed and become property liens on July 1, annually. Property tax statements are mailed no later than October 25, and taxes are due in three installments on November 15, February 15, and May 15. Discounts, less than or equal to three percent, are offered to those paying early. Taxes outstanding on May 16th are considered delinquent. For fiscal year 2008-2009, the City levied property taxes in the amount of \$5,421,444. The tax rate was \$6.5771 per \$1,000 of assessed value before compression due to constitutional limits.

Receivables as of year-end for the governmental activities individual major funds, internal service funds classified as governmental activities and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	State Tax Street	Other Governmental Funds	Internal Service	Total Governmental Activities
Property taxes	\$ 401,890	\$ -	\$ 80,450	\$ -	\$ 482,340
Special assessments	2,949	-	392,328	-	395,277
Accounts	574,346	-	162,910	-	737,256
Intergovernmental	138,808	82,273	169,107	18,057	408,245
Interest	298	53	462	79	892
Notes	189,581	10,149	333,450	-	533,180
Gross Receivables	1,307,872	92,475	1,138,707	18,136	2,557,190
Less: Allowance for Uncollectibles	(49,515)	-	-	-	(49,515)
Net Total Receivables	<u>\$ 1,258,357</u>	<u>\$ 92,475</u>	<u>\$1,138,707</u>	<u>\$ 18,136</u>	<u>\$ 2,507,675</u>

Receivables as of year-end for the business-type activities individual major funds and internal service funds classified as business-type activities, including the applicable Allowances for uncollectible accounts, are as follows:

	Water Fund	Sewer Funds	Airport	Cemetery	Internal Service	Total Business-type Activities
Accounts	\$ 390,130	\$ 5,821	\$ -	\$ 8,908	\$ -	\$ 404,859
Intergovernmental	-	-	146,615	-	46,938	193,553
Notes	10,149	10,149	245,349	-	10,149	275,796
Interest	-	12,433	-	1	113	12,547
Gross Receivables	400,279	28,403	391,964	8,909	57,200	886,755
Less: Allowance for Uncollectibles	(8,875)	-	(12,074)	-	-	(20,949)
Net Total Receivables	<u>\$ 391,404</u>	<u>\$ 28,403</u>	<u>\$ 379,890</u>	<u>\$ 8,909</u>	<u>\$ 57,200</u>	<u>\$ 865,806</u>

The City has an operating lease obligation receivable dated from December 1, 2004 to October 31, 2011, with an option to renew the lease for two consecutive seven-year terms. Total revenue for 2008-2009 was \$260,400. Future lease revenues will be \$260,400 for fiscal years 2010 through 2011, then \$86,800 fiscal year end 2012, if not renewed. The lessee has the option to purchase the land and building at any time for \$200,000 for the land plus the original cost of the building improvements, indexed for

inflation based on CPI. No amount has been recorded as a receivable for the operating lease.

The City also has a direct financing lease receivable for the sale of a building and improvements located near the airport, and an operating lease for the underlying land. The lease term is from April 1, 2005 to March 31, 2010, with the right to renew the lease for an additional 5 years under the same conditions. At the end of 10 years, the land lease can be renewed for up to two additional 10-year leases. Base rent during the initial lease is \$47,500 annually, including \$10,218 for the land portion and \$37,282 for the building portion, increased each year for the change in the Portland Consumer Price index. 95% of the building lease payment is credited toward the building purchase price of \$422,438. At the end of the 10-year lease term, the lessee has the option to purchase the building for \$422,438, less all amounts credited toward purchase. The expected residual balance at the end of the lease period is about \$65,000, and is considered a bargain purchase option. As such, the direct financing lease receivable related to the building has been recorded as a note receivable in the City's financial statements. No amounts have been recorded as a receivable for the operating lease related to the land. Land rent received during the year includes \$13,386 for April 2008 to March 2009, and a building lease payment of \$37,282 for April of 2008 to March 2009. Total future minimum annual lease payments are expected to be \$13,386 for the land lease and \$37,282 for the building lease/purchase through the fiscal year ending June 30, 2010. At June 30, 2009, the principal balance due the City was \$245,349.

The City also has a note receivable from Umatilla County. The County borrowed \$300,000 from the City to finance a computer software program update that was required to account for the Urban Renewal Agency for 2005-2006. The City is scheduled to receive interest only payments for two years from the date of the loan, then principal and interest will be paid starting in year three through year six. The interest will accrue on the unpaid balance at a rate equal to the rate earned from the Local Government Investment Pool. At June 30, 2009, the principal balance due the City was \$187,500.

The City sold property to the Pendleton School District in the 2006-07 fiscal year for \$104,542. \$40,000 was paid down and the City is carrying the remaining balance over a 5 year term at 5.0% interest. At June 30, 2009, the principal balance due the City was \$40,596.

C. Pension Assets – Restricted

Limited tax pension bonds of \$7,160,000 were issued on September 23, 2005 to provide funds for payment of the estimated unfunded PERS liability at December 31, 2004.

The City of Pendleton participated along with several other cities in issuing the limited tax pension bonds. The bonds issued on behalf of the City of Pendleton equal 3.8% of the total bonds issued. Except for the payment of its pension bond payments and additional charges when due, each participating city has no obligation or liability to any other participating city's pension bonds or liabilities to PERS.

The following is based upon estimated and known information and assumptions at the end of each fiscal year. However, this is a material estimate that will be subject to change in the near future when the Oregon Public Employee Retirement System issues new actuarial reports which contains new information and assumptions. The most current available information, at December 31, 2009, from the Oregon Employee

Retirement System web site indicates an increase in value of approximately 18.43% from the value at June 30.

Pension assets are as follows:

Pension assets, beginning		\$ 4,186,023
Earnings (loss) on pension assets	\$ (919,679)	
Credit for annual actuarial liability change	<u>(310,202)</u>	
Increase in pension assets		<u>(1,229,881)</u>
Pension assets, ending		<u>\$ 2,956,142</u>

D. Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The government-wide financial statements report *deferred revenue* only for amounts that have been received, but not earned. At the end of the current fiscal year, there was \$21,700 in unearned rent advance income and \$264,781 in unearned grant advance revenue reported in the government-wide financial statements for prepaid rental income.

The various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Property taxes	\$ 367,496	\$ -	\$ 73,712	\$ 441,208
Intergovernmental	60,759	-	110,610	171,369
Notes and assessments	192,530	10,149	705,378	908,057
Unearned revenue	-	-	286,481	286,481
Other	38,558	-	38,757	77,315
	<u>\$ 659,343</u>	<u>\$ 10,149</u>	<u>\$ 1,214,938</u>	<u>\$ 1,884,430</u>

E. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2009 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Land	\$ 2,428,987	\$ 49,885	\$ -	\$ -	\$ 2,478,872
Land available for sale	308,726	-	-	-	308,726
Construction in progress	327,250	372,216	(233,449)	-	466,017
Total non-depreciable	3,064,963	422,101	(233,449)	-	3,253,615
Buildings	15,106,152	515,987	-	-	15,622,139
Equipment	5,300,986	631,632	154,593	(111,742)	5,975,469
Improvements	9,866,435	1,024,028	79,865	(32,066)	10,938,262
Infrastructure	20,926,650	-	-	-	20,926,650
Total depreciable	51,200,223	2,171,647	234,458	(143,808)	53,462,520
Accumulated depreciation					
Buildings	(4,865,954)	(440,624)	-	-	(5,306,578)
Equipment	(3,580,127)	(381,876)	(1,009)	111,742	(3,851,270)
Improvements	(3,041,747)	(382,617)	-	32,066	(3,392,298)
Infrastructure	(13,602,322)	(523,166)	-	-	(14,125,488)
Total accumulated depreciation	(25,090,150)	(1,728,283)	(1,009)	143,808	(26,675,634)
Governmental activities capital assets, net	\$ 29,175,036	\$ 865,465	\$ -	\$ -	\$ 30,040,501

Depreciation expense for governmental activities, including the allocated portion of internal service fund depreciation, is charged to governmental functions as follows:

General government	\$ 286,463
Public safety	255,872
Highways and streets	689,547
Culture and recreation	479,484
Internal service - Central Services	16,917
Total depreciation for governmental activities	\$ 1,728,283

Capital asset activity for business-type activities for the year ended June 30, 2009 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Land	\$ 339,345	\$ -	\$ -	\$ -	\$ 339,345
Construction in progress	349,252	1,337,634	-	-	1,686,886
Total non-depreciable	<u>688,597</u>	<u>1,337,634</u>	<u>-</u>	<u>-</u>	<u>2,026,231</u>
Buildings	13,611,915	19,953	-	-	13,631,868
Equipment	17,573,979	202,048	(1,188)	(176,298)	17,598,541
Improvements	27,364,365	894,355	-	-	28,258,720
Total depreciable	<u>58,550,259</u>	<u>1,116,356</u>	<u>(1,188)</u>	<u>(176,298)</u>	<u>59,489,129</u>
Accumulated depreciation					
Buildings	(3,699,524)	(346,822)	-	-	(4,046,346)
Equipment	(16,292,608)	(278,309)	1,188	175,012	(16,394,717)
Improvements	(11,309,030)	(1,099,752)	-	-	(12,408,782)
Total accumulated depreciation	<u>(31,301,162)</u>	<u>(1,724,883)</u>	<u>1,188</u>	<u>175,012</u>	<u>(32,849,845)</u>
Business-type activities capital assets, net	<u>\$ 27,937,694</u>	<u>\$ 729,107</u>	<u>\$ -</u>	<u>\$ (1,286)</u>	<u>\$ 28,665,515</u>

Depreciation expense for business-type activities, including the allocated portion of the internal service funds, is charged to functions as follows:

Water	\$ 583,215
Sewer	228,822
Airport	788,395
Cemetery	12,144
Internal service - Construction and Repair	<u>112,307</u>
Total depreciation for business-type activities	<u>\$ 1,724,883</u>

F. Advances Receivable/Payable

In the government-wide financial statements, the business-type activities have internal loans payable to the governmental activities in the amount of \$2,700,525. At June 30, 2009, amounts due from other funds in the fund financial statements are as follows:

General Fund receivable from:		
Special Revenue Funds:		
Sidewalk Repair Loan Fund	\$ 170,500	
Pendleton Convention Center Fund	133,000	
PCC TPAC Fund	88,000	
Fire Capital Reserve Fund	<u>24,000</u>	\$ 415,500
Enterprise Funds:		
Airport Fund	<u>\$ 1,289,000</u>	<u>1,289,000</u>
Total General Fund		1,704,500
Library Trust Fund receivable from:		
Airport Fund		650,000
System Development Fees Fund receivable from:		
Water Fund		<u>243,000</u>
Total Interfund Receivables		<u>\$ 2,597,500</u>

Interfund loans were made for capital purposes and accrue interest at 6% per annum. The loans are renewed on an annual basis through City Council resolution. The source of repayment for the Airport Fund loans has not yet been determined. The sources of repayment for the other loans are future loan/assessment collections and charges for services.

G. Transfers

Net transfers between governmental activities and business-type activities in the government-wide financial statements consist of transfers out of the governmental activities and transfers into of the business-type activities in the amounts of \$209,945. A reconciliation of transfers in the fund financial statements is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 98,200	\$ 302,890
State Tax Street Fund	-	5,400
Non-major governmental funds	563,271	518,406
Capital asset transfers to governmental funds	15,371	-
Enterprise Funds:		
Water Fund	-	8,550
Sewer Fund	1,984,608	1,994,708
Airport Fund	69,195	200
Cemetery Fund	166,000	3,400
Internal Service Funds:		
Construction and Repair Fund	-	3,000
Central Services Fund	-	<u>60,091</u>
Total all funds	<u>\$ 2,896,645</u>	<u>\$ 2,896,645</u>

Transfers out of the General Fund were for the City's contribution towards senior transportation, equipment replacement, and to reimburse the library for central services charges. In addition, the General Fund transferred monies to the Cemetery fund as the City's contribution towards operations. The non-major governmental funds transfers include the transfer of interest earnings from the library and cemetery permanent trust funds to the Library Trust Fund and Cemetery Fund; transfers of resources for debt service to the new Urban Renewal Debt Service Fund; transfers for capital expenditures from the Fire Capital Reserve Fund and City/County Public Safety Fund; transfers of local community development dollars to the Community Rehabilitation Fund; and transfers from the Pendleton Convention Center Fund to the new PCC TPAC fund. Transfers into the General Fund consist of reimbursement from various funds for PERS bond debt service.

H. Long – Term Debt

1. General Obligation Bonds

The City issued general obligation (G.O.) bonds to provide funds for the acquisition and construction of major capital facilities related to general government activities. The debt is reported in the proprietary funds if it is expected to be repaid with proprietary fund revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds, except for refunding issues and term bond provisions in the facility bonds, with equal amounts of principal maturing each year. General obligation bonds outstanding at June 30, 2009 are as follows:

Description	Interest rates	Amount
Armory Refunding Bonds - 1996	5.10% - 5.30%	\$ 155,000
McCune Refunding Bonds - 1998	4.45% - 4.70%	1,170,000
Facilities Refunding Bonds - 2005	3.00% - 4.00%	1,415,000
		2,740,000
Less deferred amounts on refunding		(33,745)
		\$ 2,706,255

In January of 2005, the City issued \$1,945,000 of general obligation refunding bonds to refund \$1,875,000 of the 1996 Facilities Bonds. The reacquisition price exceeded the net carrying amount of the refunded debt by \$57,514. This amount is reported as an offset against the new debt and is amortized over eleven years. This refunding was undertaken to reduce total debt service payments over the next eleven years by \$180,958 and resulted in an economic gain of \$149,869.

Future maturities for the combined issues are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 550,000	\$ 116,518
2011	405,000	92,220
2012	430,000	75,735
2013	445,000	57,125
2014	465,000	37,610
2015-2016	445,000	25,850
	<u>\$ 2,740,000</u>	<u>\$ 405,058</u>

2. Limited Tax Pension Bonds

The City issued Limited Tax Pension Bonds in September of 2005, with interest rates ranging from 4.210% to 5.004%. This bond issuance is secured by the full faith and credit of the City, with final payments due June 1, 2028. These bonds were issued to finance the payment of the City's Oregon Public Employee Retirement System (PERS) unfunded liability.

The City's future maturities for Limited Tax Pension Bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 85,000	\$ 345,129
2011	105,000	341,358
2012	125,000	336,616
2013	155,000	329,741
2014	180,000	322,591
2015-2019	1,375,000	1,453,867
2020-2024	2,415,000	1,022,002
2025-2028	2,540,000	301,741
	<u>\$ 6,980,000</u>	<u>\$ 4,453,045</u>

3. Waste Water Revenue Bonds

The City issued Waste Water Revenue Bonds in December of 2007, with interest rates ranging from 3% to 4.3%. The bonds are not a general obligation of the City, but are payable solely from the net revenues of the waste water system and amounts deposited in the reserve account, with final payment due January 15, 2028. These bonds were issued to finance the costs of the improvements to the waste water system, to fund a reserve account, and to pay the costs of issuance.

The City's future maturities for the Waste Water Revenue Bonds are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2010	\$ 355,000	\$ 388,198
2011	370,000	373,998
2012	380,000	362,898
2013	395,000	349,598
2014	405,000	335,773
2015-2019	2,290,000	1,427,540
2020-2024	2,790,000	923,185
2025-2028	2,680,000	291,593
	<u>\$ 9,665,000</u>	<u>\$ 4,452,783</u>

4. Contracts, loans, and notes payable

The City received two loans from the Safe Drinking Water State Revolving Loan Fund for construction of water system improvements in the amounts of \$4,000,000 and \$1,900,000. Repayment on the loans is amortized over a 20-year period, including interest at 4.5% and 4.17%, respectively. Future maturities of the outstanding loans are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2010	\$ 246,101	\$ 203,252
2011	257,442	192,441
2012	267,921	181,132
2013	279,546	169,362
2014	292,321	157,081
2015-2019	1,665,989	581,096
2020-2023	1,616,092	183,392
	<u>\$ 4,625,412</u>	<u>\$ 1,667,756</u>

The City used the remaining \$2.7 million line of credit to finance construction of the Keystone Project and converted the credit line to a long-term note payable. The total note payable is secured by real property and future rents, and is payable over 20 years with payments of \$17,457 due monthly, including interest at 4.75%. Future maturities of the outstanding loan are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 102,442	\$ 107,044
2011	107,415	102,071
2012	112,630	96,856
2013	118,098	91,388
2014	123,831	85,655
2015-2019	715,384	332,046
2020-2024	906,736	140,694
2025	113,206	1,682
	<u>\$ 2,299,742</u>	<u>\$ 957,436</u>

The Pendleton Development Commission established a line of credit to finance both approved projects and general operations of the Agency. The line of credit was authorized for \$600,000, and is to be repaid from property taxes. The line of credit was refinanced during the year with permanent financing.

The Pendleton Development Commission established a second line of credit to finance both approved projects and general operations of the Agency. The line of credit is authorized for \$1,400,000 and is to be repaid from property taxes. The Agency drew down the remaining \$800,000 of the line of credit during the year and refinanced the loan payable with permanent financing by year end.

The Pendleton Development Commission established a non-revolving line of credit with Banner Bank on June 26, 2009 in the amount of \$1,500,000. The interest rate is set at 5.5% and the maturity date is September 2010. No funds had been requested on the credit line as of June 30, 2009. Credit may be amended to increase the amount to \$2,500,000, at which point it shall bear interest at a fixed rate to be set at the time the amount is increased and shall be based on the Federal Home Loan Bank of Seattle 12-month index, plus 4.25%, with a minimum rate of 5.5%. There is no prepayment penalty and property tax revenues are pledged to the loan.

The Pendleton Development Commission refinanced the existing line of credits into permanent financing during the 2008-09 fiscal year in the amount of \$2,000,000. The note payable is payable in annual installments of \$280,752 for 10 years beginning January 28, 2010, which includes interest at a 6.6%. Future maturities are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 148,752	\$ 132,000
2011	158,569	122,182
2012	169,035	111,717
2013	180,191	100,560
2014	192,084	88,668
2015-2019	1,151,369	235,591
	<u>\$ 2,000,000</u>	<u>\$ 790,718</u>

The City also entered into a loan agreement with the Oregon Department of Transportation on April 22, 2009 in the amount not to exceed \$6,500,000 to provide financing for the construction of the airport connector road. The loan bears interest at 4.8% per annum. The first interest payment shall be due January 1, 2010. If the full amount of the loan is received, annual payments of \$512,769 shall be due beginning January 1, 2011 and the first day of each January thereafter until January 1, 2030. The loan also required a 10% loan fee, which was charged to the loan in April 2009. No other loan funds were requested by year end. Amortization of the loan is not yet available.

5. Changes Long-Term Liabilities

Long-term liability activity for the year ending June 30, 2009 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 3,260,000	\$ -	\$ 520,000	\$ 2,740,000	\$ 550,000
Less deferred amounts on refunding	(39,034)	-	(5,289)	(33,745)	-
Limited Tax Pension Bonds	7,045,000	-	65,000	6,980,000	85,000
Contracts, Loans and Notes	3,597,673	2,865,000	2,097,931	4,364,742	251,194
OPEB Liability	-	139,483	-	139,483	-
Compensated Absences	394,992	436,067	394,992	436,067	436,067
	<u>\$ 14,258,631</u>	<u>\$ 3,440,550</u>	<u>\$ 3,072,634</u>	<u>\$ 14,626,547</u>	<u>\$ 1,322,261</u>
Business-type activities:					
Revenue Bonds	9,980,000	-	315,000	9,665,000	355,000
Contracts, Loans and Notes	4,861,306	-	235,894	4,625,412	246,101
OPEB Liability	-	36,833	-	36,833	-
Compensated Absences	83,702	93,526	83,702	93,526	93,526
	<u>\$ 14,925,008</u>	<u>\$ 130,359</u>	<u>\$ 634,596</u>	<u>\$ 14,420,771</u>	<u>\$ 694,627</u>
Business-type activity Long-term liabilities	<u>\$ 14,925,008</u>	<u>\$ 130,359</u>	<u>\$ 634,596</u>	<u>\$ 14,420,771</u>	<u>\$ 694,627</u>

The central services internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for compensated absences in the amount of \$64,042 are included in the above amounts. The construction and repair internal

service fund predominantly serves the business-type activities and \$33,918 of long-term liabilities for compensated absences have been included in the totals for business-type activities. Also, for the governmental activities, compensated absences are predominantly liquidated by the General Fund.

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

B. Other Postemployment Benefits

The City does not have a formal post-employment benefits plan for any employee groups. However, the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Although the City does not pay any portion of the retiree's health care insurance, a retired employee receives the implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees. GASB Statement 45 is applicable to the City due only to this implicit rate subsidy. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. GASB Statement 45 is being implemented prospectively, beginning July 1, 2008.

Funding Policy. The City collects insurance premiums from all retirees each month and deposits them in the General Fund. The City then pays healthcare insurance premiums for all retirees at the appropriate rate for each family classification. The City had 9 retired members and 124 active members in its plan on August 1, 2008, the date of its actuarial valuation. The annual required contribution (ARC) to the plan includes the employer's pay-as you-go amount and an additional amount calculated to prefund future benefits.

Annual OPEB Costs and Net OPEB Obligation. The City's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (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 amortized any unfunded actuarial liabilities (UAAL) over a period of not more than 30 years.

The City's ARC is made up of normal cost of \$127,856 and amortization of the UAAL of \$146,223. The Actuarial Accrued Liability is the present value of benefits that are attributed to past service only. The portion attributed to future service is excluded. For retirees, this is equal to the present value of benefits. For active employees, this is equal to the present value of benefits prorated by service to date over service at the expected retirement age. The normal cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. Normal costs are increased from the valuation date to the fiscal year end dates using a combination of the discount rate and health cost trend assumptions. The following table shows the components of the City's annual OPEB

cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the plan. For fiscal year 2008-09, the City's implicit benefit payments were estimated to be \$97,763.

Nominal cost at year end	\$ 127,856
Interest on net OPEB obligation	-
One year's amortization of UAAL	146,223
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	274,079
Contributions made (Implicit benefit payments)	(97,763)
Increase in net OPEB obligation	176,316
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ 176,316

Funding Policy. The City has elected to not prefund the actuarially determine future cost amount of \$176,316. The City funds the benefits on a pay-as-you-go basis. Since the total annual contribution in the current year was less than the Annual Required Contribution, a liability is presented on the City's Statement of Net Assets.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Cost Contributions</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 274,079	36%	\$ 176,316

Funded Status and Funding Progress. As of August 1, 2008, the most recent alternative valuation date, the plan was considered unfunded. The actuarial accrued liability for benefits was \$2,022,670, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,022,670. The covered payroll (annual payroll of active employees covered by the plan) was \$7,283,379 and the ratio of UAAL to the covered payroll was 27.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress shown below presents trend information about whether the actuarial value of plan assets is increasing or decreasing overtime relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include

techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Assumptions used in calculating the actuarial liabilities associated with the City's health plan include a 4.5% investment return and discount rate; an increase in health costs of 8.0% in the first year (August 1, 2009 premiums compared to August 1, 2008, premiums), 7.0% for the second year, 6.5% for the third year, 6.0% for the 4th through 14th year, 5.5% for the 15th through 29th year, and 5.0% thereafter; and retirement rates used by Oregon PERS for its December 31, 2007, actuarial valuation.

Retirement age for active employees was estimated based on PERS retirement rates. The marital status of members at the calculation date was assumed to continue through retirement. Non-group-specific age-based turnover data from GASB 45 were used as the basis for assigning the probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

The Projected Unit Credit Cost Method was used to determine the Normal Cost and Actuarial Accrued Liability. Amortization of the UAAL is calculated as a level percentage of payroll over a rolling period of fifteen years. Payroll was assumed to increase 3.75% per year for this purpose.

The City's Plan is deemed to be "unfunded" in accordance with the relevant GASB statements. The table below presents a schedule of funding progress for the most recent actuarial valuations for the City's postretirement health plans.

Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a/c)
8/1/2008	\$ -	\$ 2,022,670	\$ 2,022,670	0%	\$7,283,379	27.8%

C. Defined Benefit Pension Plan

Public Employees Retirement System

1. Plan description

The City of Pendleton contributes to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple-employer, Defined Benefit Pension Plan, administrated by the State of Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefit to plan members and beneficiaries. Oregon Revised Statue 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees.

During the 2003 legislative session, the Oregon Legislative Assembly created successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six-month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portions (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by

employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on the type of service (general versus police or fire).

Beginning January 1, 2004 all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS account, but any future member contributions are deposited into the member's IAP, not into the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at www.pers.or.us.

2. Funding policy

Plan members are required to contribute 6% of their annual covered salary. The City is required by ORS 238.225 to contribute at an actuarially determined rate; the current rate is 14.46% of annual covered payroll for Tier I and Tier II employees. Public employees hired after August 29, 2003, after a six month waiting period, become members of the Oregon Public Service Retirement Plan (OPSRP). The rate for OPSRP is set at 13.92% of covered payroll for general services employees and 17.19% for police and fire employees. After the offset of the credit for the City's PERS UAL prepayment, the City pays a net rate of 10.18% of covered payroll for the Tier I and Tier II employees, 9.64% for OPSRP general services employees, and 12.91% for OPSRP police and fire employees. The contribution requirement of plan members and their employers are established under ORS Chapter 238, and may be amended by the PERS Board of Trustees. The City's contributions to PERS for the years ending June 30, 2009, 2008, and 2007 were \$819,811, \$775,960, and \$772,704, respectively, equal to the required contributions each year. In addition, the City contributed \$7,050,000 in 2006 through the issuance of Limited Tax Pension Obligations.

The pension liability (asset) was determined in accordance with Government Accounting Standards Board Statement No. 27. Since all actuarially determined contributions have been paid, the pension liability (asset) is zero.

The City's annual pension cost and pension assets for the year ended June 30, 2009 were as follows:

Annual required contribution	\$ 819,810
Loss (earnings) on pension assets	919,679
Adjustment to the annual required contribution	310,202
Annual pension cost	<u>2,049,691</u>
Contributions made	819,810
Increase (decrease) in pension asset	<u>(1,229,881)</u>
Pension assets, beginning of year	<u>4,186,023</u>
Pension assets, end of year	<u><u>\$ 2,956,142</u></u>

D. Commitments and Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The Pendleton Development Commission has committed funds to various projects. Many of the projects are still in the planning stages. Major projects include the following:

- \$371,864 towards the Court/Dorion intersection and landscaping.
- \$400,000 for construction of a new park on Court Street.
- Approximately \$350,000 for façade, storm drain, and other improvements.
- \$100,000 towards rest rooms at Roy Raley Park and \$65,000 towards sidewalks and street realignment. The City has also committed \$100,000 towards the restroom project.
- \$63,351 towards utility/infrastructure improvements on SW 1st Street, \$25,000 to bury utilities, and \$5,000 for Main Street sidewalk repair.

E. Construction in Progress

The City is committed under various construction contracts at June 30, 2009. Major projects in progress at June 30, 2009 are as follows:

The Pendleton Development Commission, a blended component unit, has approved three engineering contracts for park and intersection improvements. At June 30, 2009, \$175,694 of the estimated \$199,678 has been expended on design and engineering costs and the design portion of the projects was 88% complete. The construction portion of the contract has not yet been approved.

The City has construction in progress for Airport Road. The total project is estimated at \$7,700,000, with the City's portion estimated at \$2,200,000 and the Oregon Department of Transportation portion estimated at \$5,500,000. At June 30, 2009, the City had expended \$178,784 on the project and the City's portion was of the costs was 8.13% complete. The total project was approximately 40% complete at year end. In addition, the City is responsible for the last mile of construction, which is estimated to be approximately \$1,000,000. No expenditures had been made on the last mile at 6/30/09. Upon completion of the project, the road will be transferred to the City to maintain.

The City is in the preliminary stages for major improvements to the waste water treatment plant, as required by the Department of Environmental Quality. At June 30, 2009, the City had issued \$9,980,000 in wastewater revenue bonds and expended \$1,686,886 in design costs for the project. The total estimated project costs are \$2,482,561 for design and \$13,347,439 for construction. The design portion of the project is estimated to be 68% complete and the construction portion has not started. The City approved resolution 2393 authorizing and approving the Clean Water State Revolving Fund loan agreement No. R06724 to provide additional financing for the Wastewater Treatment Facilities Project. The loan is approved for up to \$4 million and includes 50% principal forgiveness and 50% loan with zero percent interest.

The City is in the preliminary stages for major improvements to Quinney Bridge. ODOT has awarded the City a \$2.7 million grants for the project, and the City has paid bridge design and engineering services in the amount of \$111,539 and the project was approximately 4% complete. The City had received \$376,320 in grant funds at June 30, 2009 and received an additional advance of \$2,324,037 subsequent to year end.

F. Subsequent Events

The City received over \$700,000 in funds from a Community Development Block Grant, which were used along with \$112,500 in matching funds from the City, for the Business Loan Incentive Program. There was also a monitoring report received from the State after year end, which contained five findings and concerns that need to be addressed.

As discussed above in note III. H. 4., the City has a loan approval with ODOT for up to \$6,500,000 and the Pendleton Development Commission has a loan approval with Banner Bank for up to \$1,500,000. The City and Pendleton Development Commission received \$1,132,659 and \$500,000 in additional loan funds subsequent to year end.

The City awarded the construction contract for the Sunridge Local Improvement District for \$1,213,029 and the contract for engineering services for an estimated \$61,950. The City also received a loan from Banner Bank for \$1,300,000 to finance the project.

The City approved adopting an agreement in principle of transferring the title to the Round Up Grounds to the Round Up Foundation.

The City purchased the Pendleton Academies complex to be used for a new police station for \$1,000,000, including the furnishing. The City assumed an \$889,500 USDA 30 year loan at 4.87% to finance most of the purchase. The City also approved a professional services agreement for the design and remodel of the building for \$279,000 and declared the old police station as surplus property effective June 1, 2010.

The City also approved resolution 2390 establishing a Motor Vehicle Fuel Tax fund.

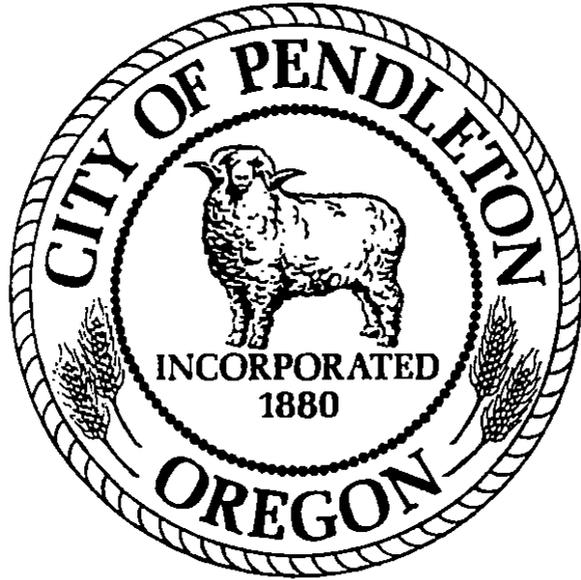
The City authorized the purchase of a building for \$60,867 and entering into a land lease for the property at approximately \$550 per month. The property and the building will be leased to the Pioneer Humane Society.

The Pendleton Development Commission approved the new Jump Start program and established a budget of up to \$150,000 to be used for property owner loans. The Commission also approved a demolition program to encourage the removal of blighted buildings and replacing them with more valuable buildings.

In addition to the above, the City and the Pendleton Development Commission approved a number of bids and contracts subsequent to year end. Major contracts approved include the following:

- Infrastructure improvements to SW 1st Street for \$101,370.
- Airport Improvement Program remodel and expansion of the airport fire station and taxiway markings for \$665,103.
- City wide street slurry seal project for \$221,784.
- HB2001 road projects in the amount of \$2,200,000, which is on hold due to a petition drive at the State level.

- Construction and purchase of a Type 3 Wildland Engine for \$283,000 plus up to 5% for adjustments during the pre-construction conference.
- Gravel for the Wastewater Treatment Plant (WWTP) for \$88,210.
- Purchase of a used loader/backhoe for \$43,000.
- \$41,700 for roofing of the Happy Canyon Room at the Pendleton Convention Center.
- Solar II Energy Project at the WWTP for \$1 million.
- Awarded a contract for work associated with the WWTP Phase I, Schedule A.A for \$9,122,780. The City will also be submitting an application to Energy Trust of Oregon for energy incentives of \$200,000 to \$400,000.
- Vert Auditorium hot and cold water replacement piping for \$39,837.
- Expanded the scope of work at the Wastewater Treatment Plant by \$2,800,000 to include a waste to energy component for schedule A.B. work. The City expects to secure an additional Clean Water State Revolving Loan Fund Agreement with DEQ and receive about \$800,000 in energy incentives.
- Authorized hiring a consultant to help get two road extension projects ready to pitch to the Oregon Department of Transportation for \$110,000 to \$140,000.
- Approved an agreement to pay \$75,000 as part of a land transfer that opens up a right of way.
- Authorized the purchase of a street sweeper for a net cost of \$157,803 after trading in two existing vehicles.



SUPPLEMENTAL INFORMATION



COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds

The Special Revenue Funds account for specific revenues that are restricted to expenditures for specified purposes. Funds included in this category are:

BIKE FUND – accounts for receipt of 1% of the state gasoline tax to be used for construction and maintenance of bike lanes and other alternative forms of transportation.

LIBRARY FUND – accounts for the operation of the City's library.

LIBRARY TRUST FUND – accounts for revenue from dedicated gifts, directed annual interest transfers and donations, and interest on investment of unexpended Library Trust Fund resources.

TRANSPORTATION SERVICES FUND – accounts for the operation of the Senior/Disabled Transportation Program.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND – accounts for the receipt and expenditures associated with the individual requirements of a community development block grant.

COMMUNITY REHABILITATION FUND – accounts for monies received from repayment of loans associated with Community Development Block Grants, which are restricted for use in providing future housing rehabilitation loans to eligible recipients.

LOCAL COMMUNITY DEVELOPMENT FUND – accounts for transfers from the Housing Rehabilitation Fund and Old Urban Development Action Grant repayments of non-federalized money, which is available to the City to be used for community development needs.

SIDEWALK REPAIR LOAN FUND – accounts for revenues and expenditures related to local improvement districts (LID's) for affected property owners requesting sidewalk repairs.

PENDLETON CONVENTION CENTER FUND – accounts for the operations, marketing and maintenance of the Pendleton Convention Center.

PCC TPAC FUND – maintains and tracks the Pendleton Convention Center (PCC) Tourism Promotion Assessment Charge (TPAC) collections to be used for PCC capital improvements.

PENDLETON YOUTH COMMISSION FUND – accounts for the revenues of recreation fees and donations associated with youth programs. Expenditures are for providing youth recreational, educational, and social activities.

POLICE INTERAGENCY SPECIAL REVOLVING FUND – accounts for the proceeds from sales of assets forfeited relating to drug activity. Expenditures of this fund are to be first used to cover drug task force expenses and then periodic distributions made to associated agencies.

SYSTEM DEVELOPMENT FEES FUND – accounts for development fees assessed at the time of new development to offset future infrastructure costs for which assessment is made.

PARKS TRUST FUND – accounts for planning fees restricted for future park development, grants, and donations, which are specifically dedicated to park-related capital items.

PARKS CAPITAL RESERVE FUND – accounts for monies set aside for future needs of City parks and cemeteries.

FIRE CAPITAL RESERVE FUND – accounts for monies set aside for future replacement of fire equipment.

CITY/COUNTY PUBLIC SAFETY FUND – accounts for monies set aside for the purchase of needed equipment that mutually benefits both the Pendleton Police Department and Umatilla County Sherriff's Office, with priority given to dispatch services and technology.

URBAN RENEWAL DISTRICT OPERATING FUND – accounts for the City's urban renewal projects. Revenues are from issuance of debt, and expenditures are for elimination of blighted conditions and urban development as defined in the City's Urban Renewal Plan.

Debt Service Funds

The Debt Service Fund is used to account for revenues and expenditures related to the City's long-term indebtedness.

DEBT SERVICE FUND – accounts for payment of general obligation bond principal and interest. The sources of revenues are ad valorem taxes and interest earnings.

URBAN RENEWAL DEBT SERVICE FUND – accounts for payment of urban renewal loan principal and interest. The sources of revenues are ad valorem taxes and interest earnings.

Permanent Funds

The Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

LIBRARY PERMANENT TRUST FUND – accounts for the receipt of grants, memorials and other donations, which are specifically dedicated to the Library for a specific purpose, usually for the acquisition of a particular type of book. Only the earnings from the fund can be used for Library purposes.

CEMETERY PERPETUAL CARE FUND – accounts for monies received from the sales of cemetery plots. The money is put into trust and invested. Interest earnings are then transferred to the Cemetery Fund to assist in providing current cemetery operations.

Capital Project Funds

The Capital Project Fund is used to account for the acquisition and construction of capital facilities.

L.I.D CONSTRUCTION FUND – accounts for the construction of local improvement district projects.

KEYSTONE PROJECT FUND – accounts for funding of the Keystone development project and debt service. Resources are from a local bank and rental income.

AIRPORT CONNECTOR ROAD CONSTRUCTION FUND – accounts for the construction of the Airport Connector Road. The majority of the funds are federal grants and loan proceeds.

QUINNEY BRIDGE CONSTRUCTION FUND – accounts for the replacement of SW Quinney Avenue Bridge located between Southgate Place and SW 44th Street. Revenues are from state grants and interest income.

**CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2009**

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
ASSETS					
Cash and cash equivalents	\$ 1,927,630	\$ 511,198	\$ 456,164	\$ 152,710	\$ 3,047,702
Investments	-	-	-	661,905	661,905
Receivables:					
Property taxes	-	-	80,450	-	80,450
Accounts	326,750	-	-	5,267	332,017
Interest	320	97	7	38	462
Assessments	147,260	245,068	-	-	392,328
Notes	333,450	-	-	-	333,450
Advances to other funds	893,000	-	-	-	893,000
 Total assets	 <u>\$ 3,628,410</u>	 <u>\$ 756,363</u>	 <u>\$ 536,621</u>	 <u>\$ 819,920</u>	 <u>\$ 5,741,314</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 221,337	\$ 180,896	\$ -	\$ -	\$ 402,233
Deposits	40,916	-	-	-	40,916
Deferred revenue	609,677	531,549	73,712	-	1,214,938
Retainage	10,152	-	-	-	10,152
Advances from other funds	415,500	-	-	-	415,500
 Total liabilities	 <u>1,297,582</u>	 <u>712,445</u>	 <u>73,712</u>	 <u>-</u>	 <u>2,083,739</u>
FUND BALANCES (DEFICIT)					
Reserved for:					
Advances to other funds	893,000	-	-	-	893,000
Debt service	75,195	-	462,909	-	538,104
Library endowment	-	-	-	140,598	140,598
Cemetery perpetual care endowment	-	-	-	679,322	679,322
Unreserved, reported in:					
Capital projects funds	-	43,918	-	-	43,918
Special revenue funds	1,362,633	-	-	-	1,362,633
 Total fund balances	 <u>2,330,828</u>	 <u>43,918</u>	 <u>462,909</u>	 <u>819,920</u>	 <u>3,657,575</u>
 Total liabilities and fund balances	 <u>\$ 3,628,410</u>	 <u>\$ 756,363</u>	 <u>\$ 536,621</u>	 <u>\$ 819,920</u>	 <u>\$ 5,741,314</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2009

	Bike Fund	Library Fund	Library Trust Fund	Transportation Services Fund	Community Develop. Block Grant Fund	Community Rehabilitation Fund	Local Community Develop. Fund	Sidewalk Repair Loan Fund
ASSETS								
Cash and cash equivalents	\$ 4,520	\$ 144,188	\$ 15,876	\$ 180,559	\$ 61,017	\$ 91,829	\$ -	\$ 242
Receivables:								
Accounts	571	9,440	-	124,499	-	-	-	-
Interest	1	31	3	36	14	17	-	-
Assessments	-	-	-	-	-	-	-	139,790
Notes	-	-	-	-	-	333,450	-	-
Advances to other funds	-	-	650,000	-	-	-	-	-
Total assets	\$ 5,092	\$ 153,659	\$ 665,879	\$ 305,094	\$ 61,031	\$ 425,296	\$ -	\$ 140,032
LIABILITIES								
Accounts payable and accrued liabilities	\$ -	\$ 3,589	\$ 3,258	\$ 12,958	\$ -	\$ 2,133	\$ -	\$ 46,394
Deposits	-	-	-	-	-	-	-	-
Deferred revenue	-	6,800	-	88,435	-	313,051	-	139,790
Retainage payable	-	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-	170,500
Total liabilities	-	10,389	3,258	101,393	-	315,184	-	356,684
FUND BALANCES (DEFICIT)								
Reserved for:								
Advances to other funds	-	-	650,000	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Unreserved	5,092	143,270	12,621	203,701	61,031	110,112	-	(216,652)
Total fund balances	5,092	143,270	662,621	203,701	61,031	110,112	-	(216,652)
Total liabilities and fund balances	\$ 5,092	\$ 153,659	\$ 665,879	\$ 305,094	\$ 61,031	\$ 425,296	\$ -	\$ 140,032

See auditor's report.

Pendleton Convention Center Fund	PCC TPAC Fund	Pendleton Youth Commission Fund	Police Interagency Special Revolving Fund	System Development Fees Fund	Parks Trust Fund	Parks Capital Reserve Fund	Fire Capital Reserve Fund	City/County Public Safety Fund	Urban Renewal District Operating Fund	Totals
\$ 2,003	\$ 381	\$ 2,963	\$ 293,305	\$ 610,621	\$ 180,251	\$ 25,268	\$ 768	\$ 86,463	\$ 227,376	\$ 1,927,630
133,355	24,288	-	34,597	-	-	-	-	-	-	326,750
-	-	-	52	111	35	4	-	16	-	320
-	-	-	-	7,470	-	-	-	-	-	147,260
-	-	-	-	-	-	-	-	-	-	333,450
-	-	-	-	243,000	-	-	-	-	-	893,000
<u>\$ 135,358</u>	<u>\$ 24,669</u>	<u>\$ 2,963</u>	<u>\$ 327,954</u>	<u>\$ 861,202</u>	<u>\$ 180,286</u>	<u>\$ 25,272</u>	<u>\$ 768</u>	<u>\$ 86,479</u>	<u>\$ 227,376</u>	<u>\$ 3,628,410</u>
\$ 21,030	\$ 103,943	\$ -	\$ 15,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,647	\$ 221,337
-	-	-	40,916	-	-	-	-	-	-	40,916
33,365	5,391	-	15,375	7,470	-	-	-	-	-	609,677
-	10,152	-	-	-	-	-	-	-	-	10,152
<u>133,000</u>	<u>88,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>415,500</u>
<u>187,395</u>	<u>207,486</u>	<u>-</u>	<u>71,676</u>	<u>7,470</u>	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>-</u>	<u>12,647</u>	<u>1,297,582</u>
-	-	-	-	243,000	-	-	-	-	-	893,000
-	-	-	-	-	-	-	-	-	75,195	75,195
<u>(52,037)</u>	<u>(182,817)</u>	<u>2,963</u>	<u>256,278</u>	<u>610,732</u>	<u>180,286</u>	<u>25,272</u>	<u>(23,232)</u>	<u>86,479</u>	<u>139,534</u>	<u>1,362,633</u>
<u>(52,037)</u>	<u>(182,817)</u>	<u>2,963</u>	<u>256,278</u>	<u>853,732</u>	<u>180,286</u>	<u>25,272</u>	<u>(23,232)</u>	<u>86,479</u>	<u>214,729</u>	<u>2,330,828</u>
<u>\$ 135,358</u>	<u>\$ 24,669</u>	<u>\$ 2,963</u>	<u>\$ 327,954</u>	<u>\$ 861,202</u>	<u>\$ 180,286</u>	<u>\$ 25,272</u>	<u>\$ 768</u>	<u>\$ 86,479</u>	<u>\$ 227,376</u>	<u>\$ 3,628,410</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2009

	L.I.D. Construction Fund	Keystone Project Fund	Airport Connector Road Construction Fund	Quinney Bridge Construction Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 17,305	\$ 165,247	\$ -	\$ 328,646	\$ 511,198
Receivables:					
Interest	2	29	-	66	97
Assessments	<u>245,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,068</u>
Total assets	<u>\$ 262,375</u>	<u>\$ 165,276</u>	<u>\$ -</u>	<u>\$ 328,712</u>	<u>\$ 756,363</u>
LIABILITIES					
Accounts payable					
accrued liabilities	\$ 5,628	\$ -	\$ 113,784	\$ 61,484	\$ 180,896
Deferred revenue	<u>245,068</u>	<u>21,700</u>	<u>-</u>	<u>264,781</u>	<u>531,549</u>
Total liabilities	<u>250,696</u>	<u>21,700</u>	<u>113,784</u>	<u>326,265</u>	<u>712,445</u>
FUND BALANCES (DEFICIT)					
Unreserved, reported in:					
Capital projects funds	<u>11,679</u>	<u>143,576</u>	<u>(113,784)</u>	<u>2,447</u>	<u>43,918</u>
Total fund balances	<u>11,679</u>	<u>143,576</u>	<u>(113,784)</u>	<u>2,447</u>	<u>43,918</u>
Total liabilities and fund balances	<u>\$ 262,375</u>	<u>\$ 165,276</u>	<u>\$ -</u>	<u>\$ 328,712</u>	<u>\$ 756,363</u>

**CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2009**

	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 43,526	\$ 412,638	\$ 456,164
Receivables:			
Property taxes	59,317	21,133	80,450
Interest	7	-	7
Total assets	\$ 102,850	\$ 433,771	\$ 536,621
LIABILITIES			
Deferred revenue	\$ 54,293	\$ 19,419	\$ 73,712
Total liabilities	54,293	19,419	73,712
FUND BALANCES (DEFICIT)			
Reserved for:			
Debt service	48,557	414,352	462,909
Total fund balances	48,557	414,352	462,909
Total liabilities and fund balances	\$ 102,850	\$ 433,771	\$ 536,621

**CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR PERMANENT TRUST FUNDS
June 30, 2009**

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 140,571	\$ 12,139	\$ 152,710
Investments	-	661,905	661,905
Receivables:			
Accounts	-	5,267	5,267
Interest	27	11	38
 Total assets	 <u>\$ 140,598</u>	 <u>\$ 679,322</u>	 <u>\$ 819,920</u>
FUND BALANCES			
Reserved for:			
Library endowment	\$ 140,598	\$ -	\$ 140,598
Cemetery perpetual care endowment	-	679,322	679,322
 Total fund balances	 <u>\$ 140,598</u>	 <u>\$ 679,322</u>	 <u>\$ 819,920</u>

CITY OF PENDLETON, OREGON
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2009

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
REVENUES					
Property taxes	\$ -	\$ -	\$ 875,173	\$ -	\$ 875,173
Other taxes	457,508	-	-	-	457,508
Licenses and fees	195,474	-	-	4,573	200,047
Charges for services	342,110	260,400	-	-	602,510
Intergovernmental	720,444	111,539	-	-	831,983
Assessments	70,058	46,994	-	-	117,052
Loan repayments	135,819	-	-	-	135,819
Contributions	55,649	-	-	-	55,649
Interest on investments	100,947	4,988	9,403	35,090	150,428
Miscellaneous	91,871	80	-	-	91,951
TOTAL REVENUES	<u>2,169,880</u>	<u>424,001</u>	<u>884,576</u>	<u>39,663</u>	<u>3,518,120</u>
EXPENDITURES					
Current:					
General government	1,507,033	129	23,500	-	1,530,662
Public safety	178,977	-	-	-	178,977
Culture and recreation	520,588	-	-	-	520,588
Capital outlay	988,282	292,172	-	-	1,280,454
Debt service	15,503	210,203	731,919	-	957,625
TOTAL EXPENDITURES	<u>3,210,383</u>	<u>502,504</u>	<u>755,419</u>	<u>-</u>	<u>4,468,306</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,040,503)</u>	<u>(78,503)</u>	<u>129,157</u>	<u>39,663</u>	<u>(950,186)</u>
OTHER FINANCING SOURCES (USES)					
Payment to refund debt	-	-	(2,000,000)	-	(2,000,000)
Issuance of debt	800,000	65,000	2,000,000	-	2,865,000
Transfers in	336,771	-	226,500	-	563,271
Transfers out	(495,626)	-	-	(22,780)	(518,406)
TOTAL OTHER FINANCING SOURCES (USES)	<u>641,145</u>	<u>65,000</u>	<u>226,500</u>	<u>(22,780)</u>	<u>909,865</u>
NET CHANGE IN FUND BALANCE	(399,358)	(13,503)	355,657	16,883	(40,321)
FUND BALANCE, Beginning	<u>2,730,186</u>	<u>57,421</u>	<u>107,252</u>	<u>803,037</u>	<u>3,697,896</u>
FUND BALANCE, Ending	<u>\$ 2,330,828</u>	<u>\$ 43,918</u>	<u>\$ 462,909</u>	<u>\$ 819,920</u>	<u>\$ 3,657,575</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2009

	Bike Fund	Library Fund	Library Trust Fund	Transportation Services Fund	Community Develop. Block Grant Fund	Community Rehabilitation Fund	Local Community Develop. Fund	Sidewalk Repair Loan Fund
REVENUES								
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	18,570	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Intergovernmental	6,666	354,548	-	224,276	-	-	-	-
Assessments	-	-	-	-	-	-	-	67,884
Loan repayments	-	-	-	-	-	53,212	-	82,607
Contributions	-	31,679	1,462	-	-	-	-	-
Interest on investments	162	2,666	39,551	4,328	2,043	1,678	489	20
Miscellaneous	-	-	-	11,997	-	5,000	-	20
TOTAL REVENUES	6,828	407,463	41,013	240,601	2,043	59,890	489	150,531
EXPENDITURES								
Current:								
General government	-	-	-	131,421	46,500	63,598	-	248
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	8,000	472,009	40,579	-	-	-	-	-
Capital outlay	-	-	8,801	61,947	-	-	-	79,523
Debt service	-	-	-	-	-	-	-	11,195
TOTAL EXPENDITURES	8,000	472,009	49,380	193,368	46,500	63,598	-	90,966
REVENUES OVER (UNDER) EXPENDITURES	(1,172)	(64,546)	(8,367)	47,233	(44,457)	(3,708)	489	59,565
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-	-	-	-	-	-	-	-
Transfers in	-	49,210	2,780	35,720	-	93,046	-	-
Transfers out	-	(4,500)	-	-	-	-	(93,046)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	44,710	2,780	35,720	-	93,046	(93,046)	-
NET CHANGE IN FUND BALANCE	(1,172)	(19,836)	(5,587)	82,953	(44,457)	89,338	(92,557)	59,565
FUND BALANCE (DEFICIT), Beginning	6,264	163,106	668,208	120,748	105,488	20,774	92,557	(276,217)
FUND BALANCE (DEFICIT), Ending	\$ 5,092	\$ 143,270	\$ 662,621	\$ 203,701	\$ 61,031	\$ 110,112	\$ -	\$(216,652)

See auditor's report.

Pendleton Convention Center Fund	PCC TPAC Fund	Pendleton Youth Commission Fund	Police Interagency Special Revolving Fund	System Development Fees Fund	Parks Trust Fund	Parks Capital Reserve Fund	Fire Capital Reserve Fund	City/County Public Safety Fund	Urban Renewal District Operating Fund	Totals
\$ 375,901	\$ 81,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,508
49,485	-	-	-	-	1,380	-	126,039	-	-	195,474
258,480	-	-	-	23,630	-	-	-	60,000	-	342,110
-	-	-	134,604	-	-	-	-	-	350	720,444
-	-	-	-	2,174	-	-	-	-	-	70,058
-	-	-	-	-	-	-	-	-	-	135,819
-	-	1,654	-	-	5,902	-	14,952	-	-	55,649
85	1,242	54	4,414	31,093	4,025	775	2,082	1,399	4,841	100,947
10,320	-	-	64,404	-	-	-	-	-	130	91,871
<u>694,271</u>	<u>82,849</u>	<u>1,708</u>	<u>203,422</u>	<u>56,897</u>	<u>11,307</u>	<u>775</u>	<u>143,073</u>	<u>61,399</u>	<u>5,321</u>	<u>2,169,880</u>
703,385	-	1,547	-	-	-	-	-	18,360	541,974	1,507,033
-	-	-	178,977	-	-	-	-	-	-	178,977
-	-	-	-	-	-	-	-	-	-	520,588
-	354,091	-	-	-	20,414	43,338	327,407	-	92,761	988,282
<u>3,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466</u>	<u>-</u>	<u>-</u>	<u>15,503</u>
<u>707,227</u>	<u>354,091</u>	<u>1,547</u>	<u>178,977</u>	<u>-</u>	<u>20,414</u>	<u>43,338</u>	<u>327,873</u>	<u>18,360</u>	<u>634,735</u>	<u>3,210,383</u>
<u>(12,956)</u>	<u>(271,242)</u>	<u>161</u>	<u>24,445</u>	<u>56,897</u>	<u>(9,107)</u>	<u>(42,563)</u>	<u>(184,800)</u>	<u>43,039</u>	<u>(629,414)</u>	<u>(1,040,503)</u>
-	-	-	-	-	-	-	-	-	800,000	800,000
-	88,425	-	-	-	-	29,000	38,590	-	-	336,771
<u>(95,875)</u>	<u>-</u>	<u>-</u>	<u>(3,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,105)</u>	<u>(30,000)</u>	<u>(226,500)</u>	<u>(495,626)</u>
<u>(95,875)</u>	<u>88,425</u>	<u>-</u>	<u>(3,600)</u>	<u>-</u>	<u>-</u>	<u>29,000</u>	<u>(3,515)</u>	<u>(30,000)</u>	<u>573,500</u>	<u>641,145</u>
(108,831)	(182,817)	161	20,845	56,897	(9,107)	(13,563)	(188,315)	13,039	(55,914)	(399,358)
56,794	-	2,802	235,433	796,835	189,393	38,835	165,083	73,440	270,643	2,730,186
<u>\$ (52,037)</u>	<u>\$ (182,817)</u>	<u>\$ 2,963</u>	<u>\$ 256,278</u>	<u>\$ 853,732</u>	<u>\$ 180,286</u>	<u>\$ 25,272</u>	<u>\$ (23,232)</u>	<u>\$ 86,479</u>	<u>\$ 214,729</u>	<u>\$ 2,330,828</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2009

	L.I.D. Construction Fund	Keystone Project Fund	Airport Connector Road Construction Fund	Quinney Bridge Construction Fund	Totals
REVENUES					
Charges for services	\$ -	\$ 260,400	\$ -	\$ -	\$ 260,400
Intergovernmental	-	-	-	111,539	111,539
Assessments	46,994	-	-	-	46,994
Interest on investments	64	2,477	-	2,447	4,988
Miscellaneous	80	-	-	-	80
TOTAL REVENUES	<u>47,138</u>	<u>262,877</u>	<u>-</u>	<u>113,986</u>	<u>424,001</u>
EXPENDITURES					
Current:					
General government	129	-	-	-	129
Capital outlay	1,849	-	178,784	111,539	292,172
Debt service	717	209,486	-	-	210,203
TOTAL EXPENDITURES	<u>2,695</u>	<u>209,486</u>	<u>178,784</u>	<u>111,539</u>	<u>502,504</u>
REVENUES OVER (UNDER) EXPENDITURE	<u>44,443</u>	<u>53,391</u>	<u>(178,784)</u>	<u>2,447</u>	<u>(78,503)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	65,000	-	65,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>65,000</u>
NET CHANGE IN FUND BALANCE	44,443	53,391	(113,784)	2,447	(13,503)
FUND BALANCE (DEFICIT), Beginning	<u>(32,764)</u>	<u>90,185</u>	<u>-</u>	<u>-</u>	<u>57,421</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 11,679</u>	<u>\$ 143,576</u>	<u>\$ (113,784)</u>	<u>\$ 2,447</u>	<u>\$ 43,918</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2009

	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
REVENUES			
Property taxes	\$ 595,982	\$ 279,191	\$ 875,173
Interest on investments	3,631	5,772	9,403
TOTAL REVENUES	<u>599,613</u>	<u>284,963</u>	<u>884,576</u>
EXPENDITURES			
Current:			
General government	-	23,500	23,500
Debt service	658,308	73,611	731,919
TOTAL EXPENDITURES	<u>658,308</u>	<u>97,111</u>	<u>755,419</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(58,695)</u>	<u>187,852</u>	<u>129,157</u>
OTHER FINANCING SOURCES (USES)			
Payment to refund debt	-	(2,000,000)	(2,000,000)
Issuance of debt	-	2,000,000	2,000,000
Transfers in	-	226,500	226,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>226,500</u>	<u>226,500</u>
NET CHANGE IN FUND BALANCE	(58,695)	414,352	355,657
FUND BALANCE, Beginning	<u>107,252</u>	<u>-</u>	<u>107,252</u>
FUND BALANCE, Ending	<u>\$ 48,557</u>	<u>\$ 414,352</u>	<u>\$ 462,909</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR PERMANENT TRUST FUNDS
For the Fiscal Year Ended June 30, 2009

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
REVENUES			
Licenses and fees	\$ -	\$ 4,573	\$ 4,573
Interest on investments	2,972	32,118	35,090
TOTAL REVENUES	<u>2,972</u>	<u>36,691</u>	<u>39,663</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(2,780)</u>	<u>(20,000)</u>	<u>(22,780)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,780)</u>	<u>(20,000)</u>	<u>(22,780)</u>
NET CHANGE IN FUND BALANCE	192	16,691	16,883
FUND BALANCE, Beginning	<u>140,406</u>	<u>662,631</u>	<u>803,037</u>
FUND BALANCE, Ending	<u>\$ 140,598</u>	<u>\$ 679,322</u>	<u>\$ 819,920</u>

COMBINING STATEMENTS

Internal Service Funds

Internal Service funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the City and to other government units on a cost reimbursement basis. The Internal Service funds of the City are:

CONSTRUCTION AND REPAIR FUND – accounts for revenue from equipment, contract labor and overhead charges to other City funds and departments. Expenditures are made for costs associated with the providing of these services.

CENTRAL SERVICES FUND – accounts for the central administrative support services from charges to other City funds and departments. Expenses are for the operations within the City Manager's office, Mayor and City Council department, legal department, finance department, engineering division and facilities division.

**CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
June 30, 2009**

	<u>Construction and Repair Fund</u>	<u>Central Services Fund</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 553,402	\$ 403,525	\$ 956,927
Receivables:			
Accounts	46,938	18,057	64,995
Notes	10,149	-	10,149
Interest	<u>113</u>	<u>79</u>	<u>192</u>
Total current assets	<u>610,602</u>	<u>421,661</u>	<u>1,032,263</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets, net of depreciation	<u>703,475</u>	<u>51,175</u>	<u>754,650</u>
Total noncurrent assets	<u>703,475</u>	<u>51,175</u>	<u>754,650</u>
Total assets	<u>\$ 1,314,077</u>	<u>\$ 472,836</u>	<u>\$ 1,786,913</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 11,538	\$ 52,446	\$ 63,984
Deposits	-	6,856	6,856
Compensated absences payable	<u>33,918</u>	<u>64,042</u>	<u>97,960</u>
Total current liabilities	45,456	123,344	168,800
Long-term debt, net of current portion			
Other post employment benefits liability	<u>12,413</u>	<u>25,336</u>	<u>37,749</u>
Total liabilities	<u>57,869</u>	<u>148,680</u>	<u>206,549</u>
Net assets:			
Invested in capital assets, net of related debt	703,475	51,175	754,650
Unrestricted	<u>552,733</u>	<u>272,981</u>	<u>825,714</u>
Total net assets	<u>1,256,208</u>	<u>324,156</u>	<u>1,580,364</u>
Total liabilities and net assets	<u>\$ 1,314,077</u>	<u>\$ 472,836</u>	<u>\$ 1,786,913</u>

CITY OF PENDLETON, OREGON
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2009

	Construction and Repair Fund	Central Services Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 1,028,138	\$ 2,410,140	\$ 3,438,278
Licenses and fees	-	35,894	35,894
Miscellaneous	-	4,842	4,842
TOTAL OPERATING REVENUES	<u>1,028,138</u>	<u>2,450,876</u>	<u>3,479,014</u>
OPERATING EXPENSES			
Personal services	685,610	1,626,365	2,311,975
Materials and services	162,748	657,613	820,361
Depreciation	112,307	16,917	129,224
TOTAL OPERATING EXPENSES	<u>960,665</u>	<u>2,300,895</u>	<u>3,261,560</u>
OPERATING INCOME (LOSS)	<u>67,473</u>	<u>149,981</u>	<u>217,454</u>
NON-OPERATING INCOME (EXPENSES)			
Intergovernmental	-	15,000	15,000
Contributions	-	1,733	1,733
Gain (loss) on disposal of capital assets	(1,286)	-	(1,286)
Interest on investments	12,931	3,861	16,792
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>11,645</u>	<u>20,594</u>	<u>32,239</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>79,118</u>	<u>170,575</u>	<u>249,693</u>
TRANSFERS			
Transfers out	(3,000)	(60,091)	(63,091)
TOTAL TRANSFERS	<u>(3,000)</u>	<u>(60,091)</u>	<u>(63,091)</u>
CHANGE IN NET ASSETS	76,118	110,484	186,602
NET ASSETS, Beginning	<u>1,180,090</u>	<u>213,672</u>	<u>1,393,762</u>
NET ASSETS, Ending	<u>\$ 1,256,208</u>	<u>\$ 324,156</u>	<u>\$ 1,580,364</u>

CITY OF PENDLETON, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2009

	Construction and Repair Fund	Central Services Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 11,605	\$ 34,217	\$ 45,822
Receipts from interfund services provided	978,247	2,410,140	3,388,387
Payments to suppliers	(331,610)	(1,014,740)	(1,346,350)
Payments to employees	(492,463)	(1,221,491)	(1,713,954)
Payments for interfund services used	(8,030)	-	(8,030)
Net cash provided from (used by) operating activities	<u>157,749</u>	<u>208,126</u>	<u>365,875</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	<u>(3,000)</u>	<u>(60,091)</u>	<u>(63,091)</u>
Net cash provided from (used by) non-capital financing activities	<u>(3,000)</u>	<u>(60,091)</u>	<u>(63,091)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from intergovernmental revenue	-	15,000	15,000
Contributions	-	1,733	1,733
Notes receivable principal collections	3,066	-	3,066
Acquisition of capital assets	<u>(172,759)</u>	<u>(24,641)</u>	<u>(197,400)</u>
Net cash provided from (used by) capital and related financing activities	<u>(169,693)</u>	<u>(7,908)</u>	<u>(177,601)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>12,818</u>	<u>3,782</u>	<u>16,600</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,126)	143,909	141,783
CASH AND CASH EQUIVALENTS, Beginning	<u>555,528</u>	<u>259,616</u>	<u>815,144</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 553,402</u>	<u>\$ 403,525</u>	<u>\$ 956,927</u>

CITY OF PENDLETON, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2009

	Construction and Repair Fund	Central Services Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES			
Operating income (loss)	\$ 67,473	\$ 149,981	\$ 217,454
Adjustments to reconcile operating income (loss) to net cash provided (used in) operating activities			
Depreciation	112,307	16,917	129,224
(Increase) decrease in assets:			
Receivables	(38,286)	(5,565)	(43,851)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(2,423)	16,087	13,664
Deposits	-	(954)	(954)
Compensated absences payable	6,265	6,324	12,589
Other post employment benefits liability	<u>12,413</u>	<u>25,336</u>	<u>37,749</u>
Net cash provided from (used by) operating activities	<u>\$ 157,749</u>	<u>\$ 208,126</u>	<u>\$ 365,875</u>



COMBINING STATEMENTS

Agency Funds

Agency Funds account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds. The Agency Funds of the City are:

NORTHEAST OREGON AIR TASK FORCE FUND – accounts for grants and other donations, which are passed through to another government.

BAIL FUND – accounts for the activity associated with bail funds of the municipal court.

PENDLETON FOUNDATION TRUST FUND – accounts for the receipts and distributions of unrestricted income from the Pendleton Foundation Trust as provided by Ordinance No. 2699.

EASTERN OREGON DRUG TASK FORCE FUND – accounts for receipt of state grant funds and their use for drug enforcement by participating law enforcement agencies.

CITY OF PENDLETON, OREGON
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2009

	Northeast Oregon Air Task Force Fund	Bail Fund	Pendleton Foundation Trust Fund	Eastern Oregon Drug Task Force Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 1,022	\$ 10,406	\$ 1,768	\$ -	\$ 13,196
Accounts receivable	-	-	-	29,086	29,086
Total assets	\$ 1,022	\$ 10,406	\$ 1,768	\$ 29,086	\$ 42,282
LIABILITIES					
Accounts payable	-	7,373	-	29,086	36,459
Due to other governments	1,022	3,033	1,768	-	5,823
Total liabilities	\$ 1,022	\$ 10,406	\$ 1,768	\$ 29,086	\$ 42,282

See auditor's report.

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net assets, budget and actual be displayed for each fund where legally adopted budgets are required.

In accordance with GASB Statement #34, the City's General Fund and any major special revenue fund (currently only the State Tax Street Fund) are presented as the third of the basic governmental fund financial statements. All other budgetary comparisons are displayed in the following pages as supplemental information.

CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), BY DEPARTMENT
GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
EXPENDITURES AND TRANSFERS				
Planning and building	\$ 1,014,600	\$ 1,014,600	\$ 428,364	\$ 586,236
Municipal court	341,250	341,250	308,980	32,270
Economic development	120,000	120,000	111,891	8,109
Police	3,604,050	3,618,450	3,529,678	88,772
Fire / Ambulance	2,828,600	2,828,600	2,812,658	15,942
Parks and recreation	1,820,100	1,836,100	1,787,658	48,442
Non-departmental	1,467,550	1,649,650	1,511,548	138,102
Debt service	413,000	413,000	412,853	147
Contingency	3,455,100	3,260,000	-	3,260,000
TOTAL EXPENDITURES AND TRANSFERS	\$ 15,064,250	\$ 15,081,650	\$ 10,903,630	\$ 4,178,020

SCHEDULES OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

Governmental Funds

Special Revenue Funds

- Bike
- Library
- Library Trust
- Transportation Services
- Community Development Block Grant
- Community Rehabilitation
- Local Community Development
- Sidewalk Repair Loan Fund
- Pendleton Convention Center
- PCC TPAC
- Pendleton Youth Commission
- Police Interagency Special Revolving
- System Development Fees
- Parks Trust
- Parks Capital Reserve
- Fire Capital Reserve
- City/County Public Safety
- Urban Renewal District Operating

Debt Service Fund

- Debt Service
- Urban Renewal District Debt Service

Permanent Trust Funds

- Library Permanent Trust
- Cemetery Perpetual Care Trust

Capital Projects Funds

- L.I.D. Construction
- Keystone Project
- Airport Connector Road Construction
- Quinney Bridge Construction

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
BIKE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 7,650	\$ 7,650	\$ 6,666	\$ (984)
Interest on investments	350	350	162	(188)
TOTAL REVENUES	<u>8,000</u>	<u>8,000</u>	<u>6,828</u>	<u>(1,172)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Materials and services	8,000	8,000	8,000	-
TOTAL EXPENDITURES	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(1,172)</u>	<u>(1,172)</u>
NET CHANGE IN FUND BALANCE	-	-	(1,172)	(1,172)
FUND BALANCE, Beginning	<u>6,320</u>	<u>6,320</u>	<u>6,264</u>	<u>(56)</u>
FUND BALANCE, Ending	<u>\$ 6,320</u>	<u>\$ 6,320</u>	<u>\$ 5,092</u>	<u>\$ (1,228)</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LIBRARY FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 20,000	\$ 20,000	\$ 18,570	\$ (1,430)
Intergovernmental	375,700	375,700	354,548	(21,152)
Contributions	14,500	35,350	31,679	(3,671)
Interest on investments	4,490	4,490	2,666	(1,824)
TOTAL REVENUES	<u>414,690</u>	<u>435,540</u>	<u>407,463</u>	<u>(28,077)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personal services	373,170	373,170	338,367	34,803
Materials and services	143,710	164,560	133,642	30,918
Capital outlay	15,000	15,000	-	15,000
Contingency	77,520	77,520	-	77,520
TOTAL EXPENDITURES	<u>609,400</u>	<u>630,250</u>	<u>472,009</u>	<u>158,241</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(194,710)</u>	<u>(194,710)</u>	<u>(64,546)</u>	<u>130,164</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	49,210	49,210	49,210	-
Transfers out	(4,500)	(4,500)	(4,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>44,710</u>	<u>44,710</u>	<u>44,710</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(150,000)	(150,000)	(19,836)	130,164
FUND BALANCE, Beginning	<u>150,000</u>	<u>150,000</u>	<u>163,106</u>	<u>13,106</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,270</u>	<u>\$ 143,270</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LIBRARY TRUST FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 1,200	\$ 1,200	\$ 1,462	\$ 262
Interest on investments	27,000	27,000	39,551	12,551
TOTAL REVENUES	<u>28,200</u>	<u>28,200</u>	<u>41,013</u>	<u>12,813</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Materials and services	50,000	50,000	40,579	9,421
Capital outlay	20,000	20,000	8,801	11,199
TOTAL EXPENDITURES	<u>70,000</u>	<u>70,000</u>	<u>49,380</u>	<u>20,620</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(41,800)</u>	<u>(41,800)</u>	<u>(8,367)</u>	<u>33,433</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,600	5,600	2,780	(2,820)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,600</u>	<u>5,600</u>	<u>2,780</u>	<u>(2,820)</u>
NET CHANGE IN FUND BALANCE	(36,200)	(36,200)	(5,587)	30,613
FUND BALANCE, Beginning	<u>670,000</u>	<u>670,000</u>	<u>668,208</u>	<u>(1,792)</u>
FUND BALANCE, Ending	<u>\$ 633,800</u>	<u>\$ 633,800</u>	<u>\$ 662,621</u>	<u>\$ 28,821</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
TRANSPORTATION SERVICES FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 203,570	\$ 268,570	\$ 224,276	\$ (44,294)
Interest on investments	1,010	1,010	4,328	3,318
Miscellaneous	5,000	5,000	11,997	6,997
TOTAL REVENUES	<u>209,580</u>	<u>274,580</u>	<u>240,601</u>	<u>(33,979)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	243,650	243,650	131,421	112,229
Capital outlay	-	65,000	61,947	3,053
Contingency	21,650	21,650	-	21,650
TOTAL EXPENDITURES	<u>265,300</u>	<u>330,300</u>	<u>193,368</u>	<u>136,932</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(55,720)</u>	<u>(55,720)</u>	<u>47,233</u>	<u>102,953</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	35,720	35,720	35,720	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>35,720</u>	<u>35,720</u>	<u>35,720</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(20,000)	(20,000)	82,953	102,953
FUND BALANCE, Beginning	20,000	20,000	120,748	100,748
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,701</u>	<u>\$ 203,701</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 750,000	\$ 750,000	\$ -	\$ (750,000)
Interest on investments	-	-	2,043	2,043
TOTAL REVENUES	<u>750,000</u>	<u>750,000</u>	<u>2,043</u>	<u>(747,957)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	850,500	850,500	46,500	804,000
Debt service	2,000	2,000	-	2,000
TOTAL EXPENDITURES	<u>852,500</u>	<u>852,500</u>	<u>46,500</u>	<u>806,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(102,500)</u>	<u>(102,500)</u>	<u>(44,457)</u>	<u>58,043</u>
NET CHANGE IN FUND BALANCE	(102,500)	(102,500)	(44,457)	58,043
FUND BALANCE, Beginning	<u>102,500</u>	<u>102,500</u>	<u>105,488</u>	<u>2,988</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,031</u>	<u>\$ 61,031</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COMMUNITY REHABILITATION FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Loan repayments	\$ 12,000	\$ 12,000	\$ 53,212	\$ 41,212
Interest on investments	500	500	1,678	1,178
Miscellaneous	-	-	5,000	5,000
TOTAL REVENUES	<u>12,500</u>	<u>12,500</u>	<u>59,890</u>	<u>47,390</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	126,000	96,000	63,598	32,402
Capital outlay	-	30,000	-	30,000
TOTAL EXPENDITURES	<u>126,000</u>	<u>126,000</u>	<u>63,598</u>	<u>62,402</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(113,500)</u>	<u>(113,500)</u>	<u>(3,708)</u>	<u>109,792</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	95,000	95,000	93,046	(1,954)
TOTAL OTHER FINANCING SOURCES (USES)	<u>95,000</u>	<u>95,000</u>	<u>93,046</u>	<u>(1,954)</u>
NET CHANGE IN FUND BALANCE	(18,500)	(18,500)	89,338	107,838
FUND BALANCE, Beginning	<u>18,500</u>	<u>18,500</u>	<u>20,774</u>	<u>2,274</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,112</u>	<u>\$ 110,112</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LOCAL COMMUNITY DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 489	\$ 489
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>489</u>	<u>489</u>
EXPENDITURES				
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>489</u>	<u>489</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(95,000)	(95,000)	(93,046)	1,954
TOTAL OTHER FINANCING SOURCES (USES)	<u>(95,000)</u>	<u>(95,000)</u>	<u>(93,046)</u>	<u>1,954</u>
NET CHANGE IN FUND BALANCE	(95,000)	(95,000)	(92,557)	2,443
FUND BALANCE, Beginning	<u>95,000</u>	<u>95,000</u>	<u>92,557</u>	<u>(2,443)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SIDEWALK REPAIR LOAN FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 70,000	\$ 70,000	\$ 67,884	\$ (2,116)
Loan repayments	40,000	40,000	82,607	42,607
Interest on investments	-	-	20	20
Miscellaneous	-	-	20	20
TOTAL REVENUES	<u>110,000</u>	<u>110,000</u>	<u>150,531</u>	<u>40,531</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	500	500	248	252
Capital outlay	300,000	300,000	79,523	220,477
Debt service	15,000	15,000	11,195	3,805
TOTAL EXPENDITURES	<u>315,500</u>	<u>315,500</u>	<u>90,966</u>	<u>224,534</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(205,500)</u>	<u>(205,500)</u>	<u>59,565</u>	<u>265,065</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	505,500	505,500	-	(505,500)
Interfund loan repayment	(300,000)	(300,000)	(102,500)	197,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>205,500</u>	<u>205,500</u>	<u>(102,500)</u>	<u>(308,000)</u>
NET CHANGE IN FUND BALANCE	-	-	(42,935)	(42,935)
Budgetary basis adjustment	-	-	102,500	102,500
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(276,217)</u>	<u>(276,217)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (216,652)</u>	<u>\$ (216,652)</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PENDLETON CONVENTION CENTER FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 380,000	\$ 380,000	\$ 375,901	\$ (4,099)
Licenses and fees	57,000	57,000	49,485	(7,515)
Charges for services	267,000	317,000	258,480	(58,520)
Interest on investments	-	-	85	85
Miscellaneous	10,000	10,000	10,320	320
TOTAL REVENUES	<u>714,000</u>	<u>764,000</u>	<u>694,271</u>	<u>(69,729)</u>
EXPENDITURES				
Current:				
General government:				
Personal services	303,800	303,800	288,356	15,444
Materials and services	393,700	443,700	415,029	28,671
Capital outlay	-	15,000	-	15,000
Debt service	5,000	5,000	3,842	1,158
TOTAL EXPENDITURES	<u>702,500</u>	<u>767,500</u>	<u>707,227</u>	<u>60,273</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>11,500</u>	<u>(3,500)</u>	<u>(12,956)</u>	<u>(9,456)</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	93,200	108,200	-	(108,200)
Transfers out	(104,700)	(104,700)	(95,875)	8,825
TOTAL OTHER FINANCING SOURCES (USES)	<u>(11,500)</u>	<u>3,500</u>	<u>(95,875)</u>	<u>(99,375)</u>
NET CHANGE IN FUND BALANCE	-	-	(108,831)	(108,831)
FUND BALANCE (DEFICIT), Beginning	-	-	56,794	56,794
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (52,037)</u>	<u>\$ (52,037)</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PCC TPAC FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 80,000	\$ 80,000	\$ 81,607	\$ 1,607
Interest on investments	2,000	2,000	1,242	(758)
TOTAL REVENUES	<u>82,000</u>	<u>82,000</u>	<u>82,849</u>	<u>849</u>
EXPENDITURES				
Capital outlay	100,000	400,000	354,091	45,909
TOTAL EXPENDITURES	<u>100,000</u>	<u>400,000</u>	<u>354,091</u>	<u>45,909</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(18,000)</u>	<u>(318,000)</u>	<u>(271,242)</u>	<u>46,758</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	97,250	97,250	88,425	(8,825)
Interfund loan proceeds	-	220,750	-	(220,750)
TOTAL OTHER FINANCING SOURCES (USES)	<u>97,250</u>	<u>318,000</u>	<u>88,425</u>	<u>(229,575)</u>
NET CHANGE IN FUND BALANCE	79,250	-	(182,817)	(182,817)
FUND BALANCE (DEFICIT), Beginning	-	-	-	-
FUND BALANCE (DEFICIT), Ending	<u>\$ 79,250</u>	<u>\$ -</u>	<u>\$ (182,817)</u>	<u>\$ (182,817)</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PENDLETON YOUTH COMMISSION FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 1,500	\$ 1,500	\$ 1,654	\$ 154
Interest on investments	50	50	54	4
TOTAL REVENUES	<u>1,550</u>	<u>1,550</u>	<u>1,708</u>	<u>158</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	4,250	4,250	1,547	2,703
TOTAL EXPENDITURES	<u>4,250</u>	<u>4,250</u>	<u>1,547</u>	<u>2,703</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,700)</u>	<u>(2,700)</u>	<u>161</u>	<u>2,861</u>
NET CHANGE IN FUND BALANCE	(2,700)	(2,700)	161	2,861
FUND BALANCE, Beginning	<u>2,700</u>	<u>2,700</u>	<u>2,802</u>	<u>102</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,963</u>	<u>\$ 2,963</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE INTERAGENCY SPECIAL REVOLVING FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 106,000	\$ 106,000	\$ 134,604	\$ 28,604
Interest on investments	10,000	10,000	4,414	(5,586)
Miscellaneous	10,500	10,500	64,404	53,904
TOTAL REVENUES	<u>126,500</u>	<u>126,500</u>	<u>203,422</u>	<u>76,922</u>
EXPENDITURES				
Current:				
Public safety:				
Materials and services	347,900	347,900	178,977	168,923
TOTAL EXPENDITURES	<u>347,900</u>	<u>347,900</u>	<u>178,977</u>	<u>168,923</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(221,400)</u>	<u>(221,400)</u>	<u>24,445</u>	<u>245,845</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,600)	(3,600)	(3,600)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,600)</u>	<u>(3,600)</u>	<u>(3,600)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(225,000)	(225,000)	20,845	245,845
FUND BALANCE, Beginning	<u>225,000</u>	<u>225,000</u>	<u>235,433</u>	<u>10,433</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,278</u>	<u>\$ 256,278</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SYSTEM DEVELOPMENT FEES FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 100,000	\$ 100,000	\$ 23,630	\$ (76,370)
Assessments	2,170	2,170	2,174	4
Interest on investments	20,000	20,000	31,093	11,093
TOTAL REVENUES	<u>122,170</u>	<u>122,170</u>	<u>56,897</u>	<u>(65,273)</u>
EXPENDITURES				
Capital outlay	260,170	260,170	-	260,170
Debt service	175,000	175,000	-	175,000
TOTAL EXPENDITURES	<u>435,170</u>	<u>435,170</u>	<u>-</u>	<u>435,170</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(313,000)</u>	<u>(313,000)</u>	<u>56,897</u>	<u>369,897</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan repayment	-	-	67,500	67,500
Transfers out	(440,000)	(440,000)	-	440,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(440,000)</u>	<u>(440,000)</u>	<u>67,500</u>	<u>507,500</u>
NET CHANGE IN FUND BALANCE	(753,000)	(753,000)	124,397	877,397
Budgetary basis adjustment	-	-	(67,500)	(67,500)
FUND BALANCE, Beginning	<u>753,000</u>	<u>753,000</u>	<u>796,835</u>	<u>43,835</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 853,732</u>	<u>\$ 853,732</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PARKS TRUST FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 2,000	\$ 2,000	\$ 1,380	\$ (620)
Contributions	3,000	3,000	5,902	2,902
Interest on investments	6,500	6,500	4,025	(2,475)
TOTAL REVENUES	<u>11,500</u>	<u>11,500</u>	<u>11,307</u>	<u>(193)</u>
EXPENDITURES				
Capital outlay	40,000	40,000	20,414	19,586
TOTAL EXPENDITURES	<u>40,000</u>	<u>40,000</u>	<u>20,414</u>	<u>19,586</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(28,500)</u>	<u>(28,500)</u>	<u>(9,107)</u>	<u>19,393</u>
NET CHANGE IN FUND BALANCE	(28,500)	(28,500)	(9,107)	19,393
FUND BALANCE, Beginning	<u>169,500</u>	<u>169,500</u>	<u>189,393</u>	<u>19,893</u>
FUND BALANCE, Ending	<u>\$ 141,000</u>	<u>\$ 141,000</u>	<u>\$ 180,286</u>	<u>\$ 39,286</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PARKS CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 750	\$ 750	\$ 775	\$ 25
TOTAL REVENUES	<u>750</u>	<u>750</u>	<u>775</u>	<u>25</u>
EXPENDITURES				
Capital outlay	45,000	45,000	43,338	1,662
TOTAL EXPENDITURES	<u>45,000</u>	<u>45,000</u>	<u>43,338</u>	<u>1,662</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(44,250)</u>	<u>(44,250)</u>	<u>(42,563)</u>	<u>1,687</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	29,000	29,000	29,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>29,000</u>	<u>29,000</u>	<u>29,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(15,250)	(15,250)	(13,563)	1,687
FUND BALANCE, Beginning	<u>21,775</u>	<u>21,775</u>	<u>38,835</u>	<u>17,060</u>
FUND BALANCE, Ending	<u>\$ 6,525</u>	<u>\$ 6,525</u>	<u>\$ 25,272</u>	<u>\$ 18,747</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FIRE CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 117,510	\$ 117,510	\$ 126,039	\$ 8,529
Intergovernmental	142,500	142,500	-	(142,500)
Contributions	-	-	14,952	14,952
Interest on investments	8,000	8,000	2,082	(5,918)
TOTAL REVENUES	<u>268,010</u>	<u>268,010</u>	<u>143,073</u>	<u>(124,937)</u>
EXPENDITURES				
Capital outlay	579,250	579,250	327,407	251,843
Debt service	3,645	3,645	466	3,179
TOTAL EXPENDITURES	<u>582,895</u>	<u>582,895</u>	<u>327,873</u>	<u>255,022</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(314,885)</u>	<u>(314,885)</u>	<u>(184,800)</u>	<u>130,085</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	38,590	38,590	38,590	-
Interfund loan proceeds	198,100	198,100	-	(198,100)
Transfers out	(42,105)	(42,105)	(42,105)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>194,585</u>	<u>194,585</u>	<u>(3,515)</u>	<u>(198,100)</u>
NET CHANGE IN FUND BALANCE	(120,300)	(120,300)	(188,315)	(68,015)
FUND BALANCE, Beginning	<u>120,300</u>	<u>120,300</u>	<u>165,083</u>	<u>44,783</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,232)</u>	<u>\$ (23,232)</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CITY/COUNTY PUBLIC SAFETY FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Interest on investments	5,000	5,000	1,399	(3,601)
TOTAL REVENUES	<u>65,000</u>	<u>65,000</u>	<u>61,399</u>	<u>(3,601)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	60,000	60,000	18,360	41,640
TOTAL EXPENDITURES	<u>60,000</u>	<u>60,000</u>	<u>18,360</u>	<u>41,640</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>43,039</u>	<u>38,039</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(30,000)	(30,000)	(30,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(25,000)	(25,000)	13,039	38,039
FUND BALANCE, Beginning	<u>65,000</u>	<u>65,000</u>	<u>73,440</u>	<u>8,440</u>
FUND BALANCE, Ending	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 86,479</u>	<u>\$ 46,479</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
URBAN RENEWAL DISTRICT OPERATING FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 350	\$ 350
Interest on investments	20,000	20,000	4,841	(15,159)
Miscellaneous	5,000	5,000	130	(4,870)
TOTAL REVENUES	<u>25,000</u>	<u>25,000</u>	<u>5,321</u>	<u>(19,679)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	1,950,000	1,950,000	541,974	1,408,026
Capital outlay	175,000	175,000	92,761	82,239
TOTAL EXPENDITURES	<u>2,125,000</u>	<u>2,125,000</u>	<u>634,735</u>	<u>1,490,265</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,100,000)</u>	<u>(2,100,000)</u>	<u>(629,414)</u>	<u>1,470,586</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,600,000	1,600,000	800,000	(800,000)
Transfers out	(226,500)	(226,500)	(226,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,373,500</u>	<u>1,373,500</u>	<u>573,500</u>	<u>(800,000)</u>
NET CHANGE IN FUND BALANCE	(726,500)	(726,500)	(55,914)	670,586
FUND BALANCE, Beginning	726,500	726,500	270,643	(455,857)
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,729</u>	<u>\$ 214,729</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 599,760	\$ 599,760	\$ 595,982	\$ (3,778)
Interest on investments	2,700	2,700	3,631	931
TOTAL REVENUES	<u>602,460</u>	<u>602,460</u>	<u>599,613</u>	<u>(2,847)</u>
EXPENDITURES				
Debt service	<u>658,308</u>	<u>658,308</u>	<u>658,308</u>	<u>-</u>
TOTAL EXPENDITURES	<u>658,308</u>	<u>658,308</u>	<u>658,308</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(55,848)</u>	<u>(55,848)</u>	<u>(58,695)</u>	<u>(2,847)</u>
NET CHANGE IN FUND BALANCE	(55,848)	(55,848)	(58,695)	(2,847)
FUND BALANCE, Beginning	<u>110,000</u>	<u>110,000</u>	<u>107,252</u>	<u>(2,748)</u>
FUND BALANCE, Ending	<u>\$ 54,152</u>	<u>\$ 54,152</u>	<u>\$ 48,557</u>	<u>\$ (5,595)</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
URBAN RENEWAL DISTRICT DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 327,000	\$ 327,000	\$ 279,191	\$ (47,809)
Interest on investments	-	-	5,772	5,772
TOTAL REVENUES	<u>327,000</u>	<u>327,000</u>	<u>284,963</u>	<u>(42,037)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	23,500	23,500	23,500	-
Debt service	<u>311,500</u>	<u>311,500</u>	<u>73,611</u>	<u>237,889</u>
TOTAL EXPENDITURES	<u>335,000</u>	<u>335,000</u>	<u>97,111</u>	<u>237,889</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(8,000)</u>	<u>(8,000)</u>	<u>187,852</u>	<u>195,852</u>
OTHER FINANCING SOURCES (USES)				
Payment to refund debt	-	-	(2,000,000)	(2,000,000) **
Issuance of debt	-	-	2,000,000	2,000,000
Transfers in	<u>226,500</u>	<u>226,500</u>	<u>226,500</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>226,500</u>	<u>226,500</u>	<u>226,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	218,500	218,500	414,352	195,852
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	<u>\$ 218,500</u>	<u>\$ 218,500</u>	<u>\$ 414,352</u>	<u>\$ 195,852</u>

** Exempt from Oregon Budget Law

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LIBRARY PERMANENT TRUST FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 5,600	\$ 5,600	\$ 2,972	\$ (2,628)
TOTAL REVENUES	<u>5,600</u>	<u>5,600</u>	<u>2,972</u>	<u>(2,628)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,600)	(5,600)	(2,780)	2,820
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,600)</u>	<u>(5,600)</u>	<u>(2,780)</u>	<u>2,820</u>
NET CHANGE IN FUND BALANCE	-	-	192	192
FUND BALANCE, Beginning	<u>139,430</u>	<u>139,430</u>	<u>140,406</u>	<u>976</u>
FUND BALANCE, Ending	<u>\$ 139,430</u>	<u>\$ 139,430</u>	<u>\$ 140,598</u>	<u>\$ 1,168</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CEMETERY PERPETUAL CARE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 3,100	\$ 3,100	\$ 4,573	\$ 1,473
Interest on investments	20,000	20,000	32,118	12,118
TOTAL REVENUES	<u>23,100</u>	<u>23,100</u>	<u>36,691</u>	<u>13,591</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,000)	(20,000)	(20,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	3,100	3,100	16,691	13,591
FUND BALANCE, Beginning	<u>652,300</u>	<u>652,300</u>	<u>662,631</u>	<u>10,331</u>
FUND BALANCE, Ending	<u>\$ 655,400</u>	<u>\$ 655,400</u>	<u>\$ 679,322</u>	<u>\$ 23,922</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
L.I.D. CONSTRUCTION FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 47,000	\$ 47,000	\$ 46,994	\$ (6)
Interest on investments	-	-	64	64
Miscellaneous	-	-	80	80
TOTAL REVENUES	<u>47,000</u>	<u>47,000</u>	<u>47,138</u>	<u>138</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	2,000	2,000	129	1,871
Capital outlay	250,000	250,000	1,849	248,151
Debt service	5,000	5,000	717	4,283
TOTAL EXPENDITURES	<u>257,000</u>	<u>257,000</u>	<u>2,695</u>	<u>254,305</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(210,000)</u>	<u>(210,000)</u>	<u>44,443</u>	<u>254,443</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	298,000	298,000	-	(298,000)
Interfund loan repayment	(50,500)	(50,500)	(33,500)	17,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>247,500</u>	<u>247,500</u>	<u>(33,500)</u>	<u>(281,000)</u>
NET CHANGE IN FUND BALANCE	37,500	37,500	10,943	(26,557)
Budgetary basis adjustment	-	-	33,500	33,500
FUND BALANCE (DEFICIT), Beginning	<u>(37,500)</u>	<u>(37,500)</u>	<u>(32,764)</u>	<u>4,736</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,679</u>	<u>\$ 11,679</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
KEYSTONE PROJECT FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 260,400	\$ 260,400	\$ 260,400	\$ -
Interest on investments	5,000	5,000	2,477	(2,523)
TOTAL REVENUES	<u>265,400</u>	<u>265,400</u>	<u>262,877</u>	<u>(2,523)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	10,000	10,000	-	10,000
Capital outlay	3,000,000	3,000,000	-	3,000,000
Debt service	309,500	309,500	209,486	100,014
Contingency	182,800	182,800	-	182,800
TOTAL EXPENDITURES	<u>3,502,300</u>	<u>3,502,300</u>	<u>209,486</u>	<u>3,292,814</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,236,900)</u>	<u>(3,236,900)</u>	<u>53,391</u>	<u>3,290,291</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	3,000,000	3,000,000	-	(3,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>(3,000,000)</u>
NET CHANGE IN FUND BALANCE	(236,900)	(236,900)	53,391	290,291
FUND BALANCE, Beginning	<u>236,900</u>	<u>236,900</u>	<u>90,185</u>	<u>(146,715)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,576</u>	<u>\$ 143,576</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
AIRPORT CONNECTOR ROAD CONSTRUCTION FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,000,000	\$ 4,000,000	\$ -	\$ (4,000,000)
TOTAL REVENUES	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>	<u>(4,000,000)</u>
EXPENDITURES				
Capital outlay	6,740,000	6,740,000	178,784	6,561,216
TOTAL EXPENDITURES	<u>6,740,000</u>	<u>6,740,000</u>	<u>178,784</u>	<u>6,561,216</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,740,000)</u>	<u>(2,740,000)</u>	<u>(178,784)</u>	<u>2,561,216</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	2,300,000	2,300,000	65,000	(2,235,000)
Transfers in	440,000	440,000	-	(440,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,740,000</u>	<u>2,740,000</u>	<u>65,000</u>	<u>(2,675,000)</u>
NET CHANGE IN FUND BALANCE	-	-	(113,784)	(113,784)
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (113,784)</u>	<u>\$ (113,784)</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
QUINNEY BRIDGE CONSTRUCTION FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 376,500	\$ 111,539	\$ (264,961)
Interest on investments	-	3,000	2,447	(553)
TOTAL REVENUES	<u>-</u>	<u>379,500</u>	<u>113,986</u>	<u>(265,514)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Materials and services	-	3,000	-	3,000
Capital outlay	-	376,500	111,539	264,961
TOTAL EXPENDITURES	<u>-</u>	<u>379,500</u>	<u>111,539</u>	<u>267,961</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>2,447</u>	<u>2,447</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>2,447</u>	<u>2,447</u>
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,447</u>	<u>\$ 2,447</u>



SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL

Proprietary Funds

Enterprise Funds

- Water
- All Sewer Funds
 - Sewer
 - Sewer Capital Reserve
 - Wastewater Capital Project
 - Wastewater Rate Reserve
 - Wastewater Debt Service
 - Wastewater Rate Stabilization
- Airport
- Cemetery

Internal Service Funds

- Construction and Repair
- Central Services

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 3,392,360	\$ 3,392,360	\$ 3,126,771	\$ (265,589)
Intergovernmental	-	-	27,165	27,165
Interest on investments	40	40	14	(26)
Miscellaneous	17,000	17,000	31,738	14,738
TOTAL REVENUES	<u>3,409,400</u>	<u>3,409,400</u>	<u>3,185,688</u>	<u>(223,712)</u>
EXPENDITURES				
Current:				
Personal services	551,300	551,300	478,411	72,889
Materials and services	1,763,985	1,763,985	1,599,613	164,372
Capital outlay	300,000	300,000	260,634	39,366
Debt service	579,510	579,510	471,017	108,493
Contingency	206,055	206,055	-	206,055
TOTAL EXPENDITURES	<u>3,400,850</u>	<u>3,400,850</u>	<u>2,809,675</u>	<u>591,175</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>8,550</u>	<u>8,550</u>	<u>376,013</u>	<u>367,463</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	4,427	4,427
Interfund loan repayment	-	-	(415,000)	(415,000)
Transfers out	(8,550)	(8,550)	(8,550)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,550)</u>	<u>(8,550)</u>	<u>(419,123)</u>	<u>(410,573)</u>
NET CHANGE IN FUND BALANCE	-	-	(43,110)	(43,110)
Budgetary basis adjustment	-	-	415,000	415,000
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(109,279)</u>	<u>(109,279)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>262,611</u>	<u>\$ 262,611</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			13,812,240	
Notes receivable			10,149	
Accrued interest payable			(118,563)	
Other post employment benefits liability			(9,821)	
Long-term debt			<u>(4,625,412)</u>	
NET ASSETS, Ending			<u>\$ 9,331,204</u>	

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 3,464,500	\$ 3,464,500	\$ 3,657,645	\$ 193,145
Interest on investments	50,000	50,000	43,774	(6,226)
Miscellaneous	-	-	13,108	13,108
TOTAL REVENUES	<u>3,514,500</u>	<u>3,514,500</u>	<u>3,714,527</u>	<u>200,027</u>
EXPENDITURES				
Current:				
Personal services	396,350	396,350	385,723	10,627
Materials and services	1,413,790	1,413,790	1,372,440	41,350
Capital outlay	825,000	825,000	438,637	386,363
Contingency	197,680	197,680	-	197,680
TOTAL EXPENDITURES	<u>2,832,820</u>	<u>2,832,820</u>	<u>2,196,800</u>	<u>636,020</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>681,680</u>	<u>681,680</u>	<u>1,517,727</u>	<u>836,047</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	3,727	3,727
Transfers out	(2,188,680)	(2,188,680)	(1,994,708)	193,972
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,188,680)</u>	<u>(2,188,680)</u>	<u>(1,990,981)</u>	<u>197,699</u>
NET CHANGE IN FUND BALANCE	(1,507,000)	(1,507,000)	(473,254)	1,033,746
FUND BALANCE, Beginning	1,507,000	1,507,000	1,597,235	90,235
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,123,981</u>	<u>\$ 1,123,981</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 8,500	\$ 8,500	\$ 5,814	\$ (2,686)
TOTAL REVENUES	<u>8,500</u>	<u>8,500</u>	<u>5,814</u>	<u>(2,686)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,020,780	1,020,780	1,020,780	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,020,780</u>	<u>1,020,780</u>	<u>1,020,780</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,029,280	1,029,280	1,026,594	(2,686)
FUND BALANCE, Beginning	<u>282,600</u>	<u>282,600</u>	<u>281,488</u>	<u>(1,112)</u>
FUND BALANCE, Ending	<u>\$ 1,311,880</u>	<u>\$ 1,311,880</u>	<u>\$ 1,308,082</u>	<u>\$ (3,798)</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER CAPITAL PROJECT FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 410,000	\$ 410,000	\$ 295,913	\$ (114,087)
TOTAL REVENUES	<u>410,000</u>	<u>410,000</u>	<u>295,913</u>	<u>(114,087)</u>
EXPENDITURES				
Current:				
Materials and services	13,000	13,000	121	12,879
Capital outlay	<u>3,304,000</u>	<u>3,304,000</u>	<u>1,337,634</u>	<u>1,966,366</u>
TOTAL EXPENDITURES	<u>3,317,000</u>	<u>3,317,000</u>	<u>1,337,755</u>	<u>1,979,245</u>
NET CHANGE IN FUND BALANCE	(2,907,000)	(2,907,000)	(1,041,842)	1,865,158
FUND BALANCE, Beginning	<u>8,307,000</u>	<u>8,307,000</u>	<u>8,951,624</u>	<u>644,624</u>
FUND BALANCE, Ending	<u>\$ 5,400,000</u>	<u>\$ 5,400,000</u>	<u>\$ 7,909,782</u>	<u>\$ 2,509,782</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER RATE RESERVE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	744,698	744,698	744,698	-
FUND BALANCE, Ending	<u>\$ 744,698</u>	<u>\$ 744,698</u>	<u>\$ 744,698</u>	<u>\$ -</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
Interest on investments	\$ 200	\$ 200	\$ -	\$ (200)
TOTAL REVENUES	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
EXPENDITURES				
Debt service	\$ 708,000	\$ 742,675	\$ 742,471	\$ 204
TOTAL EXPENDITURES	<u>708,000</u>	<u>742,675</u>	<u>742,471</u>	<u>204</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>707,800</u>	<u>513,828</u>	<u>513,828</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>707,800</u>	<u>513,828</u>	<u>513,828</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(228,647)	(228,643)	4
FUND BALANCE, Beginning	<u>-</u>	<u>228,647</u>	<u>228,647</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 4</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER RATE STABILIZATION FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
TOTAL OTHER FINANCING SOURCES (USES)	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	450,000	450,000	450,000	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ -</u>

**CITY OF PENDLETON, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL SEWER FUNDS
For the Fiscal Year Ended June 30, 2009**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 1,123,981
Sewer Capital Reserve	1,308,082
Wastewater Capital Project	7,909,782
Wastewater Revenue Bond Reserve	744,698
Wastewater Revenue Bond Debt Service	4
Wastewater Rate Stabilization	<u>450,000</u>
	11,536,547

Adjustments:

Capital assets, net of depreciation	4,786,409
Bond discount and issuance costs	131,547
Notes receivable	10,149
Accrued interest payable	(180,235)
Other post employment benefits liability	(7,758)
Long-term debt	<u>(9,665,000)</u>

**GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES BASIS (GAAP) NET ASSETS**

\$ 6,611,659

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AIRPORT FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 524,500	\$ 524,500	\$ 404,551	\$ (119,949)
Intergovernmental	1,395,000	1,395,000	461,563	(933,437)
Interest on investments	150	150	15	(135)
Miscellaneous	6,000	6,000	6,547	547
TOTAL REVENUES	<u>1,925,650</u>	<u>1,925,650</u>	<u>872,676</u>	<u>(1,052,974)</u>
EXPENDITURES				
Current:				
Personal services	320,410	320,410	270,856	49,554
Materials and services	474,510	474,510	470,401	4,109
Capital outlay	1,120,000	1,120,000	203,638	916,362
Debt service	1,900,000	1,900,000	97,267	1,802,733
TOTAL EXPENDITURES	<u>3,814,920</u>	<u>3,814,920</u>	<u>1,042,162</u>	<u>2,772,758</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,889,270)</u>	<u>(1,889,270)</u>	<u>(169,486)</u>	<u>1,719,784</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	35,418	35,418	35,418	-
Transfers in	69,195	69,195	69,195	-
Interfund loan proceeds	1,784,857	1,784,857	-	(1,784,857)
Transfers out	(200)	(200)	(200)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,889,270</u>	<u>1,889,270</u>	<u>104,413</u>	<u>(1,784,857)</u>
NET CHANGE IN FUND BALANCE	-	-	(65,073)	(65,073)
FUND BALANCE (DEFICIT), Beginning	-	-	(1,873,057)	(1,873,057)
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	(1,938,130)	<u>\$ (1,938,130)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			9,170,111	
Notes receivable			245,349	
Other post employment benefits liability			(4,337)	
NET ASSETS, Ending			<u>\$ 7,472,993</u>	

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CEMETERY FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 117,775	\$ 122,775	\$ 111,091	\$ (11,684)
Charges for services	7,175	7,175	7,174	(1)
Interest on investments	500	500	386	(114)
Miscellaneous	100	100	-	(100)
TOTAL REVENUES	<u>125,550</u>	<u>130,550</u>	<u>118,651</u>	<u>(11,899)</u>
EXPENDITURES				
Current:				
Personal services	146,410	146,410	134,094	12,316
Materials and services	98,950	103,950	99,362	4,588
Capital outlay	45,000	92,000	86,381	5,619
Contingency	21,740	21,740	-	21,740
TOTAL EXPENDITURES	<u>312,100</u>	<u>364,100</u>	<u>319,837</u>	<u>44,263</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(186,550)</u>	<u>(233,550)</u>	<u>(201,186)</u>	<u>32,364</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	155,000	182,000	166,000	(16,000)
Transfers out	(3,400)	(3,400)	(3,400)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>151,600</u>	<u>178,600</u>	<u>162,600</u>	<u>(16,000)</u>
NET CHANGE IN FUND BALANCE	(34,950)	(54,950)	(38,586)	16,364
FUND BALANCE, Beginning	<u>34,950</u>	<u>54,950</u>	<u>55,132</u>	<u>182</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	16,546	<u>\$ 16,546</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			193,280	
Other post employment benefits liability			<u>(2,504)</u>	
NET ASSETS, Ending			<u>\$ 207,322</u>	

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CONSTRUCTION AND REPAIR FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 980,480	\$ 1,030,480	\$ 1,028,138	\$ (2,342)
Interest on investments	25,000	25,000	12,270	(12,730)
Miscellaneous	200	200	-	(200)
TOTAL REVENUES	<u>1,005,680</u>	<u>1,055,680</u>	<u>1,040,408</u>	<u>(15,272)</u>
EXPENDITURES				
Current:				
Personal services	675,400	725,400	673,197	52,203
Materials and services	167,430	167,430	162,748	4,682
Capital outlay	184,000	184,000	172,760	11,240
Contingency	50,000	50,000	-	50,000
TOTAL EXPENDITURES	<u>1,076,830</u>	<u>1,126,830</u>	<u>1,008,705</u>	<u>118,125</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(71,150)</u>	<u>(71,150)</u>	<u>31,703</u>	<u>102,853</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	100	100	3,727	3,627
Transfers out	(3,000)	(3,000)	(3,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,900)</u>	<u>(2,900)</u>	<u>727</u>	<u>3,627</u>
NET CHANGE IN FUND BALANCE	(74,050)	(74,050)	32,430	106,480
FUND BALANCE, Beginning	481,900	481,900	522,567	40,667
FUND BALANCE, Ending	<u>\$ 407,850</u>	<u>\$ 407,850</u>	554,997	<u>\$ 147,147</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			703,475	
Notes receivable			10,149	
Other post employment benefits liability			(12,413)	
NET ASSETS, Ending			<u>\$ 1,256,208</u>	

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CENTRAL SERVICES FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 66,400	\$ 66,400	\$ 35,894	\$ (30,506)
Charges for services	2,427,240	2,427,240	2,410,140	(17,100)
Intergovernmental	15,000	15,000	15,000	-
Contributions	-	-	1,733	1,733
Interest on investments	10,000	10,000	3,861	(6,139)
Miscellaneous	5,200	5,200	4,842	(358)
TOTAL REVENUES	<u>2,523,840</u>	<u>2,523,840</u>	<u>2,471,470</u>	<u>(52,370)</u>
EXPENDITURES				
Current:				
Personal services	1,735,250	1,735,250	1,601,029	134,221
Materials and services	697,700	697,700	657,613	40,087
Capital outlay	95,000	95,000	40,013	54,987
Contingency	86,170	86,170	-	86,170
TOTAL EXPENDITURES	<u>2,614,120</u>	<u>2,614,120</u>	<u>2,298,655</u>	<u>315,465</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(90,280)</u>	<u>(90,280)</u>	<u>172,815</u>	<u>263,095</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(44,720)	(44,720)	(44,720)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(44,720)</u>	<u>(44,720)</u>	<u>(44,720)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(135,000)	(135,000)	128,095	263,095
FUND BALANCE, Beginning	<u>135,000</u>	<u>135,000</u>	<u>170,222</u>	<u>35,222</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	298,317	<u>\$ 298,317</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			51,175	
Other post employment benefits liability			<u>(25,336)</u>	
NET ASSETS, Ending			<u>\$ 324,156</u>	

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), BY DEPARTMENT
CENTRAL SERVICES FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES AND TRANSFERS				
City manager's office	\$ 370,400	\$ 370,400	\$ 344,095	\$ 26,305
Insurance	289,500	289,500	270,106	19,394
Mayor and City Council	46,850	46,850	46,471	379
Legal	252,400	252,400	237,689	14,711
Finance	504,950	504,950	462,101	42,849
Engineering	429,500	429,500	412,404	17,096
Facilities	509,350	509,350	474,748	34,602
Information technology	125,000	125,000	51,041	73,959
Contingency	86,170	86,170	-	86,170
Total expenditures	2,614,120	2,614,120	2,298,655	315,465
Transfers	44,720	44,720	44,720	-
TOTAL EXPENDITURES AND TRANSFERS	\$ 2,658,840	\$ 2,658,840	\$ 2,343,375	\$ 315,465

**SCHEDULES OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL**

Fiduciary Funds

Agency Funds

- Eastern Oregon Drug Task Force
- Pendleton Foundation Trust

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
EASTERN OREGON DRUG TASK FORCE FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 67,205	\$ 32,205
TOTAL REVENUES	<u>35,000</u>	<u>35,000</u>	<u>67,205</u>	<u>32,205</u>
EXPENDITURES				
Current:				
Materials and services	<u>35,000</u>	<u>35,000</u>	<u>67,205</u>	<u>(32,205)</u>
TOTAL EXPENDITURES	<u>35,000</u>	<u>35,000</u>	<u>67,205</u>	<u>(32,205)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PENDLETON FOUNDATION TRUST FUND
For the Fiscal Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 227,500	\$ 227,500	\$ 170,493	\$ (57,007)
Interest on investments	<u>2,500</u>	<u>2,500</u>	<u>593</u>	<u>(1,907)</u>
TOTAL REVENUES	<u>230,000</u>	<u>230,000</u>	<u>171,086</u>	<u>(58,914)</u>
EXPENDITURES				
Current:				
Materials and services	<u>240,000</u>	<u>240,000</u>	<u>190,109</u>	<u>49,891</u>
TOTAL EXPENDITURES	<u>240,000</u>	<u>240,000</u>	<u>190,109</u>	<u>49,891</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,000)</u>	<u>(10,000)</u>	<u>(19,023)</u>	<u>(9,023)</u>
NET CHANGE IN FUND BALANCE	(10,000)	(10,000)	(19,023)	(9,023)
FUND BALANCE, Beginning	<u>10,000</u>	<u>10,000</u>	<u>20,791</u>	<u>10,791</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,768</u>	<u>\$ 1,768</u>

See auditor's report.



OTHER FINANCIAL SCHEDULES

CITY OF PENDLETON, OREGON
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Northeast Oregon Air Task Force Agency				
ASSETS				
Cash and cash equivalents	\$ 1,002	\$ 20	\$ -	\$ 1,022
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governments	\$ 1,002	\$ 20	\$ -	\$ 1,022
Bail Fund				
ASSETS				
Cash and cash equivalents	\$ 10,587	\$ -	\$ 181	\$ 10,406
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 8,206	\$ -	\$ 833	\$ 7,373
Due to other governments	2,381	652	-	3,033
Total liabilities	\$ 10,587	\$ 652	\$ 833	\$ 10,406
Eastern Oregon Drug Task Force Fund				
ASSETS				
Accounts receivable	\$ 16,615	\$ 67,205	\$ 54,734	\$ 29,086
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 16,615	\$ 67,205	\$ 54,734	\$ 29,086
Pendleton Foundation Trust				
ASSETS				
Cash and cash equivalents	\$ 20,791	\$ 171,086	\$ 190,109	\$ 1,768
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governments	\$ 20,791	\$ 171,086	\$ 190,109	\$ 1,768

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the fiscal year ended June 30, 2008

	Taxes Uncollected July 1, 2008	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2009
2008-09	\$ -	\$ 5,421,244	\$ (144,299)	\$ (5,011,702)	\$ 265,243
2007-08	210,895	-	1,187	(91,671)	120,411
2006-07	89,043	-	2,638	(33,544)	58,137
2005-06	55,095	-	3,959	(29,627)	29,427
2004-05	18,867	-	2,698	(17,913)	3,652
2003-04	2,946	-	(314)	(1,187)	1,445
2002-03	4,864	-	(3,283)	(563)	1,018
2001-02	975	-	61	(240)	796
2000-01	875	-	71	(260)	686
1999-00	496	-	38	(130)	404
1998-99	414	-	17	(51)	380
1997-98	217	-	16	(43)	190
1996-97	184	-	49	(37)	196
1995-96	60	-	7	-	67
1994-95	31	-	12	(20)	23
Prior	591	-	465	(791)	265
	<u>\$ 385,553</u>	<u>\$ 5,421,244</u>	<u>\$ (136,678)</u>	<u>\$ (5,187,779)</u>	<u>\$ 482,340</u>

	Tax Collections to June 30, 2009	Taxes Receivable June 30, 2009
--	---	---

Taxes receivable and tax collections classified by fund:

General Fund	\$ 4,311,251	\$ 401,890
Urban Renewal Debt Service Fund	279,256	21,133
Debt Service Fund	597,272	59,317
Plus: appeals and foreclosure adjustments	<u>(24,026)</u>	<u>-</u>
Totals	<u>\$ 5,163,753</u>	<u>\$ 482,340</u>

Reconciliation of Property Tax Revenues (Cash basis) to Property Tax Revenues (Generally Accepted Accounting Principles Basis) (GAAP)

	Property Tax Revenues (Cash Basis)	Less: Beginning Accrual	Plus: Ending Accrual	Property Tax Revenues (Fund Basis)
Property Tax Revenue:				
General Fund	\$ 4,291,181	\$ (21,753)	\$ 34,393	\$ 4,303,821
Pendleton Development Commission	278,142	(666)	1,715	279,191
Debt Service Fund	<u>594,430</u>	<u>(3,472)</u>	<u>5,024</u>	<u>595,982</u>
	<u>\$ 5,163,753</u>	<u>\$ (25,891)</u>	<u>\$ 41,132</u>	<u>\$ 5,178,994</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL AND INTEREST TRANSACTIONS
For the fiscal year ended June 30, 2009

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Amount</u>
Governmental Funds:				
General Obligation Bonds				
1996 Armory Refunding	02/01/96	5.10% - 5.30%	06/01/10	\$ 1,305,000
1998 McCune Refunding	06/01/98	4.45% - 4.70%	01/01/14	\$ 2,110,000
2005 Facilities Refunding	01/10/05	3.00% - 4.00%	01/01/16	\$ 1,945,000
Less Deferred Amounts on Refunding	01/10/05			\$ (57,514)
Total General Obligation Bonds				
Limited Tax Pension Bonds				
Series 2005	09/23/05	4.328% - 5.004%	06/01/28	\$ 7,160,000
Notes payable				
Community Bank - Pendleton Development Commission	08/10/07	6.50%	07/31/09	\$ 1,400,000
Community Bank - Pendleton Development Commission	02/16/06	5.50%	12/31/08	\$ 600,000
Community Bank - Pendleton Development Commission	01/28/09	6.60%	01/28/19	\$ 2,000,000
Banner Bank - Pendleton Development Commission	06/26/09	5.50%	09/30/10	\$ 1,500,000
Community Bank - Keystone	01/12/05	4.75%	01/15/25	\$ 2,700,000
Oregon Department of Transportation	04/07/09	4.80%	01/01/30	\$ 6,500,000
Total General Long Term Debt				
Enterprise Funds:				
Water Fund				
Notes payable				
Safe Drinking Water State Revolving Loan Fund	06/30/03	4.50%	12/01/22	\$ 4,000,000
Safe Drinking Water State Revolving Loan Fund	06/30/03	4.17%	12/01/22	\$ 1,900,000
Total Water Fund				
Sewer Fund				
Waste Water Revenue Bonds	12/11/07	3.00% - 4.30%	01/15/28	\$ 9,980,000
Total Sewer Fund				
Total Enterprise Funds				

See auditor's report.

Debt Principal				Matured Interest Payable			
Outstanding June 30, 2008	Issued During Year	Paid During Year	Outstanding June 30, 2009	Outstanding June 30, 2008	Matured During Year	Paid During Year	Outstanding June 30, 2009
\$ 300,000	\$ -	\$ 145,000	\$ 155,000	\$ -	\$ 15,755	\$ 15,755	\$ -
1,370,000	-	200,000	1,170,000	-	63,103	63,103	-
1,590,000	-	175,000	1,415,000	-	59,450	59,450	-
(39,034)	-	(5,289)	(33,745)	-	-	-	-
<u>3,220,966</u>	<u>-</u>	<u>514,711</u>	<u>2,706,255</u>	<u>-</u>	<u>138,308</u>	<u>138,308</u>	<u>-</u>
<u>7,045,000</u>	<u>-</u>	<u>65,000</u>	<u>6,980,000</u>	<u>-</u>	<u>347,976</u>	<u>347,976</u>	<u>-</u>
600,000	800,000	1,400,000	-	-	39,764	39,764	-
600,000	-	600,000	-	-	18,847	18,847	-
-	2,000,000	-	2,000,000	-	10,000	10,000	-
-	-	-	-	-	5,000	5,000	-
2,397,673	-	97,931	2,299,742	-	111,554	111,554	-
-	65,000	-	65,000	-	-	-	-
<u>\$ 13,863,639</u>	<u>\$ 2,865,000</u>	<u>\$ 2,677,642</u>	<u>\$ 14,050,997</u>	<u>\$ -</u>	<u>\$ 671,449</u>	<u>\$ 671,449</u>	<u>\$ -</u>
\$ 3,302,000	\$ -	\$ 159,000	\$ 3,143,000	\$ -	\$ 148,590	\$ 148,590	\$ -
1,559,306	-	76,894	1,482,412	-	65,023	65,023	-
<u>4,861,306</u>	<u>-</u>	<u>235,894</u>	<u>4,625,412</u>	<u>-</u>	<u>213,613</u>	<u>213,613</u>	<u>-</u>
<u>9,980,000</u>	<u>-</u>	<u>315,000</u>	<u>9,665,000</u>	<u>-</u>	<u>427,471</u>	<u>427,471</u>	<u>-</u>
<u>9,980,000</u>	<u>-</u>	<u>315,000</u>	<u>9,665,000</u>	<u>-</u>	<u>427,471</u>	<u>427,471</u>	<u>-</u>
<u>\$ 14,841,306</u>	<u>\$ -</u>	<u>\$ 550,894</u>	<u>\$ 14,290,412</u>	<u>\$ -</u>	<u>\$ 641,084</u>	<u>\$ 641,084</u>	<u>\$ -</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE GENERAL OBLIGATION BONDED DEBT REQUIREMENTS
GOVERNMENTAL FUNDS
June 30, 2009

Year of Maturity	General Obligation Bonds		Armory Refunding	McCune Refunding	Facilities Refunding				
	Totals					Principal	Interest	Principal	Interest
	Principal	Interest							
2009-10	\$ 550,000	\$ 116,518	\$ 155,000	\$ 8,215	\$ 215,000	\$ 54,103	\$ 180,000	\$ 54,200	
2010-11	405,000	92,220	-	-	220,000	44,320	185,000	47,900	
2011-12	430,000	75,735	-	-	235,000	34,310	195,000	41,425	
2012-13	445,000	57,125	-	-	245,000	23,500	200,000	33,625	
2013-14	465,000	37,610	-	-	255,000	11,985	210,000	25,625	
2014-15	215,000	17,225	-	-	-	-	215,000	17,225	
2015-16	230,000	8,625	-	-	-	-	230,000	8,625	
	<u>\$ 2,740,000</u>	<u>\$ 405,058</u>	<u>\$ 155,000</u>	<u>\$ 8,215</u>	<u>\$ 1,170,000</u>	<u>\$ 168,218</u>	<u>\$ 1,415,000</u>	<u>\$ 228,625</u>	

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE LIMITED TAX PENSION
BONDED DEBT REQUIREMENTS
GOVERNMENTAL FUNDS
June 30, 2009

Year of Maturity	Limited Tax Pension Bonds	
	Principal	Interest
2009-10	\$ 85,000	\$ 345,129
2010-11	105,000	341,358
2011-12	125,000	336,616
2012-13	155,000	329,741
2013-14	180,000	322,591
2014-15	210,000	314,194
2015-16	240,000	303,990
2016-17	270,000	292,328
2017-18	310,000	279,209
2018-19	345,000	264,146
2019-20	390,000	247,383
2020-21	430,000	228,433
2021-22	480,000	206,915
2022-23	530,000	182,896
2023-24	585,000	156,375
2024-25	645,000	127,102
2025-26	710,000	94,826
2026-27	775,000	59,297
2027-28	410,000	20,516
	<u>\$ 6,980,000</u>	<u>\$ 4,453,045</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
GOVERNMENTAL FUNDS
June 30, 2009

Year of Maturity	Notes Payable		Community Bank - Pendleton Development Commission		Community Bank - Keystone	
	Totals		Principal	Interest	Principal	Interest
	Principal	Interest				
2009-10	\$ 251,194	\$ 239,044	\$ 148,752	\$ 132,000	\$ 102,442	\$ 107,044
2010-11	265,984	224,253	158,569	122,182	107,415	102,071
2011-12	281,665	208,573	169,035	111,717	112,630	96,856
2012-13	298,289	191,948	180,191	100,560	118,098	91,388
2013-14	315,915	174,323	192,084	88,668	123,831	85,655
2014-15	334,604	155,633	204,761	75,990	129,843	79,643
2015-16	354,422	135,816	218,276	62,476	136,146	73,340
2016-17	375,438	114,800	232,682	48,070	142,756	66,730
2017-18	397,725	92,513	248,039	32,713	149,686	59,800
2018-19	404,564	68,875	247,611	16,342	156,953	52,533
2019-20	164,573	44,913	-	-	164,573	44,913
2020-21	172,563	36,923	-	-	172,563	36,923
2021-22	180,940	28,546	-	-	180,940	28,546
2022-23	189,725	19,761	-	-	189,725	19,761
2023-24	198,935	10,551	-	-	198,935	10,551
2024-25	113,206	1,682	-	-	113,206	1,682
	<u>\$ 4,299,742</u>	<u>\$ 1,748,154</u>	<u>\$ 2,000,000</u>	<u>\$ 790,718</u>	<u>\$ 2,299,742</u>	<u>\$ 957,436</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
WATER FUND
June 30, 2009

Year of Maturity	Notes Payable Totals		Safe Drinking Water State Revolving Loan Fund			
	Principal	Interest	Principal	Interest	Principal	Interest
2009-10	\$ 246,101	\$ 203,252	\$ 166,000	\$ 141,435	\$ 80,101	\$ 61,817
2010-11	257,442	192,441	174,000	133,965	83,442	58,476
2011-12	267,921	181,132	181,000	126,135	86,921	54,997
2012-13	279,546	169,362	189,000	117,990	90,546	51,372
2013-14	292,321	157,081	198,000	109,485	94,321	47,596
2014-15	305,255	144,238	207,000	100,575	98,255	43,663
2015-16	318,350	130,828	216,000	91,260	102,350	39,568
2016-17	332,620	116,838	226,000	81,540	106,620	35,298
2017-18	347,066	102,222	236,000	71,370	111,066	30,852
2018-19	362,698	86,970	247,000	60,750	115,698	26,220
2019-20	378,522	71,031	258,000	49,635	120,522	21,396
2020-21	394,548	56,395	269,000	38,025	125,548	18,370
2021-22	412,783	37,055	282,000	25,920	130,783	11,135
2022-23	430,239	18,911	294,000	13,230	136,239	5,681
	<u>\$ 4,625,412</u>	<u>\$ 1,667,756</u>	<u>\$ 3,143,000</u>	<u>\$ 1,161,315</u>	<u>\$ 1,482,412</u>	<u>\$ 506,441</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS
SEWER FUND
June 30, 2009

Year of Maturity	Waste Water Revenue Bonds	
	Principal	Interest
2009-10	\$ 355,000	\$ 388,198
2010-11	370,000	373,998
2011-12	380,000	362,898
2012-13	395,000	349,598
2013-14	405,000	335,773
2014-15	425,000	319,573
2015-16	440,000	304,698
2016-17	455,000	288,923
2017-18	475,000	266,673
2018-19	495,000	247,673
2019-20	515,000	227,873
2020-21	535,000	207,273
2021-22	555,000	185,873
2022-23	580,000	163,118
2023-24	605,000	139,048
2024-25	630,000	113,940
2025-26	655,000	87,480
2026-27	685,000	59,643
2027-28	710,000	30,530
	<u>\$ 9,665,000</u>	<u>\$ 4,452,783</u>

See auditor's report.

STATISTICAL SECTION

City of Pendleton
Major Wastewater Accounts FY09

ACCOUNT	TOTAL ANNUAL REVENUE FY09	% OF TOTAL ANNUAL REV FY09
EOCI	\$477,888	13.30%
TRIBES/WILDHORSE	53,835	1.50%
RED LION	34,050	0.95%
CRAIG NEUBO	31,306	0.87%
ST ANTHONY	27,992	0.78%
RON MORRIS	26,414	0.74%
PEND HIGH SCHOOL	19,852	0.55%
WILLIAM SMITH	25,110	0.70%
HILL MEAT	22,553	0.63%
OREGON TRAIL MANOR	16,305	0.45%
TOTAL	\$735,305	20.46%
ALL OTHER CUSTOMERS	2,857,827	79.54%
TOTAL SEWER REVENUE	\$3,593,132	100.00%

City of Pendleton
Coverage Table - Historical and Projected Operating Results

	Actual							Projected 2.5%	
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Operating Revenues:									
Transfers from Other Funds - IN	\$0	\$0	\$330,000	\$0	\$301,100	\$0	\$0	\$0	\$0
State Revenues:	0	0	0	3500	0	0	0	0	0
Enterprise Revenues:	1,372,820	1,304,218	1,415,696	1,662,682	1,754,055	2,649,142	3,656,158	3,747,562	3,841,251
Intergovernmental revenues:	1,260	1,754	613	8,207	1,142	6,013	1,487	1,524	1,562
Total Operating Revenues	1,374,080	1,305,972	1,746,309	1,674,389	2,056,297	2,655,155	3,657,645	3,749,086	3,842,813
Operating Expenses:									
Personal Services	314,920	297,823	325,992	297,575	316,595	331,780	385,723	395,366	405,250
Materials & Services	709,761	761,651	938,364	1,093,110	1,016,103	1,069,572	1,372,440	1,406,751	1,441,920
Transfers to other fund- OUT	0	0	0	21,725	12,100	9,870	10,100	10,353	10,611
Contingency	0	0	0	0	0	0	0	0	0
Total Operating Expenses	1,024,681	1,059,474	1,264,356	1,412,410	1,344,798	1,411,222	1,768,263	1,812,470	1,857,781
Net Operating Income	349,399	246,498	481,953	261,979	711,499	1,243,933	1,889,382	1,936,617	1,985,032
Non-operating Income (Expenses):									
Sale of Equipment/Land	0	0	0	0	10,000	10,377	3,727	5,000	5,000
Other miscellaneous	0	600	0	0	0	0	0	0	0
Reimbursement of expense	1,184	0	-393	0	919	868	13,108	1,000	1,000
Investment Income									
Sewer Fund	12,319	6,210	6,214	13,745	35,209	42,883	43,774	38,000	38,000
Sewer Capital Reserve Fund	18,988	12,494	19,047	20,244	13,481	11,802	5,814	16,000	20,000
Total Non-operating Income (Expense)	32,491	19,304	24,868	33,989	59,609	65,930	66,423	60,000	64,000
Net Revenues Avail. For Debt Service	381,890	265,802	506,821	295,968	771,108	1,309,863	1,955,805	1,996,617	2,049,032
Senior Lien Debt Service:									
OCEDD Special Public Works Fund Loan	3,836	3,836	3,836	3,836	3,836	10,387	0	0	0
Sewer System Revenue Bonds 2007							742,471	743,198	743,998
CWSRF \$4 million, \$2 million Debt Forgive				0	0	0	0	0	0
CWSRF \$2 million estimated at 3.5%	0	0	0	0	0	0	0	0	0
Total Senior Lien Debt Service	3,836	3,836	3,836	3,836	3,836	10,387	742,471	743,198	743,998
Net Revenues Avail for Other purposes	\$378,054	\$261,966	\$502,985	\$292,132	\$767,272	\$1,299,476	\$1,213,334	1,253,419	\$1,305,034
Debt Service Coverage	99.55	69.29	132.12	77.16	201.02	126.11	2.63	2.69	2.75

**City of Pendleton
Sewer Fund
Projected Debt Service Requirements**

Fiscal Year	2007 Bonds		CWSRF Loan 1		CWSRF Loan 2 Estimated		Total Debt Service
	Principal	Interest	Principal	Loan Fee	Principal	Interest	
2009	\$ 315,000	\$ 427,471	\$ -	\$ -	\$ -	\$ -	\$ 742,471
2010	355,000	388,198	-	-	-	-	743,198
2011	370,000	373,998	-	-	-	-	743,998
2012	380,000	362,898	100,000	9,750	100,000	61,685	1,014,333
2013	395,000	349,598	100,000	9,250	100,000	65,625	1,019,473
2014	405,000	335,773	100,000	8,750	100,000	62,125	1,011,648
2015	425,000	319,573	100,000	8,250	100,000	58,625	1,011,448
2016	440,000	304,698	100,000	7,750	100,000	55,125	1,007,573
2017	455,000	288,923	100,000	7,250	100,000	51,625	1,002,798
2018	475,000	266,673	100,000	6,750	100,000	48,125	996,548
2019	495,000	247,673	100,000	6,250	100,000	44,625	993,548
2020	515,000	227,873	100,000	5,750	100,000	41,125	989,748
2021	535,000	207,273	100,000	5,250	100,000	37,625	985,148
2022	555,000	185,873	100,000	4,750	100,000	34,125	979,748
2023	580,000	163,118	100,000	4,250	100,000	30,625	977,993
2024	605,000	139,048	100,000	3,750	100,000	27,125	974,923
2025	630,000	113,940	100,000	3,250	100,000	23,625	970,815
2026	655,000	87,480	100,000	2,750	100,000	20,125	965,355
2027	685,000	59,643	100,000	2,250	100,000	16,625	963,518
2028	710,000	30,530	100,000	1,750	100,000	13,125	955,405
2029	-	-	100,000	1,250	100,000	9,625	210,875
2030	-	-	100,000	750	100,000	6,125	206,875
2031	-	-	100,000	250	100,000	2,625	202,875
Total	\$ 9,980,000	\$4,880,246	\$2,000,000	\$ 100,000	\$ 2,000,000	\$ 710,060	\$ 19,670,307

ACCOMPANYING INFORMATION

INDEPENDENT AUDITOR'S COMMENTS

Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required schedules, comments, and disclosures not included in the preceding section of this report are set forth as follows:

1. ACCOUNTING SYSTEMS AND INTERNAL CONTROL

We found the accounting system of the City of Pendleton, Oregon to be generally well maintained and adequate for audit purposes. The internal controls for the City are generally operating as designed, however, there were deficiencies reported in accordance with the requirements of SAS 112, Governmental Auditing Standards, and OMB Circular A-133. We also noted other matters involving internal control, which we have reported to management of the City of Pendleton in a separate letter dated February 25, 2010.

2. INVESTMENTS

Our review of deposit and investment balances indicated that the City was in compliance with ORS 294, as it pertains to investment of public funds, for the year ended June 30, 2009.

3. COLLATERAL

Oregon Revised Statutes (ORS) Chapter 295 provides that public officials must ensure the banks they are doing business with are on the Office of the State Treasurer's (OST) list of qualified depositories. Public officials are also required to report to OST all bank depositories in which they deposit public funds.

Our review of the City's deposited funds did not disclose any instances where the City deposited funds with unapproved depositories or did not properly notify the OST of what depositories held their public funds, as required by ORS 295.

4. INDEBTEDNESS

We reviewed compliance relating to short-term and long-term debt, including limitations of the amount of debt, which may be incurred, liquidation of debt within the prescribed period of time, and compliance with provisions of bond indentures or other agreements. We found no instances in which the City had not complied with these legal or contractual provisions relating to short-term or long-term debt.

5. BUDGET

We reviewed the preparation, adoption, and execution of the City's budget and supplemental budgets for 2008-09 and the preparation and adoption of the budget for 2009-10. The City has complied with statutory requirements in all material respects for the current and ensuing year's budget, except expenditures for interfund loan repayment exceeded appropriations in the Water fund by \$415,000 and materials and services exceeded budgetary authority by \$32,305 in the Eastern Oregon Drug Task Force fund.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is

established at the department level for the General Fund and the Central Services Fund. For all other funds, the level of budgetary control is established at the personal services, materials and services, capital outlay, debt service, contingency, and all other requirement levels.

6. INSURANCE AND FIDELITY BONDS

We reviewed the City's insurance and fidelity bond coverage at June 30, 2009, and ascertained that such policies appeared to be in force. We are not competent by training to comment whether the insurance policies of the City in force at June 30, 2009, are adequate. The City has complied with provisions of ORS 221.903 regarding bonding of City personnel.

7. PROGRAMS FUNDED FROM OUTSIDE SOURCES

We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies.

The results of our tests indicate, for the items tested, the City complied with the laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies, and, for the items tested, financial reports and related data were materially in agreement with and supported by the accounting records, except there were two findings disclosed in the Schedule of Findings and Questioned Costs related to compliance with a major program.

Separate reports have been issued to report on compliance with appropriate laws and regulations pertaining to Federal Financial Assistance Programs funded from Outside Services.

8. PUBLIC CONTRACTS AND PURCHASING

We have reviewed the City's compliance with ORS 279, pertaining to the awarding of public contracts and the construction of public improvements. Our review disclosed no conditions, which we considered to be matters of noncompliance of the City's bidding procedures or quote procedures.

9. HIGHWAY FUNDS

The City appears to have complied with the provisions of Article IX, Section 3a of the Oregon Constitution and ORS Sections 294, 368 and 373 in regards to the expenditures of motor vehicle use funds.

10. STATEMENT OF ACCOUNTABILITY FOR INDEPENDANTLY ELECTED OFFICIALS

This statement is not applicable to the City of Pendleton.



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

February 25, 2010

To the Governing Body of the City of Pendleton, Oregon:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pendleton, Oregon, as of and for the year ended June 30, 2009, which collectively comprise the City of Pendleton, Oregon's basic financial statements and have issued our report thereon, dated February 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Pendleton, Oregon's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expression on the effectiveness of the City of Pendleton's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies and deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management, or employees, in the normal course of performing their assigned duties, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Pendleton's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Pendleton's financial statements that is more than inconsequential will not be prevented or detected by the City of Pendleton's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2009-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Pendleton's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described in the accompanying schedule of findings and questioned costs as 2009-01 is a material weaknesses.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the City of Pendleton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City of Pendleton in a separate letter dated February 25, 2010.

The City of Pendleton's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Pendleton's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management of the City of Pendleton, Oregon, Federal grantor agencies, the Secretary of State, Division of Audits, and the State of Oregon and is not intended to be and should not be used by anyone other than these specified parties.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
Fax: (541) 276-9040
Web: www.dickeyandtremper.com

**Report on Compliance with Requirements Applicable to Each
Major Program and Passenger Facility Charge Program and on Internal
Control Over Compliance in Accordance with OMB Circular A-133 and
Passenger Facility Charge Audit Guide for Public Agencies**

February 25, 2010

To the Governing Body of the City of Pendleton, Oregon:

Compliance

We have audited the compliance of the City of Pendleton with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. We have also audited the compliance of the City of Pendleton, Oregon with the compliance requirement described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration. The City of Pendleton's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and passenger facility charges is the responsibility of the City of Pendleton's management. Our responsibility is to express an opinion on the City of Pendleton's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Passenger Facility Charge Guide for Public Agencies*. Those standards, OMB Circular A-133, and the guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Pendleton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Pendleton's compliance with those requirements.

As described in item 2009-02 and 2009-03 in the accompanying schedule of findings and questioned costs, the City of Pendleton did not comply with requirements regarding the monitoring of sub-recipients over the Business Loan Incentive Program or in applying program income over the Rural and Small Urban Areas 5311 program. Compliance with such requirements is necessary in our opinion for the City of Pendleton to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Pendleton complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and to its passenger facility charge program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Pendleton is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and passenger facility charge program. In planning and performing our audit, we considered the City of Pendleton's internal control over compliance with requirements that could have a direct and material effect on a major federal program and passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Pendleton's internal control over compliance.

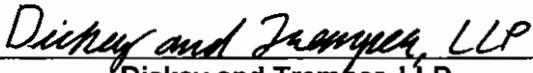
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or passenger facility charge program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Pendleton's ability to administer a federal program or passenger facility charge program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program or passenger facility charge program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-02 and 2009-03 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or passenger facility charge program will not be prevented or detected by the entity's internal control. We consider the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questions costs as items 2009-02 and 2009-03 to be material weaknesses.

The City of Pendleton's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Pendleton's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Council, management of the City of Pendleton, Oregon, Federal grantor agencies, the Secretary of State, Division of Audits, and the State of Oregon and is not intended to be and should not be used by anyone other than these specified parties.



Dickey and Tremper, LLP
Certified Public Accountants

CITY OF PENDLETON, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2009

Note A – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Pendleton and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note B – Sub-recipients

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City of Pendleton provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Passed through the City of Pendleton to Eastern Oregon Drug Task Force	16.579	<u>\$ 67,205</u>
Passed through the City of Pendleton to Horizon Project, Incorporated	14.228	<u>\$ 46,500</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2009

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Pass-Through Entity Identification Number	Federal CFDA Number	Federal Expenditures	
U.S. Department of Transportation:				
Direct programs:				
Airport Improvement Program		20.106	\$ 193,456	**
Passed through the Oregon Department of Transportation:				
Rural and Small Urban Areas 5311	24835	20.509	58,587	**
Small Cities/Rural (FTA 5311)	24268	20.509	3,026	**
Rural and Small Urban Areas ARRA 5311	25640	20.509	61,947	**
Elderly and Persons with Disabilities	24362	20.513	42,709	
Passed through Oregon Association of Chiefs of Police:				
State and Community Highway Safety	09-35-15-0008	20.600	<u>5,540</u>	
Total U.S. Department of Transportation			<u>365,265</u>	
Department of Environmental Protection Agency:				
Passed through Umatilla County:				
Air Quality Education Grant	DEQ-083-0	66.606	<u>4,972</u>	
Institute of Museum and Library Services				
Passed through Oregon State Library				
The Door is Open	9/9/2021	45.310	<u>11,356</u>	
Department of Housing and Urban Development:				
Passed through Oregon Economic and Community Development Department				
Business Loan Incentive Program	EO726	14.228	<u>46,500</u>	**
Department of Justice:				
Direct programs:				
Bulletproof Vest Partnership Grant		16.607	1,250	
Passed through State of Oregon Criminal Justice Services Division:				
Passed through City of Pendleton to Eastern Oregon Drug Task Force:				
Byrne Formula Grant Program		16.579	67,205	
Passed through Eastern Oregon Drug Task Force to City of Pendleton:				
Byrne Formula Grant Program	98-007	16.579	<u>36,370</u>	
Total U.S. Department of Justice			<u>104,825</u>	
Department of Health and Human Services				
National Institute on Alcoholism and Alcohol Abuse				
Passed through Pacific Institute for Research and Evaluation				
Reducing Youth Access to Alcohol		93.273	<u>2,481</u>	
Executive Office of the President				
Office of the National Drug Control Policy				
High Intensity Drug Trafficking Area	DOJ-HIDTA	07.XXX	<u>128,826</u>	
Total expenditures of Federal Funds			<u>\$ 664,225</u>	

** Signifies Major Program

CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For The Fiscal Year Ended June 30, 2009

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Passenger Facility Charges (PFC's)	N/A	<u>\$ 7,746</u>

**CITY OF PENDLETON, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2009**

There were no prior year audit findings to report

CITY OF PENDLETON, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- 01 The auditor's report expresses an unqualified opinion on the basic financial statements of the City of Pendleton.
- 02 A significant deficiency in internal control was discovered by the audit of the basic financial statements of the City of Pendleton. The deficiency described below as 2009-01 is reported as a material weakness.
- 03 No instances of noncompliance material to the financial statements of the City of Pendleton, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

- 04 Two significant deficiencies in internal control over compliance for major federal programs were disclosed by the audit. The deficiencies are reported as material weaknesses.
- 05 The auditor's report on compliance for the Business Loan Incentive and Rural and Small Urban Areas 5311 programs expresses a qualified opinion; the report on the remaining program is unqualified.
- 06 Audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this schedule.
- 07 The programs tested as a major programs included:

Airport Improvement Program (AIP)	CFDA # 20.106
Rural and Small Urban Areas 5311	CFDA # 20.509
Business Loan Incentive Program	CFDA # 14.228

- 08 The threshold for distinguishing Types A and B programs was \$300,000.
- 09 The City of Pendleton was not determined to be a low-risk auditee.

SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

2009-01

Condition and criteria: The City's controls over the fiscal year end financial reporting rely largely on manual adjustments to record activity on the modified accrual basis of accounting. We discovered significant adjustments required in the areas of revenue, accounts receivable, inventory, retainage payable, deposits, deferred revenue, and debt issuance.

Effect: Adjustments material to the financial statements were recorded to correct the amounts reported in the areas above.

Cause: The workload of the finance department; communication between the various departments of the city and funding agencies; and insufficient secondary reviews of year end accrual adjustments contributed to the condition.

Auditor's recommendation: We recommend additional secondary reviews of accruals and other year-end adjustments, improved communications between departments of the City and funding agencies, and additional analytical review of the year-end financial information and account balances be performed.

Management's response: Management agrees with the condition.

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Business Loan Incentive Program – CFDA No. 14.228

2009-02

Condition and criteria: The City is a recipient of funds, which are passed through to Horizon Project, Inc. (a non-profit organization) to administer the program, as required by the grant. The City has the responsibility to monitor the sub-recipient's costs, reporting, and program administration. The City did not oversee the performance of the sub-grantee enough to ensure compliance with reporting and program administration requirements. In addition, payments made to the sub-recipient for program management and grant administration were not paid in accordance with the Sub-grant Contract, which requires that reimbursements be based on costs actually incurred, and be proportional to the percentage of loan funds expended. The invoices paid by the City lacked sufficient detail to show that the payments were based on costs actually incurred by the sub-recipient, and there were no loans disbursed by year end, which would allow for payments to the sub-recipient in accordance with the contract.

Effect: The costs paid to the sub-recipient and future costs related to the program are potentially subject to disallowance, and the \$46,500 paid during the year is considered questioned costs. The City received grant reimbursement of the above costs early in the 2009-10 fiscal year after the initial loan disbursement, but since no loan funds were disbursed by June 30, 2009, the related revenues were not recorded until the 2009-10 fiscal year.

Cause: The project was initiated through discussions between the Oregon Economic and Community Development Department and the non-profit organization. The City was approached to be the conduit of the funds to help benefit the community. Although the grant and sub grant agreements detail the responsibilities of the City, both agreements were written through negotiations directly between the State and the non-profit organization. The City received very little communication of what their responsibilities were under the program. As a result, the City was not fully aware of their responsibilities.

Population and Sample Size: The payments during the year consist of nine payments of \$2,500 and one payment of \$24,000. 100% of the payments were considered in our sample.

Auditor's recommendation: The City received a monitoring report from the State subsequent to year end, which listed several findings. We recommend that the City and the Horizon Project, Inc. work closely with the State to resolve the questioned items. In addition, we recommend the City increase their review of all reimbursement forms, grant reports, and supporting documentation to ensure that the information is accurate and that the sub-recipient is meeting their responsibilities. The City should also request a copy of Horizon Project, Inc.'s audit report, SAS 112/115 letter, management letter, and additional documentation to prove that the costs actually incurred by the sub-recipient exceed the payments for program management and grant administration.

Management's response: The City is required by the Oregon Economic and Community Development Department (OECDD) to contract out the administration of this grant to a non profit third party. The City contracted with Horizon Projects for project administration. There has been a disagreement as to whether payments made to Horizon Project Inc for the OECDD jobs grant are based on time and materials spent by the contractor or on a "benchmark" basis. The City interpreted the agreement as to require set payments when certain benchmarks were accomplished. The Auditor disagrees. The City is now working with Horizon Projects Inc to provide the documentation the Auditor is demanding. The state is amending their management handbook to clarify what supporting documentation they will require for future grants. Monitoring by the State of Oregon did not report any questioned costs related to the payment of the program management and administrative expenses.

DEPARTMENT OF TRANSPORTATION

Rural and Small Urban Areas 5311 – CFDA No. 20.509

2009-03

Condition and criteria: The City contracts with a taxi company to provide services under the transportation program. The taxi company collects the fare box and other donation revenue and invoices the City for the net cost after deducting the fare box and donation revenue. The City has been reporting the full amount of the cost as an expenditure on the reimbursement form, but has not been reporting the program income.

Effect: It appears that the City has received excess reimbursement of approximately \$8,379 for the current year, which is potentially subject to refund.

Cause: The cause appears to be a lack of understanding of the program requirements at the time. In addition, there is no secondary review process of the quarterly reports prior to submission.

Population and Sample Size: The invoices during the year consist of monthly payments to the taxi company and various other expenses. 100% of the expenses were considered in our sample.

Auditor's recommendation: Procedures should be put in place to ensure that all program income is properly reported on the quarterly reimbursement forms.

Management's response: Over several years of conversations between various ODOT managers and the City, the City has adjusted the processing of the reimbursement reports. When the conversion to \$1 fare from \$1 donations occurred, the funds collected were reported as donations and not fare box for four reporting quarters. The reporting procedures were changed to reporting as fare box after the 4th quarter and prior to any auditor review. The \$8,379 has been repaid once confirmed by the auditor. The County has always reviewed the quarterly reports prior to State submission.

