

**CITY OF PENDLETON, OREGON**

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2011**





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ANNUAL FINANCIAL REPORT  
For the fiscal year ended June 30, 2011**

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**CITY OF PENDLETON, OREGON  
OFFICIALS OF THE CITY  
AS OF JUNE 30, 2011**

**MAYOR AND CITY COUNCIL**

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Phillip Houk, Mayor 707 NW 3 <sup>rd</sup> Street Pendleton, OR 97801	2012
Justin Pearce, Council President 301 NW Gilliam Avenue Pendleton, OR 97801	2013
John Brenne, Council Member PO Box 1404 Pendleton, OR 97801	2013
Becky Marks, Council Member PO Box 494 Pendleton, OR 97801	2012
Bryan Branstetter, Council Member 911 NW Carden Avenue Pendleton, OR 97801	2012
Neil Brown, Council Member 3305 SW Hailey Avenue Pendleton, OR 97801	2013
Keith May, Council Member 5 NE Despain Avenue Pendleton, OR 97801	2013
Al Plute, Council Member 15 SE Emigrant Avenue Pendleton, OR 97801	2013
Tom Young, Council Member 3304 SW Ladow Avenue Pendleton, OR 97801	2013

**CITY STAFF**

<u>Name</u>	<u>Position</u>
Larry Lehman	City Manager
Linda Carter	Finance Director
Pete Wells	City Attorney
Stuart Roberts	Police Chief
Gary Woodson	Fire Chief
Robert Ridgway	Municipal Judge
Bob Patterson	Public Works Director
Larry Dalrymple	Airport Manager
Tim Simmons	City Engineer
Evan MacKenzie	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**

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Certified Public Accountants and Business Advisors

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## **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, 2011, 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's 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 the 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, 2011, the respective changes in financial position and, cash flows, where applicable thereof, and the respective budgetary comparisons for the General and Street Funds 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 December 30, 2011, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results 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 considered in assessing the results of our audit.

## INDEPENDENT AUDITOR'S REPORT (Continued)

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pendleton, Oregon's financial statements as a whole. The combining and individual fund financial statements, budgetary comparison schedules, other financial schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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. 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. The combining and individual fund financial statements, budgetary comparison schedules, other financial schedules, the schedule of expenditures of federal awards, and the schedule of expenditures of passenger facility charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Dickey and Tremper, LLP*  
Dickey and Tremper, LLP  
Certified Public Accountants

December 30, 2011



## 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, 2011. 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 20).

### Financial Highlights

- Governmental activities revenue decreased by \$2,425,841 or twenty percent. The majority of the decrease came from reduced federal and state assistance for highways and streets as the Airport Connector Road construction was completed in FY10. Expenditures decreased by \$448,742, with the largest decrease in general government as compared to public safety or culture and recreation.
- Business-type activities revenue decreased by \$716,595, due mainly to the completion of the FAA capital grant of \$1.09 million for runway improvements and an airport rescue fire station. Expenditures increased overall by a total of \$132,708, two percent for the year.
- The unassigned fund balance for the General Fund was \$1,503,313 and the total fund balance was \$1,976,811 or approximately 17% of total general fund expenditures & transfers out. The ending fund balance decreased by 11% from the previous year.
- The City's governmental activities total debt decreased by \$2.5 million or 14% over FY2009-10. The bonded debt consists of two 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 \$400,000. The additional debt for City consists of the Airport Road Connector at \$975,393, Sunridge Estates Local Improvement District at \$1.23 million and a USDA loan for the Airport Road police station building at \$844,498. The Keystone loan was paid off at \$2.1 million when Keystone purchased the land and buildings late in the fiscal year.
- Enterprise fund debt increased to a total of \$19.4 million. The Sewer Fund was loaned an additional \$2.4 million for the wastewater treatment plant upgrades through the Oregon's Clean Water State Revolving Fund.

### 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 20-21 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 30 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, State Tax Street Fund, LID Construction Fund, and Quinney Bridge Construction fund, which are considered to be *major funds*. Four of these funds are combined with the General Fund as sub-funds. Data from the other 22 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, State Tax Street Fund, LID Construction Fund, and Quinney Bridge Construction 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 23-28 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 30-35 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 37 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 38-65 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 \$64,575,710 at the close of the FY2010-11 year. Restricted net assets in the governmental funds include \$523,250 for debt service, and \$170,705 street tax monies reserved for street operations and construction, \$871,172 of restricted funds for Library and the Cemetery Perpetual Care funds. Proprietary Funds have a restricted balance of \$744,698 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 \$56,790,681 or 88 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**

<b>Governmental Activities</b>			
	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>Change</b>
<b>Assets</b>			
Current and other assets	\$17,113,387	\$16,514,281	-\$599,106
Capital assets	37,929,276	37,568,945	-360,331
Total assets	\$55,042,663	\$54,083,226	-\$959,437
<b>Liabilities</b>			
Long-term liabilities outstanding	\$17,114,816	\$15,385,702	-\$1,729,114
Other liabilities	5,119,591	2,442,259	-2,677,332
Total liabilities	\$22,234,407	\$17,827,961	-\$4,406,446
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$28,783,393	\$32,183,262	\$3,399,869
Restricted	1,711,885	2,165,672	453,787
Unrestricted (deficit)	2,312,978	1,906,331	(406,647)
<b>Total Net Assets</b>	<b>\$32,808,256</b>	<b>\$36,255,265</b>	<b>\$3,447,009</b>

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

**Business-type Activities**

	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>Change</u>
<b>Assets</b>			
Current and other assets	\$12,792,143	\$9,054,600	-\$3,737,543
Capital assets	32,316,679	40,164,150	7,847,471
Total assets	<u>\$45,108,822</u>	<u>\$49,218,750</u>	<u>\$4,109,928</u>
<b>Liabilities</b>			
Long-term liabilities outstanding	\$15,996,001	\$19,601,679	\$3,605,678
Other liabilities	2,077,574	1,296,626	-780,948
Total liabilities	<u>\$18,073,575</u>	<u>\$20,898,305</u>	<u>\$2,824,730</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$23,235,707	\$24,607,419	\$1,371,712
Restricted	744,698	744,698	0
Unrestricted (deficit)	3,054,842	2,968,328	(86,514)
<b>Total Net Assets</b>	<u><u>\$27,035,247</u></u>	<u><u>\$28,320,445</u></u>	<u><u>\$1,285,198</u></u>

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

**Total Net Assets**

	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>Change</u>
<b>Assets</b>			
Current and other assets	\$29,905,530	\$25,568,881	(\$4,336,649)
Capital assets	70,245,955	77,733,095	7,487,140
Total assets	<u>\$100,151,485</u>	<u>\$103,301,976</u>	<u>\$3,150,491</u>
<b>Liabilities</b>			
Long-term liabilities outstanding	33,110,817	\$34,987,381	\$1,876,564
Other liabilities	7,197,165	3,738,885	(3,458,280)
Total liabilities	<u>\$40,307,982</u>	<u>\$38,726,266</u>	<u>-\$1,581,716</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$52,019,100	\$56,790,681	\$4,771,581
Restricted	2,456,583	2,910,370	453,787
Unrestricted (deficit)	5,367,820	4,874,659	-493,161
<b>Total Net Assets</b>	<u><u>\$59,843,503</u></u>	<u><u>\$64,575,710</u></u>	<u><u>\$4,732,207</u></u>

An additional portion of the City's net assets \$2,910,370, 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 \$4,874,659 or approximately 8 percent. Unrestricted net assets decreased from the previous year by \$493,161.

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**

<b>Governmental Activities</b>			
	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>Change</u>
<b>Revenues</b>			
<i>Program revenues:</i>			
Charges for services	\$3,147,853	\$3,169,189	\$21,336
Operating grants & contributions	2,339,579	2,472,915	133,336
Capital grants & contributions	6,187,794	3,607,281	(2,580,513)
<i>General revenues:</i>			
Property taxes	5,610,792	5,496,932	(113,860)
Franchise fees	3,758,746	3,851,250	92,504
Investment earnings	724,478	803,812	79,334
Other	323,217	562,053	238,836
<b>Total revenues</b>	<u><b>\$22,092,459</b></u>	<u><b>\$19,963,432</b></u>	<u><b>(\$2,129,027)</b></u>
<b>Expenses</b>			
General government	\$3,603,726	\$2,782,752	(\$820,974)
Public safety	7,164,767	7,516,333	351,566
Highways & streets	2,025,705	1,924,903	(100,802)
Culture & recreation	2,873,887	2,965,283	91,396
Amortization of PERS prepayment	352,830	376,337	23,507
Interest on long-term debt	900,299	906,864	6,565
<b>Total expenses</b>	<u><b>\$16,921,214</b></u>	<u><b>\$16,472,472</b></u>	<u><b>(\$448,742)</b></u>
Change in net assets	\$5,171,245	\$3,490,960	(\$1,680,285)
Transfers	(139,620)	(43,951)	95,669
Change in net assets	5,031,625	3,447,009	(1,584,616)
<b>Net assets -- beginning</b>	<u><b>\$27,776,631</b></u>	<u><b>\$32,808,256</b></u>	<u><b>\$5,031,625</b></u>
<b>Net assets -- ending</b>	<u><u><b>\$32,808,256</b></u></u>	<u><u><b>\$36,255,265</b></u></u>	<u><u><b>\$3,447,009</b></u></u>

Table 2-B

City of Pendleton  
 Summary of Changes in Net Assets  
 For Years as Stated

Business-type Activities

	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>Change</u>
<b>Revenues</b>			
<i>Program revenues:</i>			
Charges for services	\$7,658,537	\$7,482,265	(\$176,272)
Operating grants & contributions	56,291	2,500	(53,791)
Capital grants & contributions	1,155,252	668,720	(486,532)
<i>General revenues:</i>			
Investment earnings	137,826	97,850	(39,976)
Other	(26,238)	(89,070)	(62,832)
<b>Total revenues</b>	<b><u>\$8,981,668</u></b>	<b><u>\$8,162,265</u></b>	<b><u>(\$819,403)</u></b>
<b>Expenses</b>			
Water	\$3,011,072	\$3,049,863	\$38,791
Sewer	2,130,600	2,273,186	142,586
Airport	1,401,057	1,339,602	(61,455)
Cemetery	245,581	258,367	12,786
<b>Total expenses</b>	<b><u>\$6,788,310</u></b>	<b><u>\$6,921,018</u></b>	<b><u>\$132,708</u></b>
Change in net assets	\$2,193,358	\$1,241,247	(\$952,111)
Transfers	139,620	43,951	(95,669)
Change in net assets	2,332,978	1,285,198	(1,047,780)
<b>Net assets -- beginning</b>	<b><u>\$24,702,269</u></b>	<b><u>\$27,035,247</u></b>	<b><u>\$2,332,978</u></b>
<b>Net assets -- ending</b>	<b><u>\$27,035,247</u></b>	<b><u>\$28,320,445</u></b>	<b><u>\$1,285,198</u></b>

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

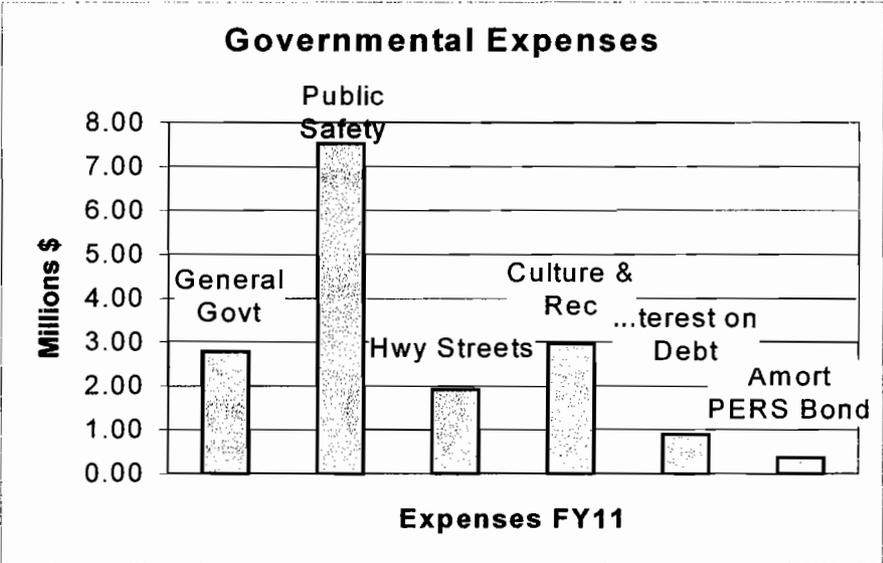
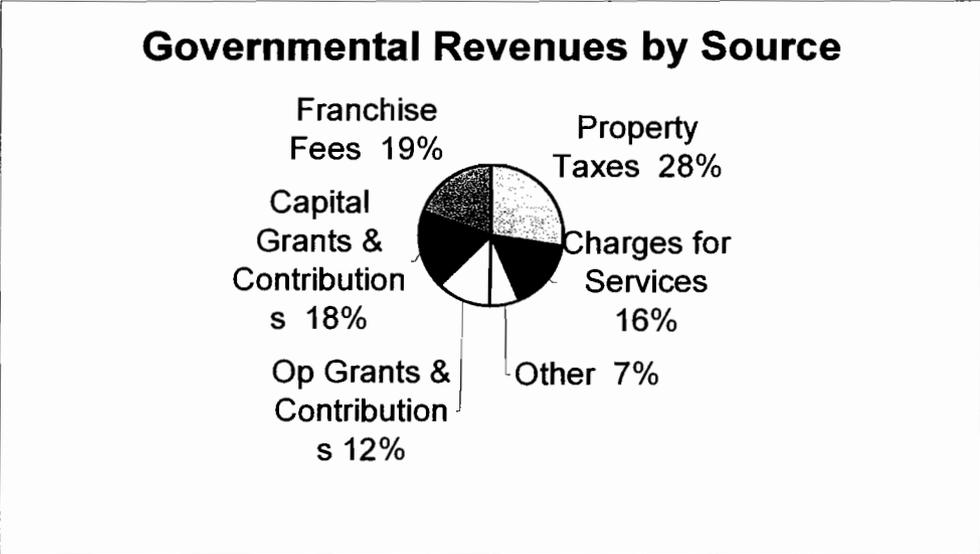
**Total Net Assets**

	<u>FY 2009-10</u>	<u>FY 2010-11</u>	<u>Change</u>
<b>Revenues</b>			
<i>Program revenues:</i>			
Charges for services	\$10,806,390	\$10,651,454	(\$154,936)
Operating grants & contributions	2,395,870	2,475,415	79,545
Capital grants & contributions	7,343,046	4,276,001	(3,067,045)
<i>General revenues:</i>			
Property taxes	5,610,792	5,496,932	(113,860)
Franchise fees	3,758,746	3,851,250	92,504
Investment earnings	862,304	901,662	39,358
Other	296,979	472,983	176,004
<b>Total revenues</b>	<u><b>\$31,074,127</b></u>	<u><b>\$28,125,697</b></u>	<u><b>(\$2,948,430)</b></u>
<b>Expenses</b>			
General government	\$3,603,726	\$2,782,752	(\$820,974)
Public safety	7,164,767	7,516,333	351,566
Highways & streets	2,025,705	1,924,903	(100,802)
Culture & recreation	2,873,887	2,965,283	91,396
Amortization of PERS prepayment	352,830	376,337	23,507
Interest on long-term debt	900,299	906,864	6,565
Water	3,011,072	3,049,863	38,791
Sewer	2,130,600	2,273,186	142,586
Airport	1,401,057	1,339,602	(61,455)
Cemetery	245,581	258,367	12,786
<b>Total expenses</b>	<u><b>\$23,709,524</b></u>	<u><b>\$23,393,490</b></u>	<u><b>(\$316,034)</b></u>
Change in net assets	\$7,364,603	\$4,732,207	(\$2,632,396)
Transfers	0	0	0
Change in net assets	7,364,603	4,732,207	(2,632,396)
<b>Net assets -- beginning</b>	<u><b>\$52,478,900</b></u>	<u><b>\$59,843,503</b></u>	<u><b>\$7,364,603</b></u>
<b>Net assets -- ending</b>	<u><b>\$59,843,503</b></u>	<u><b>\$64,575,710</b></u>	<u><b>\$4,732,207</b></u>

As noted above, the City of Pendleton's overall net assets increased by \$4,732,207 during FY2010-11. This increase is explained in the government and business-type activities discussion below.

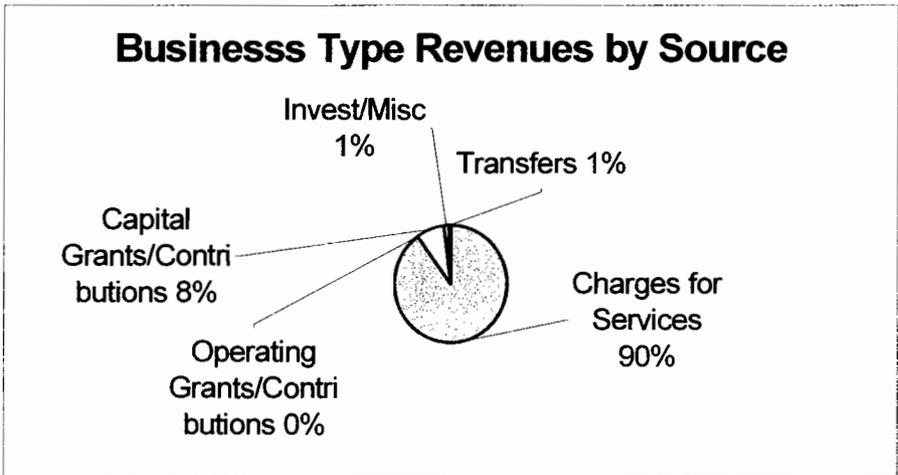
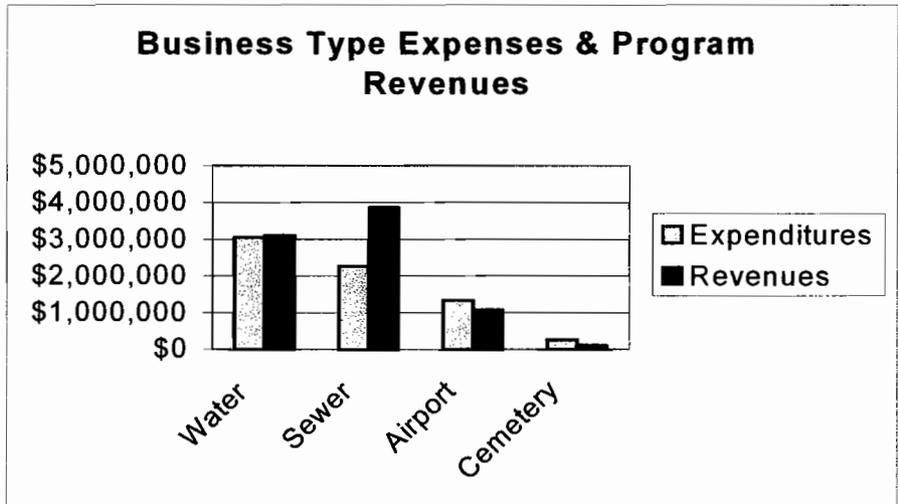
**Governmental activities.** The major factor for the governmental activities net asset increase was receipt of state funds for the Quinney Bridge construction and the sale of the Keystone property. Expenses also decreased overall by approximately \$450,000. The net affect was net assets ending balance of \$36,255,265, an 11% increase.

The following graphs provide visual representation of the expenses and revenues for governmental activities for FY2010-11.



**Business-type activities.** Business-type activities increased the City's net assets by \$1,285,198, down from FY10 at \$2,332,978. Charges for services decreased by \$176,272 with decreased water usage for the year. Capital grants and contributions decreased by \$486,532. Airport Improvement Projects (AIPS) FAA dollars for airport improvements were received at less than half of funding of FY10 levels. Corresponding expenses were also reduced by about half also. Total revenues taken in were more than total expenses by \$1,241,247 for FY11. Two of the four business-type funds had positive net revenues over expenditures, water and sewer.

The following graphs provide visual representation of the expenses and revenues for business-type activities for FY2010-11.



## 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 or undesignated 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 \$7,389,053, an increase of \$1,180,276. Of the combined ending fund balances, \$1,117,566 or 16 percent constitutes unassigned 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* in some form to indicate that it is not available for new spending because it has already been committed, restricted, assigned or unspendable. 1) State street tax and contributions of \$305,573 are assigned 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 \$871,532, 3) to pay for future debt service payments of \$523,250, 4) advances to other funds of \$1,460,500 and 5) unspendable inventories or contracts receivables.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, *unassigned fund balance* of the General Fund was \$1,503,313.

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 18 percent of total General Fund expenditures and transfers.

The General Fund balance decreased by \$249,777 during FY2010-11 as compared to a decrease of \$728,595 in FY10. Key factors in that affected fund balance are as follows:

- Revenues and transfers received by the General Fund decreased by 2%, taking in \$11,395,540 for the year. Franchise fees increased by \$63,749 or 3%. Ambulance revenues increased by 8% overall. Intergovernmental revenues increased by 8%.
- Expenditures & transfers decreased by 6% for a total of \$11,645,317. Operations increased by 8% or \$745,929. Transfers out decreased by \$55,133 from the prior year.
- Capital Outlay of \$478,983 for governmental projects, including parks and recreation, restroom facilities, and the completion of a new police station, decreased from the prior year by \$1.5 million or 75 percent.

See pages 66-79 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 \$769,578, \$3,942,563, (\$1,916,407) and \$6,730 respectively. The Water Fund owed \$4.12 million to the State for the water treatment plant at the end of the fiscal year. The Sewer Fund has borrowed \$6.4 million from the Clean Water State Revolving Loan Fund for the wastewater treatment plant upgrades required by the DEQ along with the remaining \$8.9 million in sewer revenue bonds. The Airport Fund owes approximately \$2.19 million to other City funds for AIP capital improvements and operating expenses. Total net assets for business-type activities increased by \$1,386,802 due mainly to sewer fund rates that are set to offset the debt being incurred in the WWTP construction project and the capital grants received at the Airport for the airport improvements along with overall operating expense reduction of \$34,823 from the previous year.

See Combining Statements on pages 80-84 for the internal service funds, and pages 117-130 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:

- A grant was awarded through the Umatilla County Commission on Children and Families for approximately \$3,300. The grant provided information literacy training to high-risk youth at the middle school level in an effort to re-direct behavior through productive education and life-skill activities. The Police Department Budget was increased for \$3,300. A Wildhorse Foundation was awarded to the City of Pendleton \$8,000 towards the purchase of replacement grating system on the 50 meter pool. Budget was increased in non-departmental capital for \$8,000 for the grating system. A transfer was approved for \$60,000 from contingency to Capital-Buildings to cover the remodel cost of the Oregon State Police rental building and the old PD building.
- A transfer into the General Fund from Police Special Revolving Fund was approved for \$30,000 to cover expenditures required to finish the police pole building.
- The Police Department budget was increased by \$25,000 to help cover building utilities and maintenance costs and personnel costs due medical conditions. Contingency was reduced by \$25,000.

The net change in budgeted fund balance during the year was an increase of \$41,300.

### 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, 2011, amounts to \$77,733,095 (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 \$7,487,140 or eleven percent (a one percent decrease for governmental activities and a twenty-five percent increase for business-type activities).

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

- The Airport fund closed out the year with \$632,200 in FAA improvements due to the rehabilitation of a runway and construction completion of a new Airport Rescue Fire Station.
- The S.W. Quinney bridge and road construction was close to completion with \$1.65 million spent in FY11 with state funds.
- The Sewer Fund expended approximately \$8.15 million on the Wastewater Treatment Plant upgrade.
- The City sold the Keystone building and land to Keystone Manufacturing for approximately \$3.1 million.
- A pole building was constructed at the Police complex for storage at a cost of \$130,747. The Police Station remodel was finished with \$52,650 spent during FY11.
- Roy Raley street and park improvements concluded for a total of \$48,800.
- Depreciation for governmental activities expense for FY11 was \$2,113,857 versus capital outlay expenditures of \$3,043,132. Depreciation for business-type activities expense for FY11 was \$1,714,216 versus capital outlay expenditures of \$9,469,961.

The following table provides comparative information on the City's capital assets for FY2009-10 and FY2010-11.

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

**Governmental Activities**

<b>Asset Category</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>Change</b>
Land	\$2,611,414	\$2,295,947	(\$315,467)
Assets available for sale	308,726	308,726	0
Buildings	17,435,617	15,182,033	(2,253,584)
Equipment	6,188,151	6,760,412	572,261
Improvements	17,321,724	20,128,544	2,806,820
Infrastructure	20,926,650	20,926,650	0
Work in progress	1,449,943	1,965,068	515,125
Accumulated depreciation & amort.	(28,312,950)	(29,998,435)	(1,685,485)
<b>Total</b>	<b><u>\$37,929,276</u></b>	<b><u>\$37,568,945</u></b>	<b><u>(\$360,331)</u></b>

**Business-type Activities**

<b>Asset Category</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>Change</b>
Land	\$339,345	\$319,919	(\$19,426)
Buildings	14,629,837	14,450,374	(\$179,463)
Equipment	17,573,375	17,557,092	(16,283)
Improvements	28,528,931	29,640,111	1,111,180
Work in progress	5,509,912	13,725,617	8,215,705
Accumulated depreciation & amort.	(34,264,722)	(35,528,965)	(1,264,243)
<b>Total</b>	<b><u>\$32,316,678</u></b>	<b><u>\$40,164,148</u></b>	<b><u>\$7,847,470</u></b>

**Total Net Capital Assets**

<b>Asset Category</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>Change</b>
Land	\$2,950,759	\$2,615,866	(\$334,893)
Assets available for sale	308,726	308,726	0
Buildings	32,065,454	29,632,407	(2,433,047)
Equipment	23,761,526	24,317,504	555,978
Improvements	45,850,655	49,768,655	3,918,000
Infrastructure	20,926,650	20,926,650	0
Work in progress	6,959,855	15,690,685	8,730,830
Accumulated depreciation & amort.	(62,577,672)	(65,527,400)	(2,949,728)
<b>Total</b>	<b><u>\$70,245,954</u></b>	<b><u>\$77,733,093</u></b>	<b><u>\$7,487,139</u></b>

Additional information on the City of Pendleton's capital assets can be found in footnote III.E. on pages 51-53 of this report.

**B. Debt Administration**

As of June 30, 2011, the City had General Obligation Bond debt outstanding of \$1,785,000. The general obligation debt outstanding is backed by the full faith and credit and taxing power of the City. Debt payments of \$405,000 were made on scheduled for FY11. 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, 2011, the City had PERS debt outstanding of \$6,790,000.

The City paid off a business loan for the purchase of land and construction of a RV manufacturing plant for \$2,101,348 in May. A construction loan with Oregon Transportation Investment Bank (OTIP) for the construction of the Airport Connector Road and improvements has a balance of \$975,393 as of June 30<sup>th</sup>. A construction loan for the local improvement district (LID) construction at Sunridge Estates was received for \$1.3 million and had a balance of \$1,230,028 at June 30<sup>th</sup>. This loan will be paid back from the contractor on a loan payment schedule along with prepayments from sold lots. The City also assumed a USDA loan in the purchase of the Airport Road police station. The balance of the USDA loan at June 30<sup>th</sup> was \$844,498.

The Pendleton Development Commission (PDC) was advanced \$400,000 in loan proceeds for the PDC projects including façade restoration, gateway signs, landscaping grants around S.W. Court street construction, and demolition grants in FY11. Total PDC loan balance outstanding at June 30<sup>th</sup> was \$3,295,941.

In addition, the Water Fund owed \$4,121,868 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 30<sup>th</sup> was \$8,940,000. The City has also obtained Clean Water Revolving Loan funds for the wastewater treatment plan upgrades. The loan balance as of June 30<sup>th</sup> was \$6,400,000. \$2 million of this debt has a loan forgiveness clause.

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

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

<b>Governmental Activities</b>			
<b>Debt Category</b>	<b>FY2009-10</b>	<b>FY2010-11</b>	<b>Change</b>
General Obligation Bonds	\$ 2,190,000	\$ 1,785,000	\$ (405,000)
Less Deferred Refunding	(28,517)	(23,289)	5,228
Limited Tax Pension Obligation Bonds	6,895,000	6,790,000	(105,000)
Notes Payable	5,558,988	3,049,919	(2,509,069)
Notes Payable - PDC	3,052,715	3,295,941	243,226
<b>Total</b>	<b><u>\$17,668,186</u></b>	<b><u>\$14,897,571</u></b>	<b><u>\$(2,770,615)</u></b>

### Business-type Activities

Debt Category	<u>FY2009-10</u>	<u>FY2010-11</u>	<u>Change</u>
Revenue Bonds Payable	\$ 9,310,000	\$ 8,940,000	\$ (370,000)
Notes Payable	<u>7,224,711</u>	<u>10,521,869</u>	<u>3,297,158</u>
Total	<u>\$16,534,711</u>	<u>\$19,461,869</u>	<u>\$ 2,927,158</u>

### Total Outstanding Debt

Debt Category	<u>FY2009-10</u>	<u>FY2010-11</u>	<u>Change</u>
General Obligation Bonds	\$ 2,190,000	\$ 1,785,000	\$ (405,000)
Less Deferred Refunding	(28,517)	(23,289)	5,228
Limited Tax Pension Obligation Bonds	6,895,000	6,790,000	(105,000)
Revenue Bonds Payable	9,310,000	8,940,000	(370,000)
Notes Payable	<u>15,836,414</u>	<u>16,867,729</u>	<u>1,031,315</u>
Total	<u>\$34,202,897</u>	<u>\$34,359,440</u>	<u>\$ 156,543</u>

The City's total debt increased by \$156,543 (1 percent) during the current fiscal year. Debt for governmental activities decreased by \$2,770,615 while debt for business-type activities increased by \$2,927,158. The payoff of the Keystone loan was the major reason for the reduction in general government debt, a 15% reduction. Business-type activities debt increased by 18% due to the additional debt incurred for the wastewater treatment plant upgrade through the Clean Water State Revolving Fund for at \$3,554,599.

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 FY2010-11 real market value, this debt limitation is \$31,152,482. The amount of outstanding City debt subject to this limitation is \$8,575,000.

Additional information on the City of Pendleton's bonded debt can be found in the notes to the basic financial statements on pages 54-59.

### 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 FY2011 budget:

- Assessed values, the basis of property tax revenues, will grow by 4.2%.
- Property tax rate is set at 6.5771 as a permanent rate due to Measure 50.
- Health insurance rates expected an 8% increase and Workers Comp rates would stay level.
- Fire salaries would increase by 4% in July.
- OPEU would increase by 2% in July.
- Exempt salaries would increase by 4% in July after no increase in the prior fiscal year.
- Police salaries would increase by 5% in July.
- PERS rates would see an increase of approximately 40% due to previous earnings on PERS investments.
- 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 increase by CPI to maintain operations and provide for revenue bond payments.
- S. W. Quinney bridge construction would continue with state grants.
- Wastewater treatment plant improvements were estimated at over \$11 million in expenses provided by loan and bond funds.

### **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**

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**CITY OF PENDLETON, OREGON**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

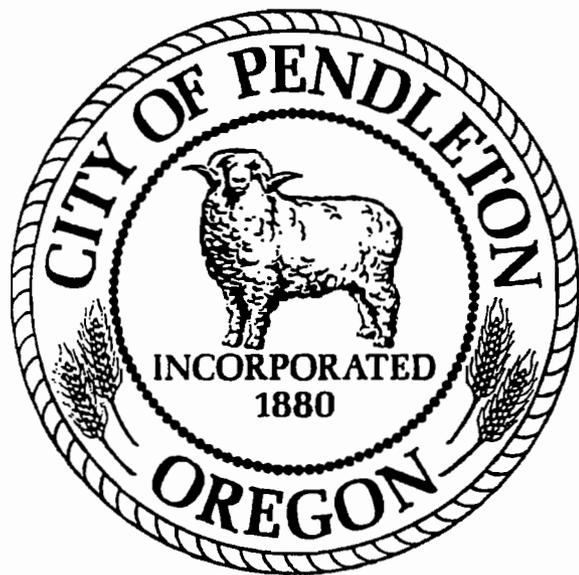
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,861,529	\$ 3,787,331	\$ 10,648,860
Receivables:			
Accounts, net	1,139,591	642,592	1,782,183
Property taxes	500,305	-	500,305
Assessments	1,680,784	-	1,680,784
Notes	787,437	185,160	972,597
Interest	14	793	807
Internal balances	619,056	(619,056)	-
Prepaid items	3,299	-	3,299
Inventories	-	290,618	290,618
Bond discounts and issuance costs	80,867	117,326	198,193
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	523,250	3,848,876	4,372,126
Investments	-	800,960	800,960
Pension asset	3,446,617	-	3,446,617
Permanently restricted:			
Cash and cash equivalents	153,401	-	153,401
Investments	718,131	-	718,131
Capital assets:			
Land	2,295,947	319,919	2,615,866
Assets available for sale	308,726	-	308,726
Construction in progress	1,965,068	13,725,617	15,690,685
Depreciable assets, net of depreciation	32,999,204	26,118,614	59,117,818
Total assets	<u>54,083,226</u>	<u>49,218,750</u>	<u>103,301,976</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	845,433	820,479	1,665,912
Deposits	60,511	582	61,093
Retainage payable	84,175	21,277	105,452
Unearned revenue	765,917	-	765,917
Accrued interest payable	141,555	314,295	455,850
Compensated absences payable	544,668	139,993	684,661
Long-term obligations:			
Due within one year	1,063,249	647,921	1,711,170
Due in more than one year	14,322,453	18,953,758	33,276,211
Total liabilities	<u>17,827,961</u>	<u>20,898,305</u>	<u>38,726,266</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	32,183,262	24,607,419	56,790,681
Restricted for:			
Debt service	523,250	744,698	1,267,948
Highways and streets	170,705	-	170,705
Program services and grants	264,832	-	264,832
Urban renewal	335,713	-	335,713
Library permanent trust	140,578	-	140,578
Cemetery perpetual care permanent trust	730,594	-	730,594
Unrestricted	1,906,331	2,968,328	4,874,659
Total net assets	<u>\$ 36,255,265</u>	<u>\$ 28,320,445</u>	<u>\$ 64,575,710</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, 2011

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
<b>Governmental activities:</b>							
General government	\$ 2,782,752	\$ 1,172,000	\$ 547,501	\$ 38,805	\$ (1,024,446)	\$ -	\$ (1,024,446)
Public safety	7,516,333	1,403,004	235,810	126,712	(5,750,807)	-	(5,750,807)
Highways and streets	1,924,903	250,371	1,249,742	3,389,752	2,964,962	-	2,964,962
Culture and recreation	2,965,283	343,814	439,862	52,012	(2,129,595)	-	(2,129,595)
Amortiation of PERS prepayment	376,337	-	-	-	(376,337)	-	(376,337)
Interest on long-term obligations	906,864	-	-	-	(906,864)	-	(906,864)
<b>Total governmental activities</b>	<b>16,472,472</b>	<b>3,169,189</b>	<b>2,472,915</b>	<b>3,607,281</b>	<b>(7,223,087)</b>	<b>-</b>	<b>(7,223,087)</b>
<b>Business-type activities:</b>							
Water	3,049,863	3,082,604	2,500	16,365	-	51,606	51,606
Sewer	2,273,186	3,848,997	-	17,481	-	1,593,292	1,593,292
Airport	1,339,602	436,631	-	634,874	-	(268,097)	(268,097)
Cemetery	258,367	114,033	-	-	-	(144,334)	(144,334)
<b>Total business-type activities</b>	<b>6,921,018</b>	<b>7,482,265</b>	<b>2,500</b>	<b>668,720</b>	<b>-</b>	<b>1,232,467</b>	<b>1,232,467</b>
<b>Total primary government</b>	<b>\$ 23,393,490</b>	<b>\$ 10,651,454</b>	<b>\$ 2,475,415</b>	<b>\$ 4,276,001</b>	<b>(7,223,087)</b>	<b>1,232,467</b>	<b>(5,990,620)</b>
<b>General revenues:</b>							
Property taxes levied for:							
General purposes					4,645,822	-	4,645,822
Debt service					851,110	-	851,110
Franchise and public services taxes					3,851,250	-	3,851,250
Interest and investment earnings					105,700	97,850	203,550
Investment earnings (loss) on pension asset					698,112	-	698,112
Miscellaneous					245,827	24,098	269,925
Gain (loss) on sale of property					316,226	(113,168)	203,058
Transfers					(43,951)	43,951	-
<b>Total general revenues, special items, and transfers</b>					<b>10,670,096</b>	<b>52,731</b>	<b>10,722,827</b>
Change in net assets					3,447,009	1,285,198	4,732,207
Net assets, beginning					32,808,256	27,035,247	59,843,503
Net assets, ending					<b>\$ 36,255,265</b>	<b>\$ 28,320,445</b>	<b>\$ 64,575,710</b>

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



## **FUND FINANCIAL STATEMENTS**

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### **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. The activities for the Community Development Block Grant Fund, Community Rehabilitation Fund, Sidewalk Repair Fund, and Pendleton Youth Commission Fund have been combined with the General Fund as sub-funds.

#### **Street Fund**

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

#### **LID Construction Fund**

Accounts for revenues and expenses in connection with the construction of local improvement district projects.

#### **Quinney Bridge Fund**

Accounts for revenues and expenses in connection with the Quinney Bridge construction project.

**CITY OF PENDLETON, OREGON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2011**

	General Fund	Street Fund	LID Construction Fund	Quinney Bridge Fund	Other Governmental Funds	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,802,042	\$ 258,838	\$ 328	\$ 1,258,264	\$ 3,585,457	\$ 6,904,929
Investments	-	-	-	-	718,131	718,131
Receivables:						
Property taxes	417,401	-	-	-	82,904	500,305
Accounts	786,857	76,358	-	-	275,652	1,138,867
Interest	14	-	-	-	-	14
Assessments	153,237	-	1,525,276	-	2,271	1,680,784
Notes	783,788	3,649	-	-	-	787,437
Advances to other funds	402,500	-	-	-	1,058,000	1,460,500
Prepaid items	824	-	-	-	2,475	3,299
<b>Total assets</b>	<b>\$ 4,346,663</b>	<b>\$ 338,845</b>	<b>\$ 1,525,604</b>	<b>\$ 1,258,264</b>	<b>\$ 5,724,890</b>	<b>\$ 13,194,266</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 475,550	\$ 29,623	\$ -	\$ 256,746	\$ 57,424	\$ 819,343
Deposits	75	-	-	-	53,579	53,654
Deferred revenue	1,381,647	3,649	1,525,276	765,920	170,049	3,846,541
Retainage payable	6,080	-	-	69,780	8,315	84,175
Advances from other funds	506,500	-	24,000	-	471,000	1,001,500
<b>Total liabilities</b>	<b>2,369,852</b>	<b>33,272</b>	<b>1,549,276</b>	<b>1,092,446</b>	<b>760,367</b>	<b>5,805,213</b>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable	403,774	-	-	-	1,930,690	2,334,464
Restricted	11,609	-	-	165,818	1,118,389	1,295,816
Committed	54,000	-	-	-	585,383	639,383
Assigned	4,115	305,573	-	-	1,692,136	2,001,824
Unassigned	1,503,313	-	(23,672)	-	(362,075)	1,117,566
<b>Total fund balances</b>	<b>1,976,811</b>	<b>305,573</b>	<b>(23,672)</b>	<b>165,818</b>	<b>4,964,523</b>	<b>7,389,053</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,346,663</b>	<b>\$ 338,845</b>	<b>\$ 1,525,604</b>	<b>\$ 1,258,264</b>	<b>\$ 5,724,890</b>	<b>\$ 13,194,266</b>

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, 2011**

**Fund balances - total governmental funds** \$ 7,389,053

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 37,333,798

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. 3,527,484

Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements. 3,080,624

Other post employment benefits payable are not due and payable in the current period, and, therefore, are not reported in the funds. (402,490)

Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds. (452,320)

Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements. (141,555)

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. (14,897,571)

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	\$	633,251
Accounts receivable, net		724
Internal balances		160,056
Capital assets, net		235,147
Accounts payable and accrued expenses		(26,090)
Deposits		(6,857)
Other post employment benefits liability		(85,641)
Compensated absences payable		<u>(92,348)</u>

Total internal service funds 818,242

**Net assets of governmental activities** \$ 36,255,265

**CITY OF PENDLETON, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2011**

	General Fund	Street Fund	LID Construction Fund	Quinney Bridge Fund	Other Governmental Funds	Totals
<b>REVENUES</b>						
Property taxes	\$ 4,639,601	\$ -	\$ -	\$ -	\$ 854,536	\$ 5,494,137
Other taxes	542,894	-	-	-	885,168	1,428,062
Franchise fees	2,388,533	-	-	-	-	2,388,533
Licenses and fees	569,334	-	-	-	195,182	764,516
Charges for services	1,081,774	250,371	-	-	574,392	1,906,537
Intergovernmental	1,114,293	1,097,446	-	1,652,043	851,713	4,715,495
Fines and forfeitures	346,593	-	-	-	-	346,593
Assessments	60,751	-	252,980	-	1,823	315,554
Loan repayments	229,840	-	-	-	2,345	232,185
Contributions	41,897	-	-	-	33,849	75,746
Interest on investments	25,155	715	147	11,498	65,373	102,888
Miscellaneous	127,975	-	30	-	120,872	248,877
<b>TOTAL REVENUES</b>	<b>11,168,640</b>	<b>1,348,532</b>	<b>253,157</b>	<b>1,663,541</b>	<b>3,585,253</b>	<b>18,019,123</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,668,796	-	93	-	1,142,678	2,811,567
Public safety	6,893,689	-	-	-	194,134	7,087,823
Culture and recreation	1,874,145	-	-	-	553,687	2,427,832
Highways and streets	-	943,730	-	-	-	943,730
Capital outlay	478,983	271,257	12,684	1,652,043	628,165	3,043,132
Debt service	524,507	-	126,457	-	3,415,542	4,066,506
<b>TOTAL EXPENDITURES</b>	<b>11,440,120</b>	<b>1,214,987</b>	<b>139,234</b>	<b>1,652,043</b>	<b>5,934,206</b>	<b>20,380,590</b>
<b>REVENUES OVER (UNDER) EXPENDITUR</b>	<b>(271,480)</b>	<b>133,545</b>	<b>113,923</b>	<b>11,498</b>	<b>(2,348,953)</b>	<b>(2,361,467)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of property	-	3,726	-	15,000	3,117,130	3,135,856
Issuance of debt	-	-	-	-	400,000	400,000
Transfers in	226,900	-	-	-	224,160	451,060
Transfers out	(205,197)	(8,830)	-	-	(231,144)	(445,171)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>21,703</b>	<b>(5,104)</b>	<b>-</b>	<b>15,000</b>	<b>3,510,146</b>	<b>3,541,745</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(249,777)</b>	<b>128,441</b>	<b>113,923</b>	<b>26,498</b>	<b>1,161,193</b>	<b>1,180,278</b>
<b>FUND BALANCE, Beginning</b>	<b>2,226,588</b>	<b>177,132</b>	<b>(137,595)</b>	<b>139,320</b>	<b>3,803,330</b>	<b>6,208,775</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 1,976,811</b>	<b>\$ 305,573</b>	<b>\$ (23,672)</b>	<b>\$ 165,818</b>	<b>\$ 4,964,523</b>	<b>\$ 7,389,053</b>

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, 2011**

**Net change in fund balance - governmental funds** \$ 1,180,278

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Deferred revenues 1,172,353

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.

3,170,615

Issuance of debt is a financial resource in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Assets.

(400,000)

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:

Change in compensated absences (38,719)

Change in other post employment benefits liability (150,084)

Change in accrued interest payable (5,983)

Amortization of bond discounts and issuance costs (4,989)

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:

Interest earned on pension asset \$ 698,112

Amortization of PERS UAL (376,337)

321,775

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:

Capital asset additions \$ 1,693,332

Prepaid items (1,510,605)

Depreciation expense (2,049,113)

(1,866,386)

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.

68,149

**Change in net assets - governmental activities** **\$ 3,447,009**

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 4,777,750	\$ 4,777,750	\$ 4,639,601	\$ (138,149)
Other taxes	535,000	535,000	542,894	7,894
Franchise fees	2,444,000	2,444,000	2,388,533	(55,467)
Licenses and fees	589,850	589,850	569,334	(20,516)
Charges for services	1,226,500	1,226,500	1,081,774	(144,726)
Intergovernmental	1,266,500	1,277,800	1,112,293	(165,507)
Fines and forfeitures	356,500	356,500	346,593	(9,907)
Assessments	600	600	849	249
Contributions	324,300	324,300	40,729	(283,571)
Interest on investments	80,000	80,000	25,126	(54,874)
Miscellaneous	119,600	119,600	74,759	(44,841)
<b>TOTAL REVENUES</b>	<u>11,720,600</u>	<u>11,731,900</u>	<u>10,822,485</u>	<u>(909,415)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,637,690	1,637,690	1,322,655	315,035
Public safety	6,946,000	6,974,300	6,893,689	80,611
Culture and recreation	1,874,790	1,874,790	1,874,145	645
Capital outlay	734,400	832,400	478,983	353,417
Debt service	516,380	516,380	515,676	704
Contingency	2,528,905	2,443,905	-	2,443,905
<b>TOTAL EXPENDITURES</b>	<u>14,238,165</u>	<u>14,279,465</u>	<u>11,085,148</u>	<u>3,194,317</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,517,565)</u>	<u>(2,547,565)</u>	<u>(262,663)</u>	<u>2,284,902</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	27,100	27,100	-	(27,100)
Transfers in	196,900	226,900	226,900	-
Transfers out	(262,335)	(262,335)	(205,197)	57,138
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(38,335)</u>	<u>(8,335)</u>	<u>21,703</u>	<u>30,038</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,555,900)	(2,555,900)	(240,960)	2,314,940
<b>FUND BALANCE, Beginning</b>	<u>2,567,500</u>	<u>2,567,500</u>	<u>2,710,253</u>	<u>142,753</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 11,600</u>	<u>\$ 11,600</u>	<u>\$ 2,469,293</u>	<u>\$ 2,457,693</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**  
**STREET FUND**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 249,500	\$ 249,500	\$ 250,371	\$ 871
Intergovernmental	1,015,000	1,015,000	1,097,446	82,446
Interest on investments	1,500	1,500	715	(785)
<b>TOTAL REVENUES</b>	<u>1,266,000</u>	<u>1,266,000</u>	<u>1,348,532</u>	<u>82,532</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Personal services	436,650	436,650	329,234	107,416
Materials and services	626,050	626,050	614,496	11,554
Capital outlay	150,000	345,470	271,257	74,213
Contingency	195,470	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>1,408,170</u>	<u>1,408,170</u>	<u>1,214,987</u>	<u>193,183</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(142,170)</u>	<u>(142,170)</u>	<u>133,545</u>	<u>275,715</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	-	-	3,726	3,726
Transfers out	(8,830)	(8,830)	(8,830)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(8,830)</u>	<u>(8,830)</u>	<u>(5,104)</u>	<u>3,726</u>
<b>NET CHANGE IN FUND BALANCE</b>	(151,000)	(151,000)	128,441	279,441
<b>FUND BALANCE, Beginning</b>	<u>151,000</u>	<u>151,000</u>	<u>177,132</u>	<u>26,132</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,573</u>	<u>\$ 305,573</u>

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



## FUND FINANCIAL STATEMENTS

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### 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 Rate Reserve Fund
  - Wastewater 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, 2011**

	<u>Business - type Activities - Enterprise Funds</u>					Governmental
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Total	Activities - Internal Service Funds
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 378,560	\$ 2,919,906	\$ 18,688	\$ 20,481	\$ 3,337,635	\$ 1,082,947
Receivables:						
Accounts, net	378,017	5,795	252,772	6,008	642,592	724
Notes	3,549	3,549	174,513	-	181,611	3,549
Interest	-	793	-	-	793	-
Inventories	<u>259,357</u>	<u>31,261</u>	<u>-</u>	<u>-</u>	<u>290,618</u>	<u>-</u>
Total current assets	<u>1,019,483</u>	<u>2,961,304</u>	<u>445,973</u>	<u>26,489</u>	<u>4,453,249</u>	<u>1,087,220</u>
<b>Noncurrent assets:</b>						
Restricted cash and cash equivalents	-	3,848,876	-	-	3,848,876	-
Restricted investments	-	800,960	-	-	800,960	-
Advances to other funds	-	1,730,000	-	-	1,730,000	-
Bond discount and issuance costs	-	117,326	-	-	117,326	-
Capital assets:						
Land	235,477	41,975	21,317	21,150	319,919	-
Construction in progress	62,129	13,663,488	-	-	13,725,617	-
Depreciable assets, net of depreciation	<u>12,747,227</u>	<u>3,057,362</u>	<u>9,310,435</u>	<u>149,624</u>	<u>25,264,648</u>	<u>1,089,113</u>
Total noncurrent assets	<u>13,044,833</u>	<u>23,259,987</u>	<u>9,331,752</u>	<u>170,774</u>	<u>45,807,346</u>	<u>1,089,113</u>
Total assets	<u>\$ 14,064,316</u>	<u>\$ 26,221,291</u>	<u>\$ 9,777,725</u>	<u>\$ 197,263</u>	<u>\$ 50,260,595</u>	<u>\$ 2,176,333</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 97,493	\$ 593,808	\$ 110,806	\$ 4,446	\$ 806,553	\$ 40,016
Retainage Payable	-	-	21,277	-	21,277	-
Accrued interest payable	105,660	208,635	-	-	314,295	-
Deposits	582	-	-	-	582	6,857
Compensated absences payable	14,450	31,617	26,420	7,531	80,018	152,323
Current portion of long-term debt	<u>267,921</u>	<u>380,000</u>	<u>-</u>	<u>-</u>	<u>647,921</u>	<u>-</u>
Total current liabilities	486,106	1,214,060	158,503	11,977	1,870,646	199,196
<b>Long-term debt, net of current portion:</b>						
Advances from other funds	-	-	2,189,000	-	2,189,000	-
Other post employment benefits liability	31,720	32,007	14,877	7,782	86,386	139,065
Notes and contracts payable	3,853,948	-	-	-	3,853,948	-
Bonds payable	<u>-</u>	<u>14,960,000</u>	<u>-</u>	<u>-</u>	<u>14,960,000</u>	<u>-</u>
Total liabilities	<u>4,371,774</u>	<u>16,206,067</u>	<u>2,362,380</u>	<u>19,759</u>	<u>22,959,980</u>	<u>338,261</u>
<b>Net assets (deficit):</b>						
Invested in capital assets, net of related debt	8,922,964	5,327,963	9,331,752	170,774	23,753,453	1,089,113
Restricted for debt service	-	744,698	-	-	744,698	-
Unrestricted	<u>769,578</u>	<u>3,942,563</u>	<u>(1,916,407)</u>	<u>6,730</u>	<u>2,802,464</u>	<u>748,959</u>
Total net assets	<u>9,692,542</u>	<u>10,015,224</u>	<u>7,415,345</u>	<u>177,504</u>	<u>27,300,615</u>	<u>1,838,072</u>
Total liabilities and net assets	<u>\$ 14,064,316</u>	<u>\$ 26,221,291</u>	<u>\$ 9,777,725</u>	<u>\$ 197,263</u>	<u>\$ 50,260,595</u>	<u>\$ 2,176,333</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, 2011**

**Net assets - total enterprise funds** \$ 27,300,615

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 enterprise 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	\$	449,696	
Notes receivable		3,549	
Internal balances		(160,056)	
Capital assets, net		853,966	
Accounts payable and accrued expenses		(13,926)	
Compensated absences payable		(59,975)	
Other post employment benefits liability		(53,424)	
		<u>1,019,830</u>	<u>1,019,830</u>

**Net assets of business - type activities** \$ 28,320,445

**CITY OF PENDLETON, OREGON**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2011**

**Business - type Activities - Enterprise Funds**

	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Total	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$3,059,582	\$ 3,848,997	\$ 431,184	\$ 3,775	\$ 7,343,538	\$3,240,367
Licenses and fees	-	-	-	109,850	109,850	64,665
Miscellaneous	23,022	-	5,447	408	28,877	25,174
<b>TOTAL OPERATING REVENUES</b>	<u>3,082,604</u>	<u>3,848,997</u>	<u>436,631</u>	<u>114,033</u>	<u>7,482,265</u>	<u>3,330,206</u>
<b>OPERATING EXPENSES</b>						
Personal services	416,118	437,286	249,740	146,017	1,249,161	2,375,802
Materials and services	1,847,802	1,510,672	205,359	101,942	3,665,775	802,448
Depreciation	543,508	207,579	842,754	10,740	1,604,581	174,379
<b>TOTAL OPERATING EXPENSES</b>	<u>2,807,428</u>	<u>2,155,537</u>	<u>1,297,853</u>	<u>258,699</u>	<u>6,519,517</u>	<u>3,352,629</u>
<b>OPERATING INCOME (LOSS)</b>	<u>275,176</u>	<u>1,693,460</u>	<u>(861,222)</u>	<u>(144,666)</u>	<u>962,748</u>	<u>(22,423)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>						
Intergovernmental	2,500	-	34,260	-	36,760	37,203
Contributions	-	-	-	-	-	11,391
Gain (loss) on disposal of capital assets	(53,839)	(59,671)	-	-	(113,510)	346
Interest on investments	2,131	92,856	2	104	95,093	5,567
Interest expense	(185,844)	(59,809)	(42,747)	-	(288,400)	-
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>(235,052)</u>	<u>(26,624)</u>	<u>(8,485)</u>	<u>104</u>	<u>(270,057)</u>	<u>54,507</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	40,124	1,666,836	(869,707)	(144,562)	692,691	32,084
<b>CAPITAL CONTRIBUTIONS</b>						
Intergovernmental	-	-	600,614	-	600,614	-
Capital asset contributions	16,365	17,481	-	-	33,846	-
<b>TRANSFERS</b>						
Transfers in	-	2,095,998	-	85,171	2,181,169	-
Transfers out	(7,990)	(2,105,728)	(5,090)	(2,710)	(2,121,518)	(65,540)
<b>CHANGE IN NET ASSETS</b>	<u>48,499</u>	<u>1,674,587</u>	<u>(274,183)</u>	<u>(62,101)</u>	<u>1,386,802</u>	<u>(33,456)</u>
<b>NET ASSETS, Beginning</b>	<u>9,644,043</u>	<u>8,340,637</u>	<u>7,689,528</u>	<u>239,605</u>	<u>25,913,813</u>	<u>1,871,528</u>
<b>NET ASSETS, Ending</b>	<u>\$9,692,542</u>	<u>\$10,015,224</u>	<u>\$7,415,345</u>	<u>\$ 177,504</u>	<u>\$27,300,615</u>	<u>\$1,838,072</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, 2011**

**Change in net assets - total enterprise funds** \$ 1,386,802

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.

(101,604)

**Change in net assets of business - type activities** \$ 1,285,198

**CITY OF PENDLETON, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2011**

	Business-type Activities - Enterprise Funds					Governmental
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Totals	Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 3,072,800	\$ 3,832,184	\$ 443,048	\$ 120,509	\$ 7,468,541	\$ 133,705
Receipts from interfund services provided	-	-	-	-	-	3,260,306
Payments to suppliers	(1,022,267)	(702,149)	(241,815)	(119,431)	(2,085,662)	(1,335,019)
Payments to employees	(283,820)	(308,191)	(189,257)	(108,392)	(889,660)	(1,793,854)
Payments for interfund services used	(902,252)	(1,127,071)	(91,889)	(20,780)	(2,141,992)	(7,330)
Net cash provided from (used by) operating activities	<u>864,461</u>	<u>1,694,773</u>	<u>(79,913)</u>	<u>(128,094)</u>	<u>2,351,227</u>	<u>257,808</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	-	2,095,998	-	85,171	2,181,169	-
Transfers out	(7,990)	(2,105,728)	(5,090)	(2,710)	(2,121,518)	(65,540)
Net cash provided from (used by) non-capital financing activities	<u>(7,990)</u>	<u>(9,730)</u>	<u>(5,090)</u>	<u>82,461</u>	<u>59,651</u>	<u>(65,540)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from intergovernmental revenue	2,500	-	663,325	-	665,825	37,203
Contributions	-	-	-	-	-	11,391
Notes receivable principal collections	3,381	3,381	35,418	-	42,180	3,381
Proceeds from issuance of debt	-	3,554,599	-	-	3,554,599	-
Proceeds from sale of capital assets	-	-	-	-	-	346
Interfund loan proceeds	-	-	145,000	-	145,000	-
Interfund loan payments	-	(1,485,000)	-	-	(1,485,000)	-
Acquisition of capital assets	(272,089)	(7,924,512)	(698,175)	-	(8,894,776)	(201,398)
Principal paid on long-term obligations	(257,441)	(370,000)	-	-	(627,441)	-
Interest paid on long-term obligations	(192,441)	(22,590)	(42,747)	-	(257,778)	-
Net cash provided from (used by) capital and related financing activities	<u>(716,090)</u>	<u>(6,244,122)</u>	<u>102,821</u>	<u>-</u>	<u>(6,857,391)</u>	<u>(149,077)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Net sales (purchases) of investments	-	5,146,794	-	-	5,146,794	-
Interest on investments	2,152	103,448	2	105	105,707	5,664
Net cash provided (used) by investing activities	<u>2,152</u>	<u>5,250,242</u>	<u>2</u>	<u>105</u>	<u>5,252,501</u>	<u>5,664</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>						
	142,533	691,163	17,820	(45,528)	805,988	48,855
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>236,027</u>	<u>6,077,619</u>	<u>868</u>	<u>66,009</u>	<u>6,380,523</u>	<u>1,034,092</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 378,560</u>	<u>\$ 6,768,782</u>	<u>\$ 18,688</u>	<u>\$ 20,481</u>	<u>\$ 7,186,511</u>	<u>\$ 1,082,947</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, 2011**

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund		
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>						
Operating income (loss)	\$ 275,176	\$ 1,693,460	\$ (861,222)	\$ (144,666)	\$ 962,748	\$ (22,423)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	543,508	207,579	842,754	10,740	1,604,581	174,379
(Increase) decrease in assets:						
Receivables	(10,386)	(16,813)	6,417	6,476	(14,306)	63,802
Inventories	19,982	(7,637)	-	-	12,345	-
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	27,251	(194,850)	(77,241)	(2,732)	(247,572)	(31,493)
Deposits	582	-	-	-	582	-
Compensated absences payable	(4,223)	3,719	4,425	40	3,961	26,390
Other post employment benefits liability	12,571	9,315	4,954	2,048	28,888	47,153
Net cash provided from (used by) operating activities	<u>\$ 864,461</u>	<u>\$ 1,694,773</u>	<u>\$ (79,913)</u>	<u>\$ (128,094)</u>	<u>\$ 2,351,227</u>	<u>\$ 257,808</u>
<b>Non cash Investing, Capital and Financing Activities</b>						
Transfer of capital assets between funds	<u>\$ 16,365</u>	<u>\$ 17,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,846</u>	<u>\$ -</u>

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



## **FUND FINANCIAL STATEMENTS**

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### **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, 2011**

	Agency
<b>ASSETS</b>	
Cash and cash equivalents	\$ 59,353
Accounts receivable	19,317
 Total assets	 \$ 78,670
 <b>LIABILITIES</b>	
Accounts payable	\$ 25,593
Due to other governments	53,077
 Total liabilities	 \$ 78,670

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CITY OF PENDLETON, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**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 *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 *Quinney Bridge Construction fund* accounts for all revenues and expenses in connection with the construction of the Quinney Bridge and surrounding area.

The *LID Construction fund* accounts for all revenues and expenses in connection with local improvement district projects.

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 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 \$744,698 restricted for debt service and \$3,905,138 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 \$358,517 of interest capitalized during the year for the Waste Water Treatment Plant project.

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 met the definition of GASB 54: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the City council approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The City's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's fund financial statements.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned.

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first. When the option is available to

use committed, assigned, or unassigned resources for any purpose, the City expends committed resources before assigned resources, and assigned resources before unassigned resources. Fund balances by classification for the year ended June 30, 2011 were as follows:

Fund Balances:	Combined General	Street	LID Construction	Quinney Bridge	Other Governmental Funds	Total Governmental Funds
Nonspendable						
Prepays	\$ 1,274	\$ -	\$ -	\$ -	\$ 2,475	\$ 3,749
Permanent Trust					730,954	730,954
Interfund loans	402,500				1,197,261	1,599,761
Restricted						
Debt service	11,609				511,641	523,250
Highways and streets				165,818	4,887	170,705
Library permanent trust					1,316	1,316
Library services					125,589	125,589
Public safety					96,382	96,382
Program grants					42,861	42,861
Urban renewal					335,713	335,713
Committed						
Community enhancement	18,000					18,000
Economic development	36,000					36,000
Public safety					129,509	129,509
Highways and streets					367,012	367,012
Capital projects					34,621	34,621
Debt service					50,507	50,507
Library services					3,734	3,734
Assigned						
Program operations	4,115	305,573			283,200	592,888
Park improvements					164,467	164,467
Economic development					1,244,469	1,244,469
Unassigned	1,503,313	-	(23,672)	-	(362,075)	1,117,566
Total Fund Balances	\$ 1,976,811	\$ 305,573	\$ (23,672)	\$ 165,818	\$ 4,964,523	\$ 7,389,053

## 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.

## II. NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established a new fund balance classifications for governmental funds. It changed the previous terminology of Reserved and Unreserved to five new classifications, which are Nonspendable, Restricted, Committed, Assigned, and Unassigned. GASB Statement 54 added additional note disclosures for the new classifications and refined the definitions of the various governmental fund types. For more information concerning this change see Note I, section 7.

### **III. 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, Community Development Block Grant, Community Rehabilitation, Sidewalk Repair, Pendleton Youth Commission, Pendleton Convention Center, and PCC TPAC funds 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 Sidewalk Repair, Pendleton Convention Center, and PCC TPAC funds 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. The Community Development Block Grant, Community Rehabilitation, Sidewalk Repair, and Pendleton Youth Commission funds are budgeted in accordance with Oregon Budget Law, but do not qualify as special revenue funds under GASB 54. These funds have been combined with the General Fund for GAAP reporting. 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, 2011, 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

Expenditures exceeded appropriations in the following amounts:

Pendleton Convention Center Fund:	
Materials and Services	<u>\$ 29,111</u>

## C. Deficit fund balances

Funds having a deficit fund balance on the budgetary basis at June 30, 2011 are as follows:

### General Fund sub-funds

Community Rehabilitation Fund	\$ (315,523)
Sidewalk Repair Loan Fund	\$ (181,074)

### Special Revenue Funds

Pendleton Convention Center Fund	\$ (103,215)
PCC TPAC Fund	\$ (70,480)

### Capital Project Funds

LID Construction Fund	\$ (23,672)
Fire Capital Reserve Fund	\$ (188,380)

### Enterprise Funds

Airport Fund	\$ (2,076,043)
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Management expects the deficit fund balances to be reversed in future years by loan collections and charges for services.

## IV. 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, 2011. 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, 2011, the carrying amount of the City and Urban Renewal Agency's deposits, including certificates of deposit categorized as investments of \$800,960, was \$3,912,965 and the bank balance was \$4,508,942. All deposits are held in the name of the City or the Pendleton Development Commission (blended component unit). Of the bank balance, \$1,525,584

was covered by federal depository insurance. The remaining \$2,983,358 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, 2011, the amount held in the escrow account for future scheduled payments was \$9.

**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, which represent 90% of total investments.

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, 2011 include Certificates of Deposit with Banner Bank totaling \$800,960. All of the Certificates will mature within one year. In addition, the City is invested in the following:

Investments not subject to categorization:	
External Investment Pool	<u>\$ 718,131</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	39,794
Cash with fiscal agent	20,713
Deposits with financial institutions	3,112,005
Local Government Investment Pool	<u>12,059,083</u>
Total cash and cash equivalents	<u>\$ 15,233,740</u>

Funds:	
General	\$ 1,802,042
Street	258,838
Quinney Bridge Construction	1,258,264
LID Construction	328
Non - major Governmental funds	3,585,457
Water	378,560
All Sewer funds	6,768,782
Airport	18,688
Cemetery	20,481
Internal Service funds	1,082,947
Fiduciary funds	<u>59,353</u>
Total cash and cash equivalents	<u>\$ 15,233,740</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 2010-2011, the City levied property taxes in the amount of \$5,661,910. 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	Street	LID Construction	Other Governmental Funds	Internal Service	Total Governmental Activities
Property taxes	\$ 417,401	\$ -	\$ -	\$ 82,904	\$ -	\$ 500,305
Special assessments	153,237	-	1,525,276	2,271	-	1,680,784
Accounts	605,834	1,000	-	178,577	724	786,135
Intergovernmental	211,995	75,358	-	97,075	-	384,428
Notes	783,788	3,649	-	-	-	787,437
Interest	14	-	-	-	-	14
Gross Receivables	2,172,269	80,007	1,525,276	360,827	724	4,139,103
Less: Allowance for Uncollectibles	(30,972)	-	-	-	-	(30,972)
Net Total Receivables	<u>\$ 2,141,297</u>	<u>\$ 80,007</u>	<u>\$ 1,525,276</u>	<u>\$ 360,827</u>	<u>\$ 724</u>	<u>\$ 4,108,131</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	\$ 407,563	\$ 4,876	\$ 36,627	\$ 6,008	\$ -	\$ 455,074
Intergovernmental	-	919	243,285	-	-	244,204
Notes	3,549	3,549	174,513	-	3,549	185,160
Interest	-	793	-	-	-	793
Gross Receivables	411,112	10,137	454,425	6,008	3,549	885,231
Less: Allowance for Uncollectibles	(29,546)	-	(27,140)	-	-	(56,686)
Net Total Receivables	<u>\$ 381,566</u>	<u>\$ 10,137</u>	<u>\$ 427,285</u>	<u>\$ 6,008</u>	<u>\$ 3,549</u>	<u>\$ 828,545</u>

The City had an operating lease obligation receivable dated from December 1, 2004 to October 31, 2011. Total revenue for 2010-2011 was \$234,500. The lessee exercised an option to purchase the land and building for \$200,000 for the land plus the original cost of the building improvements, indexed for inflation based on CPI. Total proceeds from the sale of the property were \$200,000 for the land and \$2,917,130 for the building.

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, 2010 to March 31, 2015. At the end of this term, 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. Rent received during the year includes \$13,386 for land rent and a building lease payment of \$37,282 for April of 2010 to March 2011. 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, 2015. At June 30, 2011, the principal balance due the City was \$174,513.

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, 2011, the principal balance due the City was \$14,196.

**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 November 30, 2011, from the Oregon Employee Retirement System web site indicates an decrease in value of approximately 4.11% from the value at June 30.

Pension assets are as follows:

Pension assets, beginning		\$ 3,124,843
Earnings (loss) on pension assets	\$ 698,112	
Credit for annual actuarial liability change	<u>(376,338)</u>	
Increase in pension assets		<u>321,774</u>
Pension assets, ending		<u>\$ 3,446,617</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 \$765,917 in unearned grant advance revenue reported in the government-wide financial statements.

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

	General	Street	LID Construction	Quinney Bridge	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 381,662	\$ -	\$ -	\$ -	\$ 75,783	\$ 457,445
Intergovernmental	10,087	-	-	765,920	43,972	819,979
Notes and assessments	937,025	3,649	1,525,276	-	2,271	2,468,221
Other	52,873	-	-	-	48,023	100,896
	<u>\$1,381,647</u>	<u>\$ 3,649</u>	<u>\$ 1,525,276</u>	<u>\$ 765,920</u>	<u>\$ 170,049</u>	<u>\$ 3,846,541</u>

## E. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2011 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Land	\$ 2,611,414	\$ -	\$ (13,985)	\$ (301,482)	\$ 2,295,947
Land available for sale	308,726	-	-	-	308,726
Construction in progress	1,449,943	1,775,918	(1,260,793)	-	1,965,068
Total non-depreciable	<u>4,370,083</u>	<u>1,775,918</u>	<u>(1,274,778)</u>	<u>(301,482)</u>	<u>4,569,741</u>
Buildings	17,435,616	240,217	-	(2,493,800)	15,182,033
Equipment	6,188,151	503,191	102,575	(33,505)	6,760,412
Improvements	17,321,725	1,971,761	1,250,993	(415,935)	20,128,544
Infrastructure	20,926,650	78,790	(78,790)	-	20,926,650
Total depreciable	<u>61,872,142</u>	<u>2,793,959</u>	<u>1,274,778</u>	<u>(2,943,240)</u>	<u>62,997,639</u>
Accumulated depreciation					
Buildings	(5,746,971)	(438,148)	-	374,070	(5,811,049)
Equipment	(3,961,273)	(466,222)	-	33,505	(4,393,990)
Improvements	(3,956,052)	(686,321)	-	20,797	(4,621,576)
Infrastructure	(14,648,654)	(523,166)	-	-	(15,171,820)
Total accumulated depreciation	<u>(28,312,950)</u>	<u>(2,113,857)</u>	<u>-</u>	<u>428,372</u>	<u>(29,998,435)</u>
Governmental activities capital assets, net	<u>\$ 37,929,275</u>	<u>\$ 2,456,020</u>	<u>\$ -</u>	<u>\$ (2,816,350)</u>	<u>\$ 37,568,945</u>

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

General government	\$ 282,492
Public safety	314,096
Highways and streets	943,597
Culture and recreation	508,929
Internal service - Central Services	<u>64,743</u>
 Total depreciation for governmental activities	 <u><u>\$ 2,113,857</u></u>

Capital asset activity for business-type activities for the year ended June 30, 2011 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Land	\$ 339,345	\$ -	\$ -	\$ (19,426)	\$ 319,919
Construction in progress	<u>5,509,913</u>	<u>8,249,550</u>	<u>(33,846)</u>	<u>-</u>	<u>13,725,617</u>
Total non-depreciable	<u>5,849,258</u>	<u>8,249,550</u>	<u>(33,846)</u>	<u>(19,426)</u>	<u>14,045,536</u>
Buildings	14,629,837	99,062	-	(278,525)	14,450,374
Equipment	17,573,374	152,026	-	(168,308)	17,557,092
Improvements	<u>28,528,932</u>	<u>1,175,251</u>	<u>33,846</u>	<u>(97,918)</u>	<u>29,640,111</u>
Total depreciable	<u>60,732,143</u>	<u>1,426,339</u>	<u>33,846</u>	<u>(544,751)</u>	<u>61,647,577</u>
Accumulated depreciation					
Buildings	(4,389,696)	(379,965)	-	219,671	(4,549,990)
Equipment	(16,397,881)	(208,479)	-	167,143	(16,439,217)
Improvements	<u>(13,477,145)</u>	<u>(1,125,772)</u>	<u>-</u>	<u>63,159</u>	<u>(14,539,758)</u>
Total accumulated depreciation	<u>(34,264,722)</u>	<u>(1,714,216)</u>	<u>-</u>	<u>449,973</u>	<u>(35,528,965)</u>
Business-type activities capital assets, net	<u><u>\$ 32,316,679</u></u>	<u><u>\$ 7,961,673</u></u>	<u><u>\$ -</u></u>	<u><u>\$(114,204)</u></u>	<u><u>\$ 40,164,148</u></u>

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

Water	\$ 543,508
Sewer	207,579
Airport	842,754
Cemetery	10,740
Internal service - Construction and Repair	<u>109,635</u>
 Total depreciation for business-type activities	 <u><u>\$ 1,714,216</u></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 \$619,056. At June 30, 2011, amounts due from other funds in the fund financial statements are as follows:

General Fund receivable from:			
Sidewalk Repair Loan Fund	\$ 181,500		
LID Construction Fund	24,000		
Fire Capital Reserve Fund	<u>197,000</u>	\$	402,500
System Development Fees Fund receivable from:			
Airport Fund			424,000
Library Trust Fund receivable from:			
Airport Fund			634,000
Sewer Funds receivable from:			
PCC TPAC Fund	87,000		
Pendleton Convention Center Fund	187,000		
Community Rehabilitation Fund	325,000		
Airport Fund	<u>1,131,000</u>	1,730,000	
 Total Interfund Receivables			 <u><u>\$ 3,190,500</u></u>

Interfund loans were made for capital purposes and accrue interest. 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 the business-type activities in the amounts of \$43,951. A reconciliation of transfers in the fund financial statements is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 226,900	\$ 205,197
State Tax Street Fund	-	8,830
Non-major governmental funds	224,160	231,144
Enterprise Funds:		
Water Fund	-	7,990
Sewer Fund	2,095,998	2,105,728
Airport Fund	-	5,090
Cemetery Fund	85,171	2,710
Internal Service Funds:		
Construction and Repair Fund	-	15,700
Central Services Fund	-	49,840
Total all funds	<u>\$ 2,632,229</u>	<u>\$ 2,632,229</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 and transfers for capital expenditures from the Fire Capital Reserve Fund and City/County Public Safety 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, 2011 are as follows:

<u>Description</u>	<u>Interest rates</u>	<u>Amount</u>
McCune Refunding Bonds - 1998	4.45% - 4.70%	\$ 735,000
Facilities Refunding Bonds - 2005	3.00% - 4.00%	1,050,000
		1,785,000
Less deferred amounts on refunding		<u>(23,288)</u>
		<u>\$ 1,761,712</u>

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
2012	\$ 430,000	\$ 75,735
2013	445,000	57,125
2014	465,000	37,610
2015	215,000	17,225
2016	230,000	8,625
	<u>\$ 1,785,000</u>	<u>\$ 196,320</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
2012	\$ 125,000	\$ 336,616
2013	155,000	329,741
2014	180,000	322,591
2015	210,000	314,194
2016	240,000	303,990
2017-2021	1,745,000	1,311,499
2022-2026	2,950,000	768,114
2027-2028	1,185,000	79,813
	<u>\$ 6,790,000</u>	<u>\$ 3,766,558</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
2012	\$ 380,000	\$ 362,898
2013	395,000	349,598
2014	405,000	335,773
2015	425,000	319,573
2016	440,000	304,698
2017-2021	2,475,000	1,238,415
2022-2026	3,025,000	689,459
2027-2028	1,395,000	90,173
	<u>\$ 8,940,000</u>	<u>\$ 3,690,587</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
2012	\$ 267,921	\$ 181,132
2013	279,546	169,362
2014	292,321	157,081
2015	305,255	144,238
2016	318,350	130,828
2017-2021	1,815,454	433,456
2022-2023	843,022	55,966
	<u>\$ 4,121,869</u>	<u>\$ 1,272,063</u>

The Sewer Fund received a \$4.0 million Clean Water State Revolving Loan for improvements to the wastewater treatment facility. The loan is at 0% interest and includes a loan forgiveness clause for 50% of the total debt upon completion of the project. The City also received an additional loan from the CWSRLF for \$2.4 million. The interest rate of this loan will be 2.77% over a 20 year life. Repayment does not begin until after the project completion date. Amortization of the loan is not yet available.

The City assumed a \$889,534 note payable with the USDA for the purchase of the Pendleton Academies property to be used as a new police station. Payments of \$5,778 are due on the 5<sup>th</sup> day of each month through January, 2030. The loan calls for \$6,934 to be reserved annually until the loan reserve balance reaches \$69,336. The reserve balance at June 30, 2010 was \$4,622. Future maturities of the note are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 28,805	\$ 40,531
2013	30,241	39,095
2014	31,748	37,588
2015	33,331	36,005
2016	34,993	34,343
2017-2021	202,939	143,741
2022-2026	258,827	87,852
2027-2030	223,611	20,165
	<u>\$ 844,495</u>	<u>\$ 439,320</u>

The City established a note payable with Banner Bank for the Sunridge LID. The note was authorized and withdrawn in full for \$1,300,000. The payments are due over the subsequent 15 years at an interest rate of 4.9%. Future payments of the note are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2012	\$ 66,161	\$ 59,464
2013	69,442	56,182
2014	72,887	52,738
2015	76,502	49,123
2016	80,296	45,328
2017-2021	465,324	162,800
2022-2025	399,416	40,051
	<u>\$ 1,230,028</u>	<u>\$ 465,686</u>

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, which was amended September 30, 2011 to increase the available amount to \$2,150,000, change the interest rate to a fixed 5.5%, and change the maturity date to September 20, 2012. The line of credit is to be repaid by property taxes and the balance at June 30, 2011 was \$1,600,000. There is no prepayment penalty and property tax revenues are pledged to the loan. An amortization schedule is not currently available.

The Pendleton Development Commission refinanced the 2008 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
2012	\$ 166,954	\$ 113,798
2013	178,157	102,595
2014	190,359	90,393
2015	203,097	77,655
2016	216,687	64,064
2017-2019	740,687	101,401
	<u>\$ 1,695,941</u>	<u>\$ 549,906</u>

The City also finalized a loan agreement with the Oregon Department of Transportation on May 31, 2011 for amounts to provide financing for the construction of the airport connector road. At June 30, 2011, the City had received \$1,462,636 in loan funds towards the project, and there was a final draw of \$49,977 after year end. The loan bears interest at 4.8% per annum. The loan is payable in semi-annual installments of \$73,150 starting July 1, 2011. However, the City has been making payments as the fuel tax money is collected and made a payment for

\$215,000 on July 1, 2011. The City made payments on the loan prior to the loan agreement being finalized. The balance at year end was \$975,393. Payments are made from the City fuel tax, which is dedicated to the loan balance. Future maturities of the outstanding balance at June 30, 2011 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2012	\$ 246,329	\$ 41,821
2013	112,641	33,659
2014	118,112	28,188
2015	123,850	22,450
2016	129,866	16,434
2017-2018	244,595	13,637
	<u>\$ 975,393</u>	<u>\$ 156,189</u>

## 5. Changes Long-Term Liabilities

Long-term liability activity for the year ending June 30, 2011 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Bonds	\$ 2,190,000	\$ -	\$ 405,000	\$ 1,785,000	\$ 430,000
Less deferred amounts on refunding	(28,517)	-	(5,228)	(23,289)	-
Limited Tax Pension Bonds	6,895,000	-	105,000	6,790,000	125,000
Contracts, Loans and Notes	8,611,704	400,000	2,665,844	6,345,860	508,249
OPEB Liability	313,084	175,047	-	488,131	-
Compensated Absences	500,565	544,668	500,565	544,668	544,668
Governmental activity Long-term liabilities	<u>\$ 18,481,836</u>	<u>\$ 1,119,715</u>	<u>\$ 3,671,181</u>	<u>\$ 15,930,370</u>	<u>\$ 1,607,917</u>
<b>Business-type activities:</b>					
Revenue Bonds	\$ 9,310,000	\$ -	\$ 370,000	\$ 8,940,000	\$ 380,000
Contracts, Loans and Notes	7,224,711	3,554,599	257,441	10,521,869	267,921
OPEB Liability	88,732	51,078	-	139,810	-
Compensated Absences	115,026	139,993	115,026	139,993	139,993
Business-type activity Long-term liabilities	<u>\$ 16,738,469</u>	<u>\$ 3,745,670</u>	<u>\$ 742,467</u>	<u>\$ 19,741,672</u>	<u>\$ 787,914</u>

The central services internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for compensated absences in the amount of \$92,348 are included in the above amounts. The construction and repair internal service fund

predominantly serves the business-type activities and \$59,975 of long-term liabilities for compensated absences have been included in the totals for business-type activities.

#### 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 has been implemented prospectively, beginning July 1, 2008.

**Funding Policy.** Retirees pay City County Insurance Services directly for healthcare insurance premiums at the appropriate rate for each family classification. The City had 7 retired members and 124 active members in its plan on August 1, 2010, 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 closed period of not more than 30 years.

The City's ARC is made up of normal cost of \$168,045 and amortization of the UAAL of \$166,577. 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 2010-11, the City's implicit benefit payments were estimated to be \$98,216.

Nominal cost at year end	\$ 168,045
Interest on net OPEB obligation	18,082
One year's amortization of UAAL	166,577
Adjustment to annual required contribution	<u>(28,363)</u>
Annual OPEB cost (expense)	324,341
Contributions made (Implicit benefit payments)	<u>(98,216)</u>
Increase in net OPEB obligation	226,125
Net OPEB obligation - beginning of year	<u>401,815</u>
Net OPEB obligation - end of year	<u><u>\$ 627,940</u></u>

**Funding Policy.** The City has elected to not prefund the actuarially determine future cost amount of \$627,940. 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, 2010, and 2011 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributions	Net OPEB Obligation
6/30/2011	\$ 324,341	30%	\$ 627,940
6/30/2010	309,758	27%	401,815
6/30/2009	274,079	36%	176,316

**Funded Status and Funding Progress.** As of August 1, 2010, the most recent alternative valuation date, the plan was considered unfunded. The actuarial accrued liability for benefits was \$1,562,920, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,562,920. The covered payroll (annual payroll of active employees covered by the plan) was \$7,732,756 and the ratio of UAAL to the covered payroll was 20.2%.

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 4.0% investment return and discount rate; an increase in health costs of 8.5% in the first year (August 1, 2011 premiums compared to August 1, 2010, premiums), 7.5% for the second year, 6.5% for the third year, 6.0% for the 4<sup>th</sup> through 23<sup>rd</sup> year, 5.5% for the 24<sup>th</sup> through 47<sup>th</sup> year, and 5.0% thereafter; and retirement rates used by Oregon PERS for its December 31, 2009, 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 Accrued 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)
8/1/2010	\$ -	\$ 1,562,920	\$ 1,562,920	0%	\$ 7,732,756	20.2%
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 Statute 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 they 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](http://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.

After the offset of the credit for the City's PERS UAL prepayment, the City pays a net rate of 3.24% of covered payroll for the Tier I and Tier II employees, 11.52% for Tier I and Tier II police and fire employees, 4.18% for OPSRP general services employees, and 6.89% 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, 2011, 2010, and 2009, were \$591,252, \$571,973, and \$819,810, 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, 2011 were as follows:

Annual required contribution	\$ 591,252
Loss (earnings) on pension assets	(698,112)
Adjustment to the annual required contribution	376,338
Annual pension cost	<u>269,478</u>
Contributions made	591,252
Increase (decrease) in pension asset	<u>321,774</u>
Pension assets, beginning of year	3,124,843
Pension assets, end of year	<u><u>\$ 3,446,617</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 City of Pendleton has commitments related to the following:

- New ambulance with cost of \$148,500, which will be paid for with grant proceeds.
- ARFF truck for the airport with cost of \$690,893. This purchase will also be made using grant revenues.
- Ongoing construction of Quinney Bridge and Wastewater Treatment Plant construction projects.

The City had staff turnover at key positions, including the Municipal Court Judge, due to retirement, City Attorney, took Municipal Court Judge position, and City Manager, due to City Council decision to not renew contract.

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

## **E. Construction in Progress**

The City is committed under various construction contracts at June 30, 2011. Major projects in progress at June 30, 2011 are as follows:

The Pendleton Development Commission, a blended component unit, has construction in progress for \$30,630 in engineering and design costs towards improvements to Westgate; the design portion was essentially complete at year end.

The City has completed a substantial amount of work on the Quinney Bridge project. At June 30, the City has expended \$1,652,043 on the project. ODOT has awarded the City \$2.7 million in grants for the project. Construction costs are estimated at \$2.5 million.

The City is constructing major improvements to the waster water treatment plant facility, as required by the Department of Environmental Quality. At June 30, 2011, the City had issued \$9,980,000 in revenue bonds and received \$4.0 million and \$2.4 million Clean Water State Revolving Loan Fund loans to assist in financing of the project. Total costs incurred at June 30, 2011 were \$13,663,488 and total estimated project costs are approximately \$18 million.

The City is also in the design and engineering stage for improvements to NW King Street and SW Perkins and has expended \$67,304 in design and engineering costs. Total design and engineering costs are expected to be \$137,000 and the design portion is 49% complete.

## **F. Subsequent Events**

The city has had several events occur subsequent to the year end. The major events are detailed below.

The City and the Pendleton Development Commission approved a number of bids and contracts subsequent to year end. Major items approved include the following:

- Asphalt overlay on SE 2<sup>nd</sup>, SW 17<sup>th</sup>, and 10<sup>th</sup> Streets - \$159,098
- Airport Road asphalt overlay - \$525,702
- Community Park asphalt overlay - \$106,839
- Annexed two areas into City of 5.43 acres and 7.24 acres
- Well #4 pumping system - \$71,326
- Regenerative Equipment for ASR wells - \$188,297
- Severance payment to City Manager - \$89,319
- Pinkerton Property purchase from airport fund - \$575,000
- Wastewater Treatment Plant change order #4 - \$81,712
- Accepted CDBG grant award of \$750,000 for job creation, to be administered by Horizon Projects
- Accepted a bid for a new ARFF truck for \$583,937
- Approved amendment No. 1 to add \$2,250,000 to CWSRF Loan, which increases the available loan to \$4,650,000 at 2.77% interest



## **SUPPLEMENTAL INFORMATION**

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# COMBINING STATEMENTS

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## 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:

**CITY FUEL TAX** – accounts for the receipt and dispersion of funds collected from the new city wide fuel tax.

**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.

**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.

**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.

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

**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.

The following funds do not qualify as Special Revenue funds for external financial reporting under GASB 54 and were combined with the General Fund as sub-funds. The City continues to treat these funds as Special Revenue funds for budgetary purposes.

**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.

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

**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.

### **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.

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

### **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.

**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 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.

**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.

**STREET HB2201 FUND** – accounts for the revenues and expenses associated with this project.

**CITY OF PENDLETON, OREGON**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2011**

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,475,527	\$ 211,901	\$ 1,748,989	\$ 149,040	\$ 3,585,457
Investments	-	-	-	718,131	718,131
Receivables:					
Property taxes	-	-	82,904	-	82,904
Accounts	271,291	-	-	4,361	275,652
Assessments	-	2,271	-	-	2,271
Advances to other funds	634,000	424,000	-	-	1,058,000
Prepaid items	2,475	-	-	-	2,475
	<u>2,383,293</u>	<u>638,172</u>	<u>1,831,893</u>	<u>871,532</u>	<u>5,724,890</u>
Total assets	<u>\$ 2,383,293</u>	<u>\$ 638,172</u>	<u>\$ 1,831,893</u>	<u>\$ 871,532</u>	<u>\$ 5,724,890</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 49,090	\$ 8,334	\$ -	\$ -	\$ 57,424
Deposits	53,579	-	-	-	53,579
Deferred revenue	91,995	2,271	75,783	-	170,049
Retainage	-	8,315	-	-	8,315
Advances from other funds	274,000	197,000	-	-	471,000
	<u>468,664</u>	<u>215,920</u>	<u>75,783</u>	<u>-</u>	<u>760,367</u>
Total liabilities	<u>468,664</u>	<u>215,920</u>	<u>75,783</u>	<u>-</u>	<u>760,367</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	636,475	424,000	-	870,215	1,930,690
Restricted	605,431	-	511,641	1,317	1,118,389
Committed	398,751	186,632	-	-	585,383
Assigned	447,667	-	1,244,469	-	1,692,136
Unassigned	(173,695)	(188,380)	-	-	(362,075)
	<u>1,914,629</u>	<u>422,252</u>	<u>1,756,110</u>	<u>871,532</u>	<u>4,964,523</u>
Total fund balances	<u>1,914,629</u>	<u>422,252</u>	<u>1,756,110</u>	<u>871,532</u>	<u>4,964,523</u>
Total liabilities and fund balances	<u>\$ 2,383,293</u>	<u>\$ 638,172</u>	<u>\$ 1,831,893</u>	<u>\$ 871,532</u>	<u>\$ 5,724,890</u>

**CITY OF PENDLETON, OREGON**  
**SUB-COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2011**

	City Fuel Tax Fund	Bike Fund	Library Fund	Library Trust Fund	Transportation Services Fund	Pendleton Convention Center Fund	PCC TPAC Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ 230,123	\$ 4,100	\$ 125,002	\$ 6,589	\$ 324,350	\$ 1,632	\$ 959
Receivables:							
Accounts	40,964	786	4,350	-	60,953	130,345	22,742
Assessments	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-
Advances to other funds	-	-	-	634,000	-	-	-
Prepaid items	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 271,087</b>	<b>\$ 4,886</b>	<b>\$ 129,352</b>	<b>\$ 640,589</b>	<b>\$ 385,303</b>	<b>\$ 131,977</b>	<b>\$ 23,701</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 1,140	\$ -	\$ 3,763	\$ 2,854	\$ 19,710	\$ 7,350	\$ -
Deposits	-	-	-	-	-	-	-
Deferred revenue	4,440	-	-	-	39,532	40,842	7,181
Advances from other funds	-	-	-	-	-	187,000	87,000
<b>Total liabilities</b>	<b>5,580</b>	<b>-</b>	<b>3,763</b>	<b>2,854</b>	<b>59,242</b>	<b>235,192</b>	<b>94,181</b>
<b>FUND BALANCES (DEFICIT)</b>							
Nonspendable	-	-	-	634,000	-	-	-
Restricted	-	4,886	125,589	-	42,861	-	-
Committed	265,507	-	-	3,735	-	-	-
Assigned	-	-	-	-	283,200	-	-
Unassigned	-	-	-	-	-	(103,215)	(70,480)
<b>Total fund balances</b>	<b>265,507</b>	<b>4,886</b>	<b>125,589</b>	<b>637,735</b>	<b>326,061</b>	<b>(103,215)</b>	<b>(70,480)</b>
<b>Total liabilities and     fund balances</b>	<b>\$ 271,087</b>	<b>\$ 4,886</b>	<b>\$ 129,352</b>	<b>\$ 640,589</b>	<b>\$ 385,303</b>	<b>\$ 131,977</b>	<b>\$ 23,701</b>

Police Interagency Special Revolving Fund	Parks Trust Fund	City/County Public Safety Fund	Urban Renewal District Operating Fund	Totals
\$ 155,252	\$ 164,467	\$ 129,509	\$ 333,544	\$ 1,475,527
8,979	-	-	2,172	271,291
-	-	-	-	-
-	-	-	-	-
-	-	-	-	634,000
2,475	-	-	-	2,475
<u>\$ 166,706</u>	<u>\$ 164,467</u>	<u>\$ 129,509</u>	<u>\$ 335,716</u>	<u>\$ 2,383,293</u>
\$ 14,270	\$ -	\$ -	\$ 3	\$ 49,090
53,579	-	-	-	53,579
-	-	-	-	91,995
-	-	-	-	274,000
<u>67,849</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>468,664</u>
2,475	-	-	-	636,475
96,382	-	-	335,713	605,431
-	-	129,509	-	398,751
-	164,467	-	-	447,667
-	-	-	-	(173,695)
<u>98,857</u>	<u>164,467</u>	<u>129,509</u>	<u>335,713</u>	<u>1,914,629</u>
<u>\$ 166,706</u>	<u>\$ 164,467</u>	<u>\$ 129,509</u>	<u>\$ 335,716</u>	<u>\$ 2,383,293</u>

**CITY OF PENDLETON, OREGON**  
**SUB-COMBINING BALANCE SHEET**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**June 30, 2011**

	System Development Fees Fund	Parks Capital Reserve Fund	Fire Capital Reserve Fund	Airport Connector Road Construction Fund	Street HB2201 Fund	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 160,345	\$ 34,621	\$ 8,620	\$ 8,315	\$ -	\$ 211,901
Receivables:						
Assessments	2,271	-	-	-	-	2,271
Advances to other funds	424,000	-	-	-	-	424,000
<b>Total assets</b>	<b>\$ 586,616</b>	<b>\$ 34,621</b>	<b>\$ 8,620</b>	<b>\$ 8,315</b>	<b>\$ -</b>	<b>\$ 638,172</b>
<b>LIABILITIES</b>						
Accounts payable						
accrued liabilities	\$ 8,334	\$ -	\$ -	\$ -	\$ -	\$ 8,334
Retainage payable	-	-	-	8,315	-	8,315
Deferred revenue	2,271	-	-	-	-	2,271
Advances from other funds	-	-	197,000	-	-	197,000
<b>Total liabilities</b>	<b>10,605</b>	<b>-</b>	<b>197,000</b>	<b>8,315</b>	<b>-</b>	<b>215,920</b>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable	424,000	-	-	-	-	424,000
Committed	152,011	34,621	-	-	-	186,632
Unassigned	-	-	(188,380)	-	-	(188,380)
<b>Total fund balances</b>	<b>576,011</b>	<b>34,621</b>	<b>(188,380)</b>	<b>-</b>	<b>-</b>	<b>422,252</b>
<b>Total liabilities and fund balances</b>	<b>\$ 586,616</b>	<b>\$ 34,621</b>	<b>\$ 8,620</b>	<b>\$ 8,315</b>	<b>\$ -</b>	<b>\$ 638,172</b>

**CITY OF PENDLETON, OREGON  
SUB-COMBINING BALANCE SHEET  
NON-MAJOR DEBT SERVICE FUNDS  
June 30, 2011**

	Keystone Project Fund	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,244,469	\$ 51,701	\$ 452,819	\$ 1,748,989
Receivables:				
Property taxes	-	53,129	29,775	82,904
Total assets	<u>\$ 1,244,469</u>	<u>\$ 104,830</u>	<u>\$ 482,594</u>	<u>\$ 1,831,893</u>
<b>LIABILITIES</b>				
Deferred revenue	\$ -	\$ 48,191	\$ 27,592	\$ 75,783
Total liabilities	<u>-</u>	<u>48,191</u>	<u>27,592</u>	<u>75,783</u>
<b>FUND BALANCES</b>				
Assigned	1,244,469	-	-	1,244,469
Restricted	-	56,639	455,002	511,641
Total fund balances	<u>1,244,469</u>	<u>56,639</u>	<u>455,002</u>	<u>1,756,110</u>
Total liabilities and fund balances	<u>\$ 1,244,469</u>	<u>\$ 104,830</u>	<u>\$ 482,594</u>	<u>\$ 1,831,893</u>

**CITY OF PENDLETON, OREGON**  
**SUB-COMBINING BALANCE SHEET**  
**NON-MAJOR PERMANENT TRUST FUNDS**  
**June 30, 2011**

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 140,578	\$ 8,462	\$ 149,040
Investments	-	718,131	718,131
Receivables:			
Accounts	-	4,361	4,361
 Total assets	<u>\$ 140,578</u>	<u>\$ 730,954</u>	<u>\$ 871,532</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 139,261	\$ 730,954	\$ 870,215
Restricted	1,317	-	1,317
 Total fund balances	<u>\$ 140,578</u>	<u>\$ 730,954</u>	<u>\$ 871,532</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, 2011**

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ 854,536	\$ -	\$ 854,536
Other taxes	885,168	-	-	-	885,168
Licenses and fees	65,492	126,712	-	2,978	195,182
Charges for services	325,860	14,032	234,500	-	574,392
Intergovernmental	845,213	-	6,500	-	851,713
Assessments	-	1,823	-	-	1,823
Loan repayments	2,345	-	-	-	2,345
Contributions	33,849	-	-	-	33,849
Interest on investments	22,688	9,021	4,739	28,925	65,373
Miscellaneous	120,872	-	-	-	120,872
<b>TOTAL REVENUES</b>	<u>2,301,487</u>	<u>151,588</u>	<u>1,100,275</u>	<u>31,903</u>	<u>3,585,253</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,102,667	-	40,011	-	1,142,678
Public safety	194,134	-	-	-	194,134
Culture and recreation	553,687	-	-	-	553,687
Capital outlay	348,407	279,758	-	-	628,165
Debt service	255,206	4,140	3,156,196	-	3,415,542
<b>TOTAL EXPENDITURES</b>	<u>2,454,101</u>	<u>283,898</u>	<u>3,196,207</u>	<u>-</u>	<u>5,934,206</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(152,614)</u>	<u>(132,310)</u>	<u>(2,095,932)</u>	<u>31,903</u>	<u>(2,348,953)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of property	-	-	3,117,130	-	3,117,130
Issuance of debt	400,000	-	-	-	400,000
Transfers in	107,958	41,007	75,195	-	224,160
Transfers out	(219,205)	-	-	(11,939)	(231,144)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>288,753</u>	<u>41,007</u>	<u>3,192,325</u>	<u>(11,939)</u>	<u>3,510,146</u>
<b>NET CHANGE IN FUND BALANCE</b>	136,139	(91,303)	1,096,393	19,964	1,161,193
<b>FUND BALANCE, Beginning</b>	<u>1,778,490</u>	<u>513,555</u>	<u>659,717</u>	<u>851,568</u>	<u>3,803,330</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,914,629</u>	<u>\$ 422,252</u>	<u>\$ 1,756,110</u>	<u>\$ 871,532</u>	<u>\$ 4,964,523</u>

**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, 2011**

	City Fuel Tax Fund	Bike Fund	Library Fund	Library Trust Fund	Transportation Services Fund	Pendleton Convention Center Fund	PCC TPAC Fund
<b>REVENUES</b>							
Other taxes	\$ 408,813	\$ -	\$ -	\$ -	\$ -	\$ 396,103	\$ 80,252
Licenses and fees	-	-	16,101	-	-	47,735	-
Charges for services	-	-	-	-	1,746	264,114	-
Intergovernmental	-	8,449	396,500	-	238,391	-	-
Loan repayments	-	-	-	-	-	-	-
Contributions	-	-	16,982	2,202	-	2,124	-
Interest on investments	855	39	745	14,162	1,574	50	7
Miscellaneous	-	-	780	-	5,552	10,210	-
<b>TOTAL REVENUES</b>	<b>409,668</b>	<b>8,488</b>	<b>431,108</b>	<b>16,364</b>	<b>247,263</b>	<b>720,336</b>	<b>80,259</b>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	183,562	708,933	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	8,000	519,252	26,435	-	-	-
Capital outlay	-	-	-	-	19,864	5,290	-
Debt service	250,000	-	-	-	-	2,814	2,392
<b>TOTAL EXPENDITURES</b>	<b>250,000</b>	<b>8,000</b>	<b>519,252</b>	<b>26,435</b>	<b>203,426</b>	<b>717,037</b>	<b>2,392</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>159,668</b>	<b>488</b>	<b>(88,144)</b>	<b>(10,071)</b>	<b>43,837</b>	<b>3,299</b>	<b>77,867</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of debt	-	-	-	-	-	-	-
Transfers in	-	-	87,190	768	20,000	-	-
Transfers out	-	-	(9,350)	-	-	(6,060)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>77,840</b>	<b>768</b>	<b>20,000</b>	<b>(6,060)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>159,668</b>	<b>488</b>	<b>(10,304)</b>	<b>(9,303)</b>	<b>63,837</b>	<b>(2,761)</b>	<b>77,867</b>
<b>FUND BALANCE (DEFICIT), Beginning</b>	<b>105,839</b>	<b>4,398</b>	<b>135,893</b>	<b>647,038</b>	<b>262,224</b>	<b>(100,454)</b>	<b>(148,347)</b>
<b>FUND BALANCE (DEFICIT), Ending</b>	<b>\$ 265,507</b>	<b>\$ 4,886</b>	<b>\$ 125,589</b>	<b>\$ 637,735</b>	<b>\$ 326,061</b>	<b>\$(103,215)</b>	<b>\$ (70,480)</b>

See auditor's report.

Police Interagency Special Revolving Fund	Parks Trust Fund	City/County Public Safety Fund	Urban Renewal District Operating Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 885,168
-	1,656	-	-	65,492
-	-	60,000	-	325,860
201,873	-	-	-	845,213
-	-	-	2,345	2,345
-	3,016	-	9,525	33,849
1,632	1,016	616	1,992	22,688
62	-	-	104,268	120,872
<u>203,567</u>	<u>5,688</u>	<u>60,616</u>	<u>118,130</u>	<u>2,301,487</u>
-	-	26,311	183,861	1,102,667
194,134	-	-	-	194,134
-	-	-	-	553,687
88,877	31,711	-	202,665	348,407
-	-	-	-	255,206
<u>283,011</u>	<u>31,711</u>	<u>26,311</u>	<u>386,526</u>	<u>2,454,101</u>
<u>(79,444)</u>	<u>(26,023)</u>	<u>34,305</u>	<u>(268,396)</u>	<u>(152,614)</u>
-	-	-	400,000	400,000
-	-	-	-	107,958
<u>(128,600)</u>	<u>-</u>	<u>-</u>	<u>(75,195)</u>	<u>(219,205)</u>
<u>(128,600)</u>	<u>-</u>	<u>-</u>	<u>324,805</u>	<u>288,753</u>
(208,044)	(26,023)	34,305	56,409	136,139
306,901	190,490	95,204	279,304	1,778,490
<u>\$ 98,857</u>	<u>\$ 164,467</u>	<u>\$ 129,509</u>	<u>\$ 335,713</u>	<u>\$ 1,914,629</u>

**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, 2011**

	System Development Fees Fund	Parks Capital Reserve Fund	Fire Capital Reserve Fund	Airport Connector Road Construction Fund	Street HB2201 Fund	Totals
<b>REVENUES</b>						
Licenses and fees	\$ -	\$ -	\$ 126,712	\$ -	\$ -	\$ 126,712
Charges for services	14,032	-	-	-	-	14,032
Assessments	1,823	-	-	-	-	1,823
Interest on investments	8,950	67	4	-	-	9,021
<b>TOTAL REVENUES</b>	<u>24,805</u>	<u>67</u>	<u>126,716</u>	<u>-</u>	<u>-</u>	<u>151,588</u>
<b>EXPENDITURES</b>						
Capital outlay	63,674	17,850	198,234	-	-	279,758
Debt service	-	-	4,140	-	-	4,140
<b>TOTAL EXPENDITURES</b>	<u>63,674</u>	<u>17,850</u>	<u>202,374</u>	<u>-</u>	<u>-</u>	<u>283,898</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(38,869)</u>	<u>(17,783)</u>	<u>(75,658)</u>	<u>-</u>	<u>-</u>	<u>(132,310)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	41,007	-	-	-	41,007
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>41,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,007</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(38,869)</u>	<u>23,224</u>	<u>(75,658)</u>	<u>-</u>	<u>-</u>	<u>(91,303)</u>
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>614,880</u>	<u>11,397</u>	<u>(112,722)</u>	<u>-</u>	<u>-</u>	<u>513,555</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ 576,011</u>	<u>\$ 34,621</u>	<u>\$ (188,380)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,252</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, 2011**

	Keystone Project Fund	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
<b>REVENUES</b>				
Property taxes	\$ -	\$ 489,742	\$ 364,794	\$ 854,536
Charges for services	234,500	-	-	234,500
Intergovernmental	-	-	6,500	6,500
Interest on investments	1,999	307	2,433	4,739
<b>TOTAL REVENUES</b>	<u>236,499</u>	<u>490,049</u>	<u>373,727</u>	<u>1,100,275</u>
<b>EXPENDITURES</b>				
Current:				
General government	8,991	-	31,020	40,011
Debt service	2,295,838	497,220	363,138	3,156,196
<b>TOTAL EXPENDITURES</b>	<u>2,304,829</u>	<u>497,220</u>	<u>394,158</u>	<u>3,196,207</u>
<b>REVENUES OVER (UNDER) EXPENDITUR</b>	<u>(2,068,330)</u>	<u>(7,171)</u>	<u>(20,431)</u>	<u>(2,095,932)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	3,117,130	-	-	3,117,130
Transfers in	-	-	75,195	75,195
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>3,117,130</u>	<u>-</u>	<u>75,195</u>	<u>3,192,325</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,048,800	(7,171)	54,764	1,096,393
<b>FUND BALANCE, Beginning</b>	<u>195,669</u>	<u>63,810</u>	<u>400,238</u>	<u>659,717</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,244,469</u>	<u>\$ 56,639</u>	<u>\$ 455,002</u>	<u>\$ 1,756,110</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, 2011**

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
<b>REVENUES</b>			
Licenses and fees	\$ -	\$ 2,978	\$ 2,978
Interest on investments	748	28,177	28,925
<b>TOTAL REVENUES</b>	<u>748</u>	<u>31,155</u>	<u>31,903</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(768)</u>	<u>(11,171)</u>	<u>(11,939)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(768)</u>	<u>(11,171)</u>	<u>(11,939)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(20)	19,984	19,964
<b>FUND BALANCE, Beginning</b>	<u>140,598</u>	<u>710,970</u>	<u>851,568</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 140,578</u>	<u>\$ 730,954</u>	<u>\$ 871,532</u>

**CITY OF PENDLETON, OREGON  
COMBINING BALANCE SHEET  
COMBINED GENERAL FUND  
June 30, 2011**

	General Fund	Community Development Block Grant Fund	Community Rehabilitation Fund	Sidewalk Repair Fund	Pendleton Youth Commission Fund	Totals
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,787,887	\$ 2,571	\$ 9,614	\$ 426	\$ 1,544	\$ 1,802,042
Receivables:						
Property taxes	417,401	-	-	-	-	417,401
Accounts	786,857	-	-	-	-	786,857
Interest	14	-	-	-	-	14
Assessments	1,488	-	-	151,749	-	153,237
Notes	-	-	783,788	-	-	783,788
Advances to other funds	402,500	-	-	-	-	402,500
Prepaid items	824	-	-	-	-	824
<b>Total assets</b>	<b><u>\$ 3,396,971</u></b>	<b><u>\$ 2,571</u></b>	<b><u>\$ 793,402</u></b>	<b><u>\$ 152,175</u></b>	<b><u>\$ 1,544</u></b>	<b><u>\$ 4,346,663</u></b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 475,413	\$ -	\$ 137	\$ -	\$ -	\$ 475,550
Retainage payable	6,080	-	-	-	-	6,080
Deposits	75	-	-	-	-	75
Deferred revenue	446,110	-	783,788	151,749	-	1,381,647
Advances from other funds	-	-	325,000	181,500	-	506,500
<b>Total liabilities</b>	<b><u>927,678</u></b>	<b><u>-</u></b>	<b><u>1,108,925</u></b>	<b><u>333,249</u></b>	<b><u>-</u></b>	<b><u>2,369,852</u></b>
<b>FUND BALANCES</b>						
Nonspendable	403,774	-	-	-	-	403,774
Restricted	11,609	-	-	-	-	11,609
Committed	54,000	-	-	-	-	54,000
Assigned	-	2,571	-	-	1,544	4,115
Unassigned	1,999,910	-	(315,523)	(181,074)	-	1,503,313
<b>Total fund balances</b>	<b><u>2,469,293</u></b>	<b><u>2,571</u></b>	<b><u>(315,523)</u></b>	<b><u>(181,074)</u></b>	<b><u>1,544</u></b>	<b><u>1,976,811</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,396,971</u></b>	<b><u>\$ 2,571</u></b>	<b><u>\$ 793,402</u></b>	<b><u>\$ 152,175</u></b>	<b><u>\$ 1,544</u></b>	<b><u>\$ 4,346,663</u></b>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**COMBINED GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2011**

	General Fund	Community Development Block Grant Fund	Community Rehabilitation Fund	Sidewalk Repair Fund	Pendleton Youth Commission Fund	Totals
<b>REVENUES</b>						
Property taxes	\$ 4,639,601	\$ -	\$ -	\$ -	\$ -	\$ 4,639,601
Other taxes	542,894	-	-	-	-	542,894
Franchise fees	2,388,533	-	-	-	-	2,388,533
Licenses and fees	569,334	-	-	-	-	569,334
Charges for services	1,081,774	-	-	-	-	1,081,774
Intergovernmental	1,112,293	-	2,000	-	-	1,114,293
Fines and forfeitures	346,593	-	-	-	-	346,593
Assessments	849	-	-	59,902	-	60,751
Loan repayments	-	-	229,840	-	-	229,840
Contributions	40,729	-	-	-	1,168	41,897
Interest on investments	25,126	14	-	6	9	25,155
Miscellaneous	74,759	-	53,170	46	-	127,975
<b>TOTAL REVENUES</b>	<b>10,822,485</b>	<b>14</b>	<b>285,010</b>	<b>59,954</b>	<b>1,177</b>	<b>11,168,640</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,322,655	-	343,382	447	2,312	1,668,796
Public safety	6,893,689	-	-	-	-	6,893,689
Culture and recreation	1,874,145	-	-	-	-	1,874,145
Capital outlay	478,983	-	-	-	-	478,983
Debt service	515,676	-	4,549	4,282	-	524,507
<b>TOTAL EXPENDITURES</b>	<b>11,085,148</b>	<b>-</b>	<b>347,931</b>	<b>4,729</b>	<b>2,312</b>	<b>11,440,120</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(262,663)</b>	<b>14</b>	<b>(62,921)</b>	<b>55,225</b>	<b>(1,135)</b>	<b>(271,480)</b>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	226,900	-	-	-	-	226,900
Transfers out	(205,197)	-	-	-	-	(205,197)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>21,703</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,703</b>
<b>NET CHANGE IN FUND BALAN</b>	<b>(240,960)</b>	<b>14</b>	<b>(62,921)</b>	<b>55,225</b>	<b>(1,135)</b>	<b>(249,777)</b>
<b>FUND BALANCE, Beginning</b>	<b>2,710,253</b>	<b>2,557</b>	<b>(252,602)</b>	<b>(236,299)</b>	<b>2,679</b>	<b>2,226,588</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 2,469,293</b>	<b>\$ 2,571</b>	<b>\$ (315,523)</b>	<b>\$ (181,074)</b>	<b>\$ 1,544</b>	<b>\$ 1,976,811</b>

See auditor's report.

## COMBINING STATEMENTS

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### 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, 2011**

	<u>Construction and Repair Fund</u>	<u>Central Services Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 449,696	\$ 633,251	\$ 1,082,947
Receivables:			
Accounts	-	724	724
Notes	3,549	-	3,549
Total current assets	<u>453,245</u>	<u>633,975</u>	<u>1,087,220</u>
Noncurrent assets:			
Capital assets:			
Depreciable assets, net of depreciation	<u>853,966</u>	<u>235,147</u>	<u>1,089,113</u>
Total noncurrent assets	<u>853,966</u>	<u>235,147</u>	<u>1,089,113</u>
Total assets	<u>\$ 1,307,211</u>	<u>\$ 869,122</u>	<u>\$ 2,176,333</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 13,926	\$ 26,090	\$ 40,016
Deposits	-	6,857	6,857
Compensated absences payable	<u>59,975</u>	<u>92,348</u>	<u>152,323</u>
Total current liabilities	73,901	125,295	199,196
Long-term debt, net of current portion			
Other post employment benefits liability	<u>53,424</u>	<u>85,641</u>	<u>139,065</u>
Total liabilities	<u>127,325</u>	<u>210,936</u>	<u>338,261</u>
Net assets:			
Invested in capital assets, net of related debt	853,966	235,147	1,089,113
Unrestricted	<u>325,920</u>	<u>423,039</u>	<u>748,959</u>
Total net assets	<u>1,179,886</u>	<u>658,186</u>	<u>1,838,072</u>
Total liabilities and net assets	<u>\$ 1,307,211</u>	<u>\$ 869,122</u>	<u>\$ 2,176,333</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, 2011**

	Construction and Repair Fund	Central Services Fund	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 927,861	\$ 2,312,506	\$ 3,240,367
Licenses and fees	-	64,665	64,665
Miscellaneous	20,441	4,733	25,174
<b>TOTAL OPERATING REVENUES</b>	<u>948,302</u>	<u>2,381,904</u>	<u>3,330,206</u>
<b>OPERATING EXPENSES</b>			
Personal services	790,127	1,585,675	2,375,802
Materials and services	173,585	628,863	802,448
Depreciation	109,636	64,743	174,379
<b>TOTAL OPERATING EXPENSES</b>	<u>1,073,348</u>	<u>2,279,281</u>	<u>3,352,629</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(125,046)</u>	<u>102,623</u>	<u>(22,423)</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Intergovernmental	-	37,203	37,203
Contributions	-	11,391	11,391
Gain (loss) on disposal of capital assets	346	-	346
Interest on investments	2,756	2,811	5,567
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>3,102</u>	<u>51,405</u>	<u>54,507</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(121,944)</u>	<u>154,028</u>	<u>32,084</u>
<b>TRANSFERS</b>			
Transfers out	<u>(15,700)</u>	<u>(49,840)</u>	<u>(65,540)</u>
<b>TOTAL TRANSFERS</b>	<u>(15,700)</u>	<u>(49,840)</u>	<u>(65,540)</u>
<b>CHANGE IN NET ASSETS</b>	(137,644)	104,188	(33,456)
<b>NET ASSETS, Beginning</b>	<u>1,317,530</u>	<u>553,998</u>	<u>1,871,528</u>
<b>NET ASSETS, Ending</b>	<u>\$ 1,179,886</u>	<u>\$ 658,186</u>	<u>\$ 1,838,072</u>

**CITY OF PENDLETON, OREGON**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2011**

	Construction and Repair Fund	Central Services Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 3,657	\$ 130,048	\$ 133,705
Receipts from interfund services provided	947,826	2,312,480	3,260,306
Payments to suppliers	(345,927)	(989,092)	(1,335,019)
Payments to employees	(575,358)	(1,218,496)	(1,793,854)
Payments for interfund services used	(7,330)	-	(7,330)
Net cash provided from (used by) operating activities	<u>22,868</u>	<u>234,940</u>	<u>257,808</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	<u>(15,700)</u>	<u>(49,840)</u>	<u>(65,540)</u>
Net cash provided from (used by) non-capital financing activities	<u>(15,700)</u>	<u>(49,840)</u>	<u>(65,540)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from intergovernmental revenue	-	37,203	37,203
Contributions	-	11,391	11,391
Notes receivable principal collections	3,381	-	3,381
Proceeds from sale of capital assets	346	-	346
Acquisition of capital assets	<u>(141,205)</u>	<u>(60,193)</u>	<u>(201,398)</u>
Net cash provided from (used by) capital and related financing activities	<u>(137,478)</u>	<u>(11,599)</u>	<u>(149,077)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>2,807</u>	<u>2,857</u>	<u>5,664</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(127,503)	176,358	48,855
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>577,199</u>	<u>456,893</u>	<u>1,034,092</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 449,696</u>	<u>\$ 633,251</u>	<u>\$ 1,082,947</u>

**CITY OF PENDLETON, OREGON  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2011**

	Construction and Repair Fund	Central Services Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (125,046)	\$ 102,623	\$ (22,423)
Adjustments to reconcile operating income (loss) to net cash provided (used in) operating activities			
Depreciation	109,636	64,743	174,379
(Increase) decrease in assets:			
Receivables	3,180	60,622	63,802
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	(8,098)	(23,395)	(31,493)
Compensated absences payable	21,006	5,384	26,390
Other post employment benefits liability	22,190	24,963	47,153
Net cash provided from (used by) operating activities	<u>\$ 22,868</u>	<u>\$ 234,940</u>	<u>\$ 257,808</u>



## COMBINING STATEMENTS

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### 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, 2011**

	Northeast Oregon Air Task Force Fund	Bail Fund	Pendleton Foundation Trust Fund	Eastern Oregon Drug Task Force Fund	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,036	\$ 12,975	\$ 45,342	\$ -	\$ 59,353
Accounts receivable	-	-	-	19,317	19,317
<b>Total assets</b>	<b><u>\$ 1,036</u></b>	<b><u>\$ 12,975</u></b>	<b><u>\$ 45,342</u></b>	<b><u>\$ 19,317</u></b>	<b><u>\$ 78,670</u></b>
<b>LIABILITIES</b>					
Accounts payable	-	6,276	-	19,317	25,593
Due to other governments	1,036	6,699	45,342	-	53,077
<b>Total liabilities</b>	<b><u>\$ 1,036</u></b>	<b><u>\$ 12,975</u></b>	<b><u>\$ 45,342</u></b>	<b><u>\$ 19,317</u></b>	<b><u>\$ 78,670</u></b>

## **BUDGETARY COMPARISON SCHEDULES**

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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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>EXPENDITURES AND TRANSFERS</b>				
Planning and building	\$ 570,650	\$ 570,650	\$ 463,105	\$ 107,545
Municipal court	345,350	345,350	299,793	45,557
Economic development	120,000	120,000	76,763	43,237
Police	4,051,600	4,079,900	4,075,026	4,874
Fire / Ambulance	3,219,900	3,219,900	3,144,102	75,798
Parks and recreation	1,891,350	1,891,350	1,890,705	645
Non-departmental	1,604,445	1,702,445	1,173,215	529,230
Debt service	168,300	168,300	167,636	664
Contingency	2,528,905	2,443,905	-	2,443,905
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<b>\$ 14,500,500</b>	<b>\$ 14,541,800</b>	<b>\$ 11,290,345</b>	<b>\$ 3,251,455</b>

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

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## **Governmental Funds**

### **Special Revenue Funds**

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

### **Debt Service Fund**

- Keystone Project
- Debt Service
- Urban Renewal District Debt Service

### **Permanent Trust Funds**

- Library Permanent Trust
- Cemetery Perpetual Care Trust

### **Capital Projects Funds**

- L.I.D. Construction
- Parks Capital Reserve
- Fire Capital Reserve
- System Development Fees
- Airport Connector Road Construction
- Quinney Bridge Construction
- Street HB2201

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**CITY FUEL TAX FUND**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Other taxes	\$ 425,000	\$ 425,000	\$ 408,813	\$ (16,187)
Interest on investments	1,000	1,000	855	(145)
<b>TOTAL REVENUES</b>	<u>426,000</u>	<u>426,000</u>	<u>409,668</u>	<u>(16,332)</u>
<b>EXPENDITURES</b>				
Debt service	<u>425,000</u>	<u>425,000</u>	<u>250,000</u>	<u>175,000</u>
<b>TOTAL EXPENDITURES</b>	<u>425,000</u>	<u>425,000</u>	<u>250,000</u>	<u>175,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,000</u>	<u>1,000</u>	<u>159,668</u>	<u>158,668</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,000	1,000	159,668	158,668
<b>FUND BALANCE, Beginning</b>	<u>800</u>	<u>800</u>	<u>105,839</u>	<u>105,039</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 265,507</u>	<u>\$ 263,707</u>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 8,700	\$ 8,700	\$ 8,449	\$ (251)
Interest on investments	100	100	39	(61)
<b>TOTAL REVENUES</b>	<u>8,800</u>	<u>8,800</u>	<u>8,488</u>	<u>(312)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Materials and services	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>800</u>	<u>800</u>	<u>488</u>	<u>(312)</u>
<b>NET CHANGE IN FUND BALANCE</b>	800	800	488	(312)
<b>FUND BALANCE, Beginning</b>	<u>5,400</u>	<u>5,400</u>	<u>4,398</u>	<u>(1,002)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 6,200</u>	<u>\$ 6,200</u>	<u>\$ 4,886</u>	<u>\$ (1,314)</u>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 20,000	\$ 20,000	\$ 16,101	\$ (3,899)
Intergovernmental	392,200	411,400	396,500	(14,900)
Contributions	22,000	22,000	16,982	(5,018)
Interest on investments	2,610	2,610	745	(1,865)
Miscellaneous	-	-	780	780
<b>TOTAL REVENUES</b>	<u>436,810</u>	<u>456,010</u>	<u>431,108</u>	<u>(24,902)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Personal services	443,440	443,440	368,649	74,791
Materials and services	167,690	186,890	150,603	36,287
Contingency	38,520	38,520	-	38,520
<b>TOTAL EXPENDITURES</b>	<u>649,650</u>	<u>668,850</u>	<u>519,252</u>	<u>149,598</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(212,840)</u>	<u>(212,840)</u>	<u>(88,144)</u>	<u>124,696</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	87,190	87,190	87,190	-
Transfers out	(9,350)	(9,350)	(9,350)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>77,840</u>	<u>77,840</u>	<u>77,840</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(135,000)	(135,000)	(10,304)	124,696
<b>FUND BALANCE, Beginning</b>	<u>135,000</u>	<u>135,000</u>	<u>135,893</u>	<u>893</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,589</u>	<u>\$ 125,589</u>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Contributions	\$ 1,000	\$ 1,000	\$ 2,202	\$ 1,202
Interest on investments	28,000	28,000	14,162	(13,838)
<b>TOTAL REVENUES</b>	<u>29,000</u>	<u>29,000</u>	<u>16,364</u>	<u>(12,636)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Materials and services	30,000	30,000	26,435	3,565
Capital outlay	7,000	7,000	-	7,000
<b>TOTAL EXPENDITURES</b>	<u>37,000</u>	<u>37,000</u>	<u>26,435</u>	<u>10,565</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(8,000)</u>	<u>(8,000)</u>	<u>(10,071)</u>	<u>(2,071)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,000	4,000	768	(3,232)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>4,000</u>	<u>4,000</u>	<u>768</u>	<u>(3,232)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,000)	(4,000)	(9,303)	(5,303)
<b>FUND BALANCE, Beginning</b>	<u>644,000</u>	<u>644,000</u>	<u>647,038</u>	<u>3,038</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 640,000</u>	<u>\$ 640,000</u>	<u>\$ 637,735</u>	<u>\$ (2,265)</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 1,746	\$ 1,746
Intergovernmental	286,500	286,500	238,391	(48,109)
Interest on investments	1,000	1,000	1,574	574
Miscellaneous	5,000	5,000	5,552	552
<b>TOTAL REVENUES</b>	<u>292,500</u>	<u>292,500</u>	<u>247,263</u>	<u>(45,237)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	297,500	292,500	183,562	108,938
Capital outlay	15,000	20,000	19,864	136
Contingency	20,000	20,000	-	20,000
<b>TOTAL EXPENDITURES</b>	<u>332,500</u>	<u>332,500</u>	<u>203,426</u>	<u>129,074</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(40,000)</u>	<u>(40,000)</u>	<u>43,837</u>	<u>83,837</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,000	20,000	20,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(20,000)	(20,000)	63,837	83,837
<b>FUND BALANCE, Beginning</b>	<u>20,000</u>	<u>20,000</u>	<u>262,224</u>	<u>242,224</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,061</u>	<u>\$ 326,061</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**(SUB-FUND OF THE GENERAL FUND)**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Interest on investments	-	-	14	14
Miscellaneous	3,000	3,000	-	(3,000)
<b>TOTAL REVENUES</b>	<u>23,000</u>	<u>23,000</u>	<u>14</u>	<u>(22,986)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Materials and services	23,000	23,000	-	23,000
<b>TOTAL EXPENDITURES</b>	<u>23,000</u>	<u>23,000</u>	<u>-</u>	<u>23,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	14	14
<b>FUND BALANCE, Beginning</b>	<u>-</u>	<u>-</u>	<u>2,557</u>	<u>2,557</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,571</u>	<u>\$ 2,571</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**COMMUNITY REHABILITATION FUND**  
**(SUB-FUND OF THE GENERAL FUND)**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 2,000	\$ 2,000
Loan repayments	263,000	863,000	229,840	(633,160)
Interest on investments	1,000	1,000	-	(1,000)
Miscellaneous	-	-	53,170	53,170
<b>TOTAL REVENUES</b>	<u>264,000</u>	<u>864,000</u>	<u>285,010</u>	<u>(578,990)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	110,000	710,000	343,382	366,618
Debt service	<u>240,000</u>	<u>240,000</u>	<u>4,549</u>	<u>235,451</u>
<b>TOTAL EXPENDITURES</b>	<u>350,000</u>	<u>950,000</u>	<u>347,931</u>	<u>602,069</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(86,000)</u>	<u>(86,000)</u>	<u>(62,921)</u>	<u>23,079</u>
<b>NET CHANGE IN FUND BALANCE</b>	(86,000)	(86,000)	(62,921)	23,079
<b>FUND BALANCE, Beginning</b>	<u>86,000</u>	<u>86,000</u>	<u>(252,602)</u>	<u>(338,602)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (315,523)</u>	<u>\$ (315,523)</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**  
**(SUB-FUND OF THE GENERAL FUND)**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Assessments	\$ 40,000	\$ 40,000	\$ 59,902	\$ 19,902
Interest on investments	-	-	6	6
Miscellaneous	100	100	46	(54)
<b>TOTAL REVENUES</b>	<u>40,100</u>	<u>40,100</u>	<u>59,954</u>	<u>19,854</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	500	500	447	53
Capital outlay	100	100	-	100
Debt service	12,000	12,000	4,282	7,718
<b>TOTAL EXPENDITURES</b>	<u>12,600</u>	<u>12,600</u>	<u>4,729</u>	<u>7,871</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>27,500</u>	<u>27,500</u>	<u>55,225</u>	<u>27,725</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan proceeds	212,500	212,500	-	(212,500)
Interfund loan repayment	(240,000)	(240,000)	(55,000)	185,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(27,500)</u>	<u>(27,500)</u>	<u>(55,000)</u>	<u>(27,500)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	225	225
Budgetary basis adjustment	-	-	55,000	55,000
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>-</u>	<u>-</u>	<u>(236,299)</u>	<u>(236,299)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (181,074)</u>	<u>\$ (181,074)</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**PENDLETON CONVENTION CENTER FUND**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Other taxes	\$ 388,000	\$ 388,000	\$ 396,103	\$ 8,103
Licenses and fees	50,000	50,000	47,735	(2,265)
Charges for services	257,000	227,000	264,114	37,114
Contributions	-	-	2,124	2,124
Interest on investments	200	200	50	(150)
Miscellaneous	12,000	12,000	10,210	(1,790)
<b>TOTAL REVENUES</b>	<u>707,200</u>	<u>677,200</u>	<u>720,336</u>	<u>43,136</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Personal services	319,390	319,390	307,372	12,018
Materials and services	402,450	372,450	401,561	(29,111)
Capital outlay	7,000	7,000	5,290	1,710
Debt service	10,000	10,000	2,814	7,186
<b>TOTAL EXPENDITURES</b>	<u>738,840</u>	<u>708,840</u>	<u>717,037</u>	<u>(8,197)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(31,640)</u>	<u>(31,640)</u>	<u>3,299</u>	<u>34,939</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan proceeds	127,700	127,700	-	(127,700)
Interfund loan repayment	(90,000)	(90,000)	(4,000)	86,000
Transfers out	(6,060)	(6,060)	(6,060)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>31,640</u>	<u>31,640</u>	<u>(10,060)</u>	<u>(41,700)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(6,761)	(6,761)
Budgetary basis adjustment	-	-	4,000	4,000
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>-</u>	<u>-</u>	<u>(100,454)</u>	<u>(100,454)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (103,215)</u>	<u>\$ (103,215)</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**PCC TPAC FUND**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Other taxes	\$ 80,000	\$ 80,000	\$ 80,252	\$ 252
Interest on investments	-	-	7	7
<b>TOTAL REVENUES</b>	<u>80,000</u>	<u>80,000</u>	<u>80,259</u>	<u>259</u>
<b>EXPENDITURES</b>				
Debt service	<u>10,000</u>	<u>10,000</u>	<u>2,392</u>	<u>7,608</u>
<b>TOTAL EXPENDITURES</b>	<u>10,000</u>	<u>10,000</u>	<u>2,392</u>	<u>7,608</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>70,000</u>	<u>70,000</u>	<u>77,867</u>	<u>7,867</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan proceeds	78,000	78,000	-	(78,000)
Interfund loan repayment	<u>(148,000)</u>	<u>(148,000)</u>	<u>(62,000)</u>	<u>86,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(70,000)</u>	<u>(70,000)</u>	<u>(62,000)</u>	<u>8,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	15,867	15,867
Budgetary basis adjustment	-	-	62,000	62,000
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>-</u>	<u>-</u>	<u>(148,347)</u>	<u>(148,347)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70,480)</u>	<u>\$ (70,480)</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**PENDLETON YOUTH COMMISSION FUND**  
**(SUB-FUND OF THE GENERAL FUND)**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions	\$ 750	\$ 750	\$ 1,168	\$ 418
Interest on investments	50	50	9	(41)
<b>TOTAL REVENUES</b>	<u>800</u>	<u>800</u>	<u>1,177</u>	<u>377</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	<u>3,500</u>	<u>3,500</u>	<u>2,312</u>	<u>1,188</u>
<b>TOTAL EXPENDITURES</b>	<u>3,500</u>	<u>3,500</u>	<u>2,312</u>	<u>1,188</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,700)</u>	<u>(2,700)</u>	<u>(1,135)</u>	<u>1,565</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,700)	(2,700)	(1,135)	1,565
<b>FUND BALANCE, Beginning</b>	<u>2,700</u>	<u>2,700</u>	<u>2,679</u>	<u>(21)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,544</u>	<u>\$ 1,544</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 160,500	\$ 210,500	\$ 201,873	\$ (8,627)
Interest on investments	5,000	5,000	1,632	(3,368)
Miscellaneous	500	500	62	(438)
<b>TOTAL REVENUES</b>	<u>166,000</u>	<u>216,000</u>	<u>203,567</u>	<u>(12,433)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Materials and services	318,900	288,900	194,134	94,766
Capital outlay	41,000	91,000	88,877	2,123
<b>TOTAL EXPENDITURES</b>	<u>359,900</u>	<u>379,900</u>	<u>283,011</u>	<u>96,889</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(193,900)</u>	<u>(163,900)</u>	<u>(79,444)</u>	<u>84,456</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(98,600)	(128,600)	(128,600)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(98,600)</u>	<u>(128,600)</u>	<u>(128,600)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(292,500)	(292,500)	(208,044)	84,456
<b>FUND BALANCE, Beginning</b>	<u>292,500</u>	<u>292,500</u>	<u>306,901</u>	<u>14,401</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,857</u>	<u>\$ 98,857</u>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and fees	\$ 500	\$ 500	\$ 1,656	\$ 1,156
Contributions	2,500	2,500	3,016	516
Interest on investments	1,000	1,000	1,016	16
<b>TOTAL REVENUES</b>	<u>4,000</u>	<u>4,000</u>	<u>5,688</u>	<u>1,688</u>
<b>EXPENDITURES</b>				
Capital outlay	60,000	60,000	31,711	28,289
<b>TOTAL EXPENDITURES</b>	<u>60,000</u>	<u>60,000</u>	<u>31,711</u>	<u>28,289</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(56,000)</u>	<u>(56,000)</u>	<u>(26,023)</u>	<u>29,977</u>
<b>NET CHANGE IN FUND BALANCE</b>	(56,000)	(56,000)	(26,023)	29,977
<b>FUND BALANCE, Beginning</b>	<u>163,200</u>	<u>163,200</u>	<u>190,490</u>	<u>27,290</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 107,200</u>	<u>\$ 107,200</u>	<u>\$ 164,467</u>	<u>\$ 57,267</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Interest on investments	2,000	2,000	616	(1,384)
<b>TOTAL REVENUES</b>	<u>62,000</u>	<u>62,000</u>	<u>60,616</u>	<u>(1,384)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	103,000	103,000	26,311	76,689
<b>TOTAL EXPENDITURES</b>	<u>103,000</u>	<u>103,000</u>	<u>26,311</u>	<u>76,689</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(41,000)</u>	<u>(41,000)</u>	<u>34,305</u>	<u>75,305</u>
<b>NET CHANGE IN FUND BALANCE</b>	(41,000)	(41,000)	34,305	75,305
<b>FUND BALANCE, Beginning</b>	<u>82,000</u>	<u>82,000</u>	<u>95,204</u>	<u>13,204</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 41,000</u>	<u>\$ 41,000</u>	<u>\$ 129,509</u>	<u>\$ 88,509</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Loan repayments	\$ -	\$ -	\$ 2,345	\$ 2,345
Contributions	2,000	2,000	9,525	7,525
Interest on investments	2,000	2,000	1,992	(8)
Miscellaneous	-	-	104,268	104,268
<b>TOTAL REVENUES</b>	<u>4,000</u>	<u>4,000</u>	<u>118,130</u>	<u>114,130</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	805,410	805,410	183,861	621,549
Capital outlay	290,000	290,000	202,665	87,335
Contingency	20,395	20,395	-	20,395
<b>TOTAL EXPENDITURES</b>	<u>1,115,805</u>	<u>1,115,805</u>	<u>386,526</u>	<u>729,279</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,111,805)</u>	<u>(1,111,805)</u>	<u>(268,396)</u>	<u>843,409</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	925,000	925,000	400,000	(525,000)
Transfers out	(75,195)	(75,195)	(75,195)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>849,805</u>	<u>849,805</u>	<u>324,805</u>	<u>(525,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(262,000)	(262,000)	56,409	318,409
<b>FUND BALANCE, Beginning</b>	<u>262,000</u>	<u>262,000</u>	<u>279,304</u>	<u>17,304</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 335,713</u>	<u>\$ 335,713</u>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 260,400	\$ 260,400	\$ 234,500	\$ (25,900)
Interest on investments	3,000	3,000	1,999	(1,001)
<b>TOTAL REVENUES</b>	<u>263,400</u>	<u>263,400</u>	<u>236,499</u>	<u>(26,901)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	10,000	10,000	8,991	1,009
Debt service	209,500	2,409,500	2,295,838	113,662
<b>TOTAL EXPENDITURES</b>	<u>219,500</u>	<u>2,419,500</u>	<u>2,304,829</u>	<u>114,671</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>43,900</u>	<u>(2,156,100)</u>	<u>(2,068,330)</u>	<u>87,770</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	-	2,200,000	3,117,130	917,130
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>2,200,000</u>	<u>3,117,130</u>	<u>917,130</u>
<b>NET CHANGE IN FUND BALANCE</b>	43,900	43,900	1,048,800	1,004,900
<b>FUND BALANCE, Beginning</b>	<u>197,400</u>	<u>197,400</u>	<u>195,669</u>	<u>(1,731)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 241,300</u>	<u>\$ 241,300</u>	<u>\$ 1,244,469</u>	<u>\$ 1,003,169</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 485,488	\$ 485,488	\$ 489,742	\$ 4,254
Interest on investments	600	600	307	(293)
<b>TOTAL REVENUES</b>	<u>486,088</u>	<u>486,088</u>	<u>490,049</u>	<u>3,961</u>
<b>EXPENDITURES</b>				
Debt service	<u>497,220</u>	<u>497,220</u>	<u>497,220</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>497,220</u>	<u>497,220</u>	<u>497,220</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(11,132)</u>	<u>(11,132)</u>	<u>(7,171)</u>	<u>3,961</u>
<b>NET CHANGE IN FUND BALANCE</b>	(11,132)	(11,132)	(7,171)	3,961
<b>FUND BALANCE, Beginning</b>	<u>49,000</u>	<u>49,000</u>	<u>63,810</u>	<u>14,810</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 37,868</u>	<u>\$ 37,868</u>	<u>\$ 56,639</u>	<u>\$ 18,771</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 382,000	\$ 382,000	\$ 364,794	\$ (17,206)
Intergovernmental	25,000	25,000	6,500	(18,500)
Interest on investments	6,005	6,005	2,433	(3,572)
<b>TOTAL REVENUES</b>	<u>413,005</u>	<u>413,005</u>	<u>373,727</u>	<u>(39,278)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	55,000	55,000	31,020	23,980
Debt service	368,120	368,120	363,138	4,982
<b>TOTAL EXPENDITURES</b>	<u>423,120</u>	<u>423,120</u>	<u>394,158</u>	<u>28,962</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(10,115)</u>	<u>(10,115)</u>	<u>(20,431)</u>	<u>(10,316)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	75,195	75,195	75,195	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>75,195</u>	<u>75,195</u>	<u>75,195</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	65,080	65,080	54,764	(10,316)
<b>FUND BALANCE, Beginning</b>	<u>407,000</u>	<u>407,000</u>	<u>400,238</u>	<u>(6,762)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 472,080</u>	<u>\$ 472,080</u>	<u>\$ 455,002</u>	<u>\$ (17,078)</u>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 4,000	\$ 4,000	\$ 748	\$ (3,252)
<b>TOTAL REVENUES</b>	<u>4,000</u>	<u>4,000</u>	<u>748</u>	<u>(3,252)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(4,000)	(4,000)	(768)	3,232
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(768)</u>	<u>3,232</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(20)	(20)
<b>FUND BALANCE, Beginning</b>	<u>140,600</u>	<u>140,600</u>	<u>140,598</u>	<u>(2)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 140,600</u>	<u>\$ 140,600</u>	<u>\$ 140,578</u>	<u>\$ (22)</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and fees	\$ 3,150	\$ 3,150	\$ 2,978	\$ (172)
Interest on investments	30,000	30,000	28,177	(1,823)
<b>TOTAL REVENUES</b>	<u>33,150</u>	<u>33,150</u>	<u>31,155</u>	<u>(1,995)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(30,000)	(30,000)	(11,171)	18,829
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(11,171)</u>	<u>18,829</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,150	3,150	19,984	16,834
<b>FUND BALANCE, Beginning</b>	<u>698,000</u>	<u>698,000</u>	<u>710,970</u>	<u>12,970</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 701,150</u>	<u>\$ 701,150</u>	<u>\$ 730,954</u>	<u>\$ 29,804</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**L.I.D. CONSTRUCTION FUND**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Assessments	\$ 169,000	\$ 169,000	\$ 252,980	\$ 83,980
Interest on investments	-	-	147	147
Miscellaneous	-	-	30	30
<b>TOTAL REVENUES</b>	<u>169,000</u>	<u>169,000</u>	<u>253,157</u>	<u>84,157</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	1,000	1,000	93	907
Capital outlay	250,000	250,000	12,684	237,316
Debt service	135,625	135,625	126,457	9,168
<b>TOTAL EXPENDITURES</b>	<u>386,625</u>	<u>386,625</u>	<u>139,234</u>	<u>247,391</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(217,625)</u>	<u>(217,625)</u>	<u>113,923</u>	<u>331,548</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	669,625	669,625	-	(669,625)
Interfund loan repayment	(226,000)	(226,000)	-	226,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>443,625</u>	<u>443,625</u>	<u>-</u>	<u>(443,625)</u>
<b>NET CHANGE IN FUND BALANCE</b>	226,000	226,000	113,923	(112,077)
<b>FUND BALANCE, Beginning</b>	<u>(226,000)</u>	<u>(226,000)</u>	<u>(137,595)</u>	<u>88,405</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,672)</u>	<u>\$ (23,672)</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 200	\$ 200	\$ 67	\$ (133)
<b>TOTAL REVENUES</b>	<u>200</u>	<u>200</u>	<u>67</u>	<u>(133)</u>
<b>EXPENDITURES</b>				
Capital outlay	40,000	40,000	17,850	22,150
<b>TOTAL EXPENDITURES</b>	<u>40,000</u>	<u>40,000</u>	<u>17,850</u>	<u>22,150</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(39,800)</u>	<u>(39,800)</u>	<u>(17,783)</u>	<u>22,017</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	29,000	29,000	41,007	12,007
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>29,000</u>	<u>29,000</u>	<u>41,007</u>	<u>12,007</u>
<b>NET CHANGE IN FUND BALANCE</b>	(10,800)	(10,800)	23,224	34,024
<b>FUND BALANCE, Beginning</b>	<u>24,200</u>	<u>24,200</u>	<u>11,397</u>	<u>(12,803)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 13,400</u>	<u>\$ 13,400</u>	<u>\$ 34,621</u>	<u>\$ 21,221</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and fees	\$ 140,300	\$ 140,300	\$ 126,712	\$ (13,588)
Interest on investments	-	-	4	4
<b>TOTAL REVENUES</b>	<u>140,300</u>	<u>140,300</u>	<u>126,716</u>	<u>(13,584)</u>
<b>EXPENDITURES</b>				
Capital outlay	58,500	252,500	198,234	54,266
Debt service	166,000	166,000	4,140	161,860
<b>TOTAL EXPENDITURES</b>	<u>224,500</u>	<u>418,500</u>	<u>202,374</u>	<u>216,126</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(84,200)</u>	<u>(278,200)</u>	<u>(75,658)</u>	<u>202,542</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	58,145	58,145	-	(58,145)
Interfund loan proceeds	26,055	220,055	-	(220,055)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>84,200</u>	<u>278,200</u>	<u>-</u>	<u>(278,200)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(75,658)	(75,658)
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>-</u>	<u>-</u>	<u>(112,722)</u>	<u>(112,722)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (188,380)</u>	<u>\$ (188,380)</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 75,000	\$ 75,000	\$ 14,032	\$ (60,968)
Assessments	2,150	2,150	1,823	(327)
Interest on investments	15,000	15,000	8,950	(6,050)
<b>TOTAL REVENUES</b>	<u>92,150</u>	<u>92,150</u>	<u>24,805</u>	<u>(67,345)</u>
<b>EXPENDITURES</b>				
Capital outlay	661,650	661,650	63,674	597,976
<b>TOTAL EXPENDITURES</b>	<u>661,650</u>	<u>661,650</u>	<u>63,674</u>	<u>597,976</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(569,500)</u>	<u>(569,500)</u>	<u>(38,869)</u>	<u>530,631</u>
<b>NET CHANGE IN FUND BALANCE</b>	(569,500)	(569,500)	(38,869)	530,631
<b>FUND BALANCE, Beginning</b>	<u>569,500</u>	<u>569,500</u>	<u>614,880</u>	<u>45,380</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 576,011</u>	<u>\$ 576,011</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Capital outlay	\$ -	\$ 100,000	\$ -	\$ 100,000
<b>TOTAL EXPENDITURES</b>	-	100,000	-	100,000
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	(100,000)	-	100,000
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	100,000	-	(100,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	100,000	-	(100,000)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE (DEFICIT), Beginning</b>	-	-	-	-
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 1,652,043	\$ 1,652,043
Interest on investments	8,000	8,000	11,498	3,498
<b>TOTAL REVENUES</b>	<u>8,000</u>	<u>8,000</u>	<u>1,663,541</u>	<u>1,655,541</u>
<b>EXPENDITURES</b>				
Capital outlay	2,535,750	2,535,750	1,652,043	883,707
<b>TOTAL EXPENDITURES</b>	<u>2,535,750</u>	<u>2,535,750</u>	<u>1,652,043</u>	<u>883,707</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,527,750)</u>	<u>(2,527,750)</u>	<u>11,498</u>	<u>2,539,248</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	-	-	15,000	15,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,527,750)	(2,527,750)	26,498	2,554,248
<b>FUND BALANCE, Beginning</b>	<u>2,527,750</u>	<u>2,527,750</u>	<u>139,320</u>	<u>(2,388,430)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,818</u>	<u>\$ 165,818</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**STREET HB2201 FUND**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,200,000	\$ 2,200,000	\$ -	\$ (2,200,000)
<b>TOTAL REVENUES</b>	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>(2,200,000)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Capital outlay	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>2,200,000</u>
<b>TOTAL EXPENDITURES</b>	<u>2,200,000</u>	<u>2,200,000</u>	<u>-</u>	<u>2,200,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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## **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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 3,365,000	\$ 3,365,000	\$ 3,020,774	\$ (344,226)
Intergovernmental	100,000	100,000	2,500	(97,500)
Interest on investments	500	500	2,131	1,631
Miscellaneous	2,000	2,000	23,022	21,022
<b>TOTAL REVENUES</b>	<u>3,467,500</u>	<u>3,467,500</u>	<u>3,048,427</u>	<u>(419,073)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	448,120	448,120	403,546	44,574
Materials and services	1,661,870	1,661,870	1,622,559	39,311
Capital outlay	3,357,325	3,357,325	458,871	2,898,454
Debt service	739,285	739,285	449,883	289,402
Contingency	128,910	128,910	-	128,910
<b>TOTAL EXPENDITURES</b>	<u>6,335,510</u>	<u>6,335,510</u>	<u>2,934,859</u>	<u>3,400,651</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,868,010)</u>	<u>(2,868,010)</u>	<u>113,568</u>	<u>2,981,578</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	17,000	17,000	3,727	(13,273)
Issuance of debt	2,500,000	2,500,000	-	(2,500,000)
Transfers out	(7,990)	(7,990)	(7,990)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,509,010</u>	<u>2,509,010</u>	<u>(4,263)</u>	<u>(2,513,273)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(359,000)	(359,000)	109,305	468,305
<b>FUND BALANCE, Beginning</b>	<u>359,000</u>	<u>359,000</u>	<u>794,104</u>	<u>435,104</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>903,409</u>	<u>\$ 903,409</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			13,044,833	
Notes receivable			3,549	
Accrued interest payable			(105,660)	
Other post employment benefits liability			(31,720)	
Long-term debt			<u>(4,121,869)</u>	
<b>NET ASSETS, Ending</b>			<u>\$ 9,692,542</u>	

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 3,745,200	\$ 3,745,200	\$ 3,848,997	\$ 103,797
Intergovernmental	1,000,000	1,000,000	-	(1,000,000)
Interest on investments	12,000	12,000	30,671	18,671
<b>TOTAL REVENUES</b>	4,757,200	4,757,200	3,879,668	(877,532)
<b>EXPENDITURES</b>				
Current:				
Personal services	479,970	479,970	427,971	51,999
Materials and services	1,545,055	1,545,055	1,510,551	34,504
Capital outlay	590,200	590,200	65,995	524,205
Contingency	283,647	283,647	-	283,647
<b>TOTAL EXPENDITURES</b>	2,898,872	2,898,872	2,004,517	894,355
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	1,858,328	1,858,328	1,875,151	16,823
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	-	-	3,727	3,727
Transfers out	(3,253,728)	(3,253,728)	(2,105,728)	1,148,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(3,253,728)	(3,253,728)	(2,102,001)	1,151,727
<b>NET CHANGE IN FUND BALANCE</b>	(1,395,400)	(1,395,400)	(226,850)	1,168,550
<b>FUND BALANCE, Beginning</b>	1,395,400	1,395,400	1,663,191	267,791
<b>FUND BALANCE, Ending</b>	\$ -	\$ -	\$ 1,436,341	\$ 1,436,341

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 14,000	\$ 14,000	\$ 9,485	\$ (4,515)
<b>TOTAL REVENUES</b>	<u>14,000</u>	<u>14,000</u>	<u>9,485</u>	<u>(4,515)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,002,901</u>	<u>797,099</u>
<b>TOTAL EXPENDITURES</b>	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,002,901</u>	<u>797,099</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,786,000)</u>	<u>(1,786,000)</u>	<u>(993,416)</u>	<u>(792,584)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,352,000</u>	<u>(1,148,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,352,000</u>	<u>(1,148,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	714,000	714,000	358,584	(355,416)
<b>FUND BALANCE, Beginning</b>	<u>1,818,480</u>	<u>1,818,480</u>	<u>1,817,405</u>	<u>(1,075)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 2,532,480</u>	<u>\$ 2,532,480</u>	<u>\$ 2,175,989</u>	<u>\$ (356,491)</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 67,750	\$ 67,750	\$ 52,700	\$ (15,050)
<b>TOTAL REVENUES</b>	<u>67,750</u>	<u>67,750</u>	<u>52,700</u>	<u>(15,050)</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	2,500	2,500	121	2,379
Capital outlay	<u>9,497,050</u>	<u>9,497,050</u>	<u>7,155,780</u>	<u>2,341,270</u>
<b>TOTAL EXPENDITURES</b>	<u>9,499,550</u>	<u>9,499,550</u>	<u>7,155,901</u>	<u>2,343,649</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(9,431,800)</u>	<u>(9,431,800)</u>	<u>(7,103,201)</u>	<u>(2,358,699)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	<u>1,400,000</u>	<u>1,400,000</u>	<u>3,554,599</u>	<u>2,154,599</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,400,000</u>	<u>1,400,000</u>	<u>3,554,599</u>	<u>2,154,599</u>
<b>NET CHANGE IN FUND BALANCE</b>	(8,031,800)	(8,031,800)	(3,548,602)	4,483,198
<b>FUND BALANCE, Beginning</b>	<u>8,031,800</u>	<u>8,031,800</u>	<u>7,453,740</u>	<u>(578,060)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,905,138</u>	<u>\$ 3,905,138</u>

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive / (Negative)</u>
	<u>Original</u>	<u>Final</u>		
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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Debt service	\$ 743,998	\$ 743,998	\$ 743,998	\$ -
<b>TOTAL EXPENDITURES</b>	<u>743,998</u>	<u>743,998</u>	<u>743,998</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>743,998</u>	<u>743,998</u>	<u>743,998</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>743,998</u>	<u>743,998</u>	<u>743,998</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<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)**  
**WASTEWATER RATE STABILIZATION FUND**  
**For the Fiscal Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
FUND BALANCE, Beginning	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
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, 2011**

<b>BUDGETARY BASIS FUND BALANCE (NON-GAAP):</b>	
Sewer	\$ 1,436,341
Sewer Capital Reserve	2,175,989
Wastewater Capital Project	3,905,138
Wastewater Rate Reserve	744,698
Wastewater Rate Stabilization	<u>450,000</u>
	8,712,166
Adjustments:	
Capital assets, net of depreciation	16,762,825
Bond discount and issuance costs	117,326
Notes receivable	3,549
Accrued interest payable	(208,635)
Other post employment benefits liability	(32,007)
Long-term debt	<u>(15,340,000)</u>
<b>GENERALLY ACCEPTED ACCOUNTING  PRINCIPLES BASIS (GAAP) NET ASSETS</b>	<u><u>\$ 10,015,224</u></u>

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 430,500	\$ 430,500	\$ 431,184	\$ 684
Intergovernmental	1,066,800	1,066,800	634,874	(431,926)
Interest on investments	100	100	2	(98)
Miscellaneous	6,500	6,500	5,447	(1,053)
<b>TOTAL REVENUES</b>	<u>1,503,900</u>	<u>1,503,900</u>	<u>1,071,507</u>	<u>(432,393)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	263,500	263,500	244,786	18,714
Materials and services	200,710	220,710	205,359	15,351
Capital outlay	1,066,800	1,046,800	645,210	401,590
Debt service	90,000	90,000	42,747	47,253
<b>TOTAL EXPENDITURES</b>	<u>1,621,010</u>	<u>1,621,010</u>	<u>1,138,102</u>	<u>482,908</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(117,110)</u>	<u>(117,110)</u>	<u>(66,595)</u>	<u>50,515</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	36,420	36,420	35,418	(1,002)
Interfund loan proceeds	2,085,780	2,085,780	-	(2,085,780)
Interfund loan repayment	(2,000,000)	(2,000,000)	-	2,000,000
Transfers out	(5,090)	(5,090)	(5,090)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>117,110</u>	<u>117,110</u>	<u>30,328</u>	<u>(86,782)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(36,267)	(36,267)
<b>FUND BALANCE (DEFICIT), Beginning</b>	-	-	(2,039,776)	(2,039,776)
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,076,043)</u>	<u>\$ (2,076,043)</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			9,331,752	
Notes receivable			174,513	
Other post employment benefits liability			(14,877)	
<b>NET ASSETS, Ending</b>			<u>\$ 7,415,345</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and fees	\$ 108,425	\$ 108,425	\$ 109,850	\$ 1,425
Charges for services	7,000	7,000	3,775	(3,225)
Interest on investments	175	175	104	(71)
Miscellaneous	-	-	408	408
<b>TOTAL REVENUES</b>	115,600	115,600	114,137	(1,463)
<b>EXPENDITURES</b>				
Current:				
Personal services	152,200	152,200	143,970	8,230
Materials and services	103,705	103,705	101,942	1,763
Contingency	485	485	-	485
<b>TOTAL EXPENDITURES</b>	256,390	256,390	245,912	10,478
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(140,790)	(140,790)	(131,775)	9,015
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	115,000	115,000	85,171	(29,829)
Transfers out	(2,710)	(2,710)	(2,710)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	112,290	112,290	82,461	(29,829)
<b>NET CHANGE IN FUND BALANCE</b>	(28,500)	(28,500)	(49,314)	(20,814)
<b>FUND BALANCE, Beginning</b>	28,500	28,500	63,826	35,326
<b>FUND BALANCE, Ending</b>	\$ -	\$ -	14,512	\$ 14,512
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			170,774	
Other post employment benefits liability			(7,782)	
<b>NET ASSETS, Ending</b>			\$ 177,504	

See auditor's report.

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 1,056,490	\$ 1,056,490	\$ 927,861	\$ (128,629)
Interest on investments	10,000	10,000	2,756	(7,244)
Miscellaneous	760	18,260	20,441	2,181
<b>TOTAL REVENUES</b>	<u>1,067,250</u>	<u>1,084,750</u>	<u>951,058</u>	<u>(133,692)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	783,690	783,690	767,938	15,752
Materials and services	167,930	177,930	173,585	4,345
Capital outlay	80,000	192,000	141,204	50,796
Contingency	175,000	70,500	-	70,500
<b>TOTAL EXPENDITURES</b>	<u>1,206,620</u>	<u>1,224,120</u>	<u>1,082,727</u>	<u>141,393</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(139,370)</u>	<u>(139,370)</u>	<u>(131,669)</u>	<u>7,701</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	500	500	3,727	3,227
Transfers out	(15,700)	(15,700)	(15,700)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(15,200)</u>	<u>(15,200)</u>	<u>(11,973)</u>	<u>3,227</u>
<b>NET CHANGE IN FUND BALANCE</b>	(154,570)	(154,570)	(143,642)	10,928
<b>FUND BALANCE, Beginning</b>	<u>554,000</u>	<u>554,000</u>	<u>519,437</u>	<u>(34,563)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 399,430</u>	<u>\$ 399,430</u>	375,795	<u>\$ (23,635)</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			853,966	
Notes receivable			3,549	
Other post employment benefits liability			(53,424)	
<b>NET ASSETS, Ending</b>			<u>\$ 1,179,886</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 103,450	\$ 103,450	\$ 64,665	\$ (38,785)
Charges for services	2,343,480	2,343,480	2,312,506	(30,974)
Intergovernmental	46,000	46,000	37,203	(8,797)
Contributions	-	-	11,391	11,391
Interest on investments	5,000	5,000	2,811	(2,189)
Miscellaneous	8,370	13,370	4,733	(8,637)
<b>TOTAL REVENUES</b>	<u>2,506,300</u>	<u>2,511,300</u>	<u>2,433,309</u>	<u>(77,991)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	1,734,325	1,734,325	1,560,712	173,613
Materials and services	772,525	802,525	628,863	173,662
Capital outlay	72,700	72,700	60,194	12,506
Contingency	188,910	163,910	-	163,910
<b>TOTAL EXPENDITURES</b>	<u>2,768,460</u>	<u>2,773,460</u>	<u>2,249,769</u>	<u>523,691</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(262,160)</u>	<u>(262,160)</u>	<u>183,540</u>	<u>445,700</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(49,840)</u>	<u>(49,840)</u>	<u>(49,840)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(49,840)</u>	<u>(49,840)</u>	<u>(49,840)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(312,000)	(312,000)	133,700	445,700
<b>FUND BALANCE, Beginning</b>	<u>312,000</u>	<u>312,000</u>	<u>374,980</u>	<u>62,980</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	508,680	<u>\$ 508,680</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			235,147	
Other post employment benefits liability			<u>(85,641)</u>	
<b>NET ASSETS, Ending</b>			<u>\$ 658,186</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>EXPENDITURES AND TRANSFERS</b>				
City manager's office	\$ 336,650	\$ 336,650	\$ 322,141	\$ 14,509
Insurance	269,500	269,500	161,455	108,045
Mayor and City Council	47,400	47,400	39,892	7,508
Legal	258,050	258,050	234,529	23,521
Finance	578,750	578,750	494,740	84,010
Engineering	424,500	424,500	375,972	48,528
Facilities	504,600	529,600	483,725	45,875
Information technology	160,100	165,100	137,315	27,785
Contingency	188,910	163,910	-	163,910
	<u>2,768,460</u>	<u>2,773,460</u>	<u>2,249,769</u>	<u>523,691</u>
Total expenditures				
Transfers	49,840	49,840	49,840	-
	<u>49,840</u>	<u>49,840</u>	<u>49,840</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<u>\$ 2,818,300</u>	<u>\$ 2,823,300</u>	<u>\$ 2,299,609</u>	<u>\$ 523,691</u>

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

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**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 105,000	\$ 105,000	\$ 82,093	\$ (22,907)
<b>TOTAL REVENUES</b>	<u>105,000</u>	<u>105,000</u>	<u>82,093</u>	<u>(22,907)</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	<u>105,000</u>	<u>105,000</u>	<u>82,093</u>	<u>22,907</u>
<b>TOTAL EXPENDITURES</b>	<u>105,000</u>	<u>105,000</u>	<u>82,093</u>	<u>22,907</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions	\$ 232,500	\$ 232,500	\$ 155,027	\$ (77,473)
Interest on investments	2,500	2,500	193	(2,307)
<b>TOTAL REVENUES</b>	<u>235,000</u>	<u>235,000</u>	<u>155,220</u>	<u>(79,780)</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	240,000	240,000	163,756	76,244
<b>TOTAL EXPENDITURES</b>	<u>240,000</u>	<u>240,000</u>	<u>163,756</u>	<u>76,244</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(8,536)</u>	<u>(3,536)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(5,000)	(5,000)	(8,536)	(3,536)
<b>FUND BALANCE, Beginning</b>	<u>5,000</u>	<u>5,000</u>	<u>53,878</u>	<u>48,878</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,342</u>	<u>\$ 45,342</u>



## **OTHER FINANCIAL SCHEDULES**

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**CITY OF PENDLETON, OREGON**  
**ALL AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**For the fiscal year ended June 30, 2011**

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
<b>Northeast Oregon Air Task Force Agency</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,030	\$ 6	\$ -	\$ 1,036
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Due to other governments	\$ 1,030	\$ 6	\$ -	\$ 1,036
<b>Bail Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,366	\$ 609	\$ -	\$ 12,975
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 6,254	\$ 22	\$ -	\$ 6,276
Due to other governments	6,112	587	-	6,699
Total liabilities	\$ 12,366	\$ 609	\$ -	\$ 12,975
<b>Eastern Oregon Drug Task Force Fund</b>				
<b>ASSETS</b>				
Accounts receivable	\$ 19,041	\$ 82,093	\$ 81,817	\$ 19,317
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 19,041	\$ 82,093	\$ 81,817	\$ 19,317
<b>Pendleton Foundation Trust</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,878	\$ 155,220	\$ 163,756	\$ 45,342
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Due to other governments	\$ 53,878	\$ 155,220	\$ 163,756	\$ 45,342

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES**  
**For the fiscal year ended June 30, 2011**

	Taxes Uncollected July 1, 2010	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2011
2010-11	\$ -	\$ 5,661,909	\$ (181,152)	\$ (5,258,426)	\$ 222,331
2009-10	253,819	-	2,988	(109,500)	147,307
2008-09	132,408	-	6,737	(56,892)	82,253
2007-08	75,788	-	8,238	(45,437)	38,589
2006-07	24,193	-	5,429	(26,239)	3,383
2005-06	4,125	-	609	(2,751)	1,983
2004-05	2,107	-	341	(1,465)	983
2003-04	888	-	275	(595)	568
2002-03	854	-	158	(408)	604
2001-02	633	-	130	(323)	440
2000-01	553	-	63	(150)	466
1999-00	391	-	20	(43)	368
1998-99	379	-	17	(36)	360
1997-98	190	-	16	(32)	174
1996-97	196	-	(15)	(35)	146
1995-96	67	-	22	(52)	37
Prior	352	-	(22)	(17)	313
	<u>\$ 496,943</u>	<u>\$ 5,661,909</u>	<u>\$ (156,146)</u>	<u>\$ (5,502,401)</u>	<u>\$ 500,305</u>

	Tax Collections to June 30, 2011	Taxes Receivable June 30, 2011
	<u>\$ 5,502,401</u>	<u>\$ 500,305</u>

Taxes receivable and tax collections classified by fund:

General Fund	\$ 4,638,882	\$ 417,401
Urban Renewal Debt Service Fund	364,588	53,129
Debt Service Fund	490,102	29,775
Plus: appeals and foreclosure adjustments	<u>8,829</u>	<u>-</u>
<b>Totals</b>	<u>\$ 5,502,401</u>	<u>\$ 500,305</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	\$ 4,638,882	\$ (35,019)	\$ 35,738	\$ 4,639,601
Pendleton Development Commission	364,588	(1,977)	2,183	364,794
Debt Service Fund	<u>490,102</u>	<u>(5,298)</u>	<u>4,938</u>	<u>489,742</u>
	<u>\$ 5,493,572</u>	<u>\$ (42,294)</u>	<u>\$ 42,859</u>	<u>\$ 5,494,137</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF OUTSTANDING DEBT PRINCIPAL AND INTEREST TRANSACTIONS**  
For the fiscal year ended June 30, 2011

	Terms			
	Date of Issue	Interest Rate	Maturity Date	Original Amount
<b>Governmental Funds:</b>				
General Obligation Bonds:				
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	01/28/09	6.60%	01/28/19	\$ 2,000,000
Banner Bank - Pendleton Development Commission	06/26/09	5.50%	09/30/12	\$ 2,150,000
Community Bank - Keystone	01/12/05	4.75%	01/15/25	\$ 2,700,000
USDA- Pendleton Academies	03/05/98	4.88%	03/05/38	\$ 889,533
Sunridge LID	07/29/09	4.90%	07/29/24	\$ 1,300,000
Oregon Department of Transportation	04/07/09	4.80%	01/01/30	\$ 1,512,613
Total General Long Term Debt				
<b>Enterprise Funds:</b>				
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:				
Clean Water State Revolving Fund '09	09/22/09	0.00%	04/01/31	4,000,000
Clean Water State Revolving Fund 2010	04/15/10	2.77%	04/01/31	\$ 2,400,000
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, 2010	Issued During Year	Paid During Year	Outstanding June 30, 2011	Outstanding June 30, 2010	Matured During Year	Paid During Year	Outstanding June 30, 2011
\$ 955,000	\$ -	\$ 220,000	\$ 735,000	\$ -	\$ 44,320	44,320	\$ -
1,235,000	-	185,000	1,050,000	-	47,900	47,900	-
(28,517)	-	(5,228)	(23,289)	-	-	-	-
<u>2,161,483</u>	<u>-</u>	<u>399,772</u>	<u>1,761,711</u>	<u>-</u>	<u>92,220</u>	<u>92,220</u>	<u>-</u>
6,895,000	-	105,000	6,790,000	-	341,358	341,358	-
1,852,715	-	156,774	1,695,941	-	123,978	123,978	-
1,200,000	400,000	-	1,600,000	-	81,415	81,415	-
2,199,170	-	2,199,170	-	-	96,669	96,669	-
871,933	-	27,435	844,498	-	41,902	41,902	-
1,292,925	-	62,897	1,230,028	-	62,728	62,728	-
1,194,961	-	219,568	975,393	-	30,432	30,432	-
<u>\$ 17,668,187</u>	<u>\$ 400,000</u>	<u>\$ 3,170,616</u>	<u>\$ 14,897,571</u>	<u>\$ -</u>	<u>\$ 870,702</u>	<u>\$ 870,702</u>	<u>\$ -</u>
\$ 2,977,000	\$ -	\$ 174,000	\$ 2,803,000	\$ -	\$ 133,965	\$ 133,965	\$ -
1,402,310	-	83,441	1,318,869	-	58,477	58,477	-
<u>4,379,310</u>	<u>-</u>	<u>257,441</u>	<u>4,121,869</u>	<u>-</u>	<u>192,442</u>	<u>192,442</u>	<u>-</u>
2,845,401	1,154,599	-	4,000,000	-	-	-	-
-	2,400,000	-	2,400,000	-	-	-	-
<u>9,310,000</u>	<u>-</u>	<u>370,000</u>	<u>8,940,000</u>	<u>-</u>	<u>373,998</u>	<u>373,998</u>	<u>-</u>
12,155,401	3,554,599	370,000	15,340,000	-	373,998	373,998	-
<u>\$ 16,534,711</u>	<u>\$ 3,554,599</u>	<u>\$ 627,441</u>	<u>\$ 19,461,869</u>	<u>\$ -</u>	<u>\$ 566,440</u>	<u>\$ 566,440</u>	<u>\$ -</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FUTURE GENERAL OBLIGATION BONDED DEBT**  
**REQUIREMENTS- GOVERNMENTAL FUNDS**  
**June 30, 2011**

Year of Maturity	General Obligation Bonds		McCune Refunding		Facilities Refunding	
	Totals		Principal	Interest	Principal	Interest
	Principal	Interest				
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>\$ 1,785,000</u>	<u>\$ 196,320</u>	<u>\$ 735,000</u>	<u>\$ 69,795</u>	<u>\$ 1,050,000</u>	<u>\$ 126,525</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FUTURE LIMITED TAX PENSION**  
**BONDED DEBT REQUIREMENTS**  
**GOVERNMENTAL FUNDS**  
**June 30, 2011**

Year of Maturity	Limited Tax Pension Bonds	
	Principal	Interest
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>\$ 6,790,000</u>	<u>\$ 3,766,558</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS**  
**GOVERNMENTAL FUNDS**  
**June 30, 2011**

Year of Maturity	Notes Payable		Community Bank - Pendleton Development Commission		OTIB	
	Totals		Principal	Interest	Principal	Interest
	Principal	Interest				
2011-12	\$ 508,249	\$ 255,614	\$ 166,954	\$ 113,798	\$ 246,329	\$ 41,821
2012-13	390,481	231,532	178,157	102,595	112,641	33,659
2013-14	413,106	208,907	190,359	90,393	118,112	28,188
2014-15	436,780	185,233	203,097	77,655	123,850	22,450
2015-16	461,842	160,169	216,687	64,064	129,866	16,434
2016-17	488,243	133,770	231,052	49,700	136,174	10,126
2017-18	482,098	105,546	246,649	34,103	108,421	3,511
2018-19	396,325	79,220	262,986	17,598	-	-
2019-20	139,963	54,998	-	-	-	-
2020-21	146,916	48,045	-	-	-	-
2021-22	154,214	40,747	-	-	-	-
2022-23	161,874	33,085	-	-	-	-
2023-24	169,916	25,044	-	-	-	-
2024-25	115,318	16,611	-	-	-	-
2025-26	56,921	12,415	-	-	-	-
2026-27	59,758	9,578	-	-	-	-
2027-28	62,738	6,598	-	-	-	-
2028-29	65,865	3,471	-	-	-	-
2029-30	35,250	518	-	-	-	-
	<u>\$ 4,745,858</u>	<u>\$ 1,611,101</u>	<u>\$ 1,695,941</u>	<u>\$ 549,906</u>	<u>\$ 975,393</u>	<u>\$ 156,189</u>

Year of Maturity	USDA- Pendleton Academies		Sunridge LID	
	Principal	Interest	Principal	Interest
	2011-12	\$ 28,805	\$ 40,531	\$ 66,161
2012-13	30,241	39,095	69,442	56,182
2013-14	31,748	37,588	72,887	52,738
2014-15	33,331	36,005	76,502	49,123
2015-16	34,993	34,343	80,296	45,328
2016-17	36,738	32,598	84,279	41,346
2017-18	38,569	30,767	88,459	37,165
2018-19	40,492	28,844	92,847	32,778
2019-20	42,511	26,825	97,452	28,173
2020-21	44,630	24,706	102,286	23,339
2021-22	46,855	22,481	107,359	18,265
2022-23	49,190	20,145	112,684	12,940
2023-24	51,643	17,693	118,273	7,351
2024-25	54,218	15,118	61,100	1,493
2025-26	56,921	12,415	-	-
2026-27	59,758	9,578	-	-
2027-28	62,738	6,598	-	-
2028-29	65,865	3,471	-	-
2029-30	35,250	518	-	-
	<u>\$ 844,495</u>	<u>\$ 439,320</u>	<u>\$ 1,230,028</u>	<u>\$ 465,686</u>

\* Amortization of the Banner Bank -PDC Notes are not available at this time.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS**  
**WATER FUND**  
**June 30, 2011**

Year of Maturity	Notes Payable Totals		Safe Drinking Water State Revolving Loan Fund			
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 4,121,869</u>	<u>\$ 1,272,063</u>	<u>\$ 2,803,000</u>	<u>\$ 885,915</u>	<u>\$ 1,318,869</u>	<u>\$ 386,148</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FUTURE BONDED DEBT REQUIREMENTS**  
**SEWER FUND**  
**June 30, 2011**

<u>Year of Maturity</u>	Waste Water Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>
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>\$ 8,940,000</u>	<u>\$ 3,690,587</u>

\* Amortization of the Clean Water State Revolving Fund is not available at this time.

## **STATISTICAL SECTION**

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**City of Pendleton**  
**Major Wastewater Accounts FY11**

ACCOUNT	TOTAL ANNUAL REVENUE FY11	% OF TOTAL ANNUAL REV FY11
EOCI	\$524,746	14.19%
TRIBES/WILDHORSE	71,874	1.94%
RED LION	41,962	1.14%
ST ANTHONY	32,725	0.89%
CRAIG NEUBO	32,141	0.87%
RON MORRIS	28,969	0.78%
WILLIAM SMITH	25,857	0.70%
HILL MEAT	21,911	0.59%
OREGON TRAIL MANOR	16,790	0.45%
PEND HIGH SCHOOL	14,469	0.39%
TOTAL	\$811,444	21.95%
ALL OTHER CUSTOMERS	2,885,619	78.05%
TOTAL SEWER REVENUE	\$3,697,063	100.00%

City of Pendleton  
Coverage Table - Historical and Projected Operating Results

	Actual							Projected 2.5%	
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Operating Revenues:</b>									
Transfers from Other Funds - IN	\$330,000	\$0	\$301,100	\$0	\$0	\$0	\$0	\$0	\$0
State Revenues:	0	3500	0	0	0	0	0	0	0
Enterprise Revenues:	1,415,696	1,662,682	1,754,055	2,649,142	3,656,158	3,707,262	3,839,656	3,935,647	4,034,039
Intergovernmental revenues:	613	8,207	1,142	6,013	1,487	11,722	9,341	9,575	9,814
<b>Total Operating Revenues</b>	<b>1,746,309</b>	<b>1,674,389</b>	<b>2,056,297</b>	<b>2,655,155</b>	<b>3,657,645</b>	<b>3,718,984</b>	<b>3,848,997</b>	<b>3,945,222</b>	<b>4,043,852</b>
<b>Operating Expenses:</b>									
Personal Services	325,992	297,575	316,595	331,780	385,723	450,321	427,970	438,669	449,636
Materials & Services	938,364	1,093,110	1,016,103	1,069,572	1,372,440	1,448,569	1,510,552	1,548,316	1,587,024
Transfers to other fund- OUT	0	21,725	12,100	9,870	10,100	9,090	9,730	9,973	10,223
Contingency	0	0	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>1,264,356</b>	<b>1,412,410</b>	<b>1,344,798</b>	<b>1,411,222</b>	<b>1,768,263</b>	<b>1,907,980</b>	<b>1,948,252</b>	<b>1,996,958</b>	<b>2,046,882</b>
<b>Net Operating Income</b>	<b>481,953</b>	<b>261,979</b>	<b>711,499</b>	<b>1,243,933</b>	<b>1,889,382</b>	<b>1,811,004</b>	<b>1,900,745</b>	<b>1,948,264</b>	<b>1,996,970</b>
<b>Non-operating Income (Expenses):</b>									
Sale of Equipment/land	0	0	10,000	10,377	3,727	3,727	3,727	5,000	5,000
Other miscellaneous	0	0	0	0	8,616	8,616	0	0	0
Reimbursement of expense	-393	0	919	868	13,108	17,500	0	1,000	1,000
Investment Income									
Sewer Fund	6,214	13,745	35,209	42,883	43,774	11,782	30,671	15,000	10,000
Sewer Capital Reserve Fund	19,047	20,244	13,481	11,802	5,814	9,323	9,485	8,000	6,000
<b>Total Non-operating Income (Expense)</b>	<b>24,868</b>	<b>33,989</b>	<b>59,609</b>	<b>65,930</b>	<b>66,423</b>	<b>50,948</b>	<b>43,883</b>	<b>29,000</b>	<b>22,000</b>
<b>Net Revenues Avail. For Debt Service</b>	<b>506,821</b>	<b>295,968</b>	<b>771,108</b>	<b>1,309,863</b>	<b>1,955,805</b>	<b>1,861,952</b>	<b>1,944,628</b>	<b>1,977,264</b>	<b>2,018,970</b>
<b>Senior Lien Debt Service:</b>									
OCEDD Special Public Works Fund Loan	3,836	3,836	3,836	10,387	0	0	0	0	0
Sewer System Revenue Bonds 2007					742,471	743,198	743,998	742,898	744,598
CWSRF \$4 million, \$2 million Debt Forgive		0	0	0	0	0	0	109,750	109,250
CWSRF \$2 million estimated at 3.5%	0	0	0	0	0	0	0	161,685	165,625
<b>Total Senior Lien Debt Service</b>	<b>3,836</b>	<b>3,836</b>	<b>3,836</b>	<b>10,387</b>	<b>742,471</b>	<b>743,198</b>	<b>743,998</b>	<b>1,014,333</b>	<b>1,019,473</b>
<b>Net Revenues Avail for Other purposes</b>	<b>\$502,985</b>	<b>\$292,132</b>	<b>\$767,272</b>	<b>\$1,299,476</b>	<b>\$1,213,334</b>	<b>\$1,118,754</b>	<b>\$1,200,630</b>	<b>962,931</b>	<b>\$999,497</b>
<b>Debt Service Coverage</b>	<b>132.12</b>	<b>77.16</b>	<b>201.02</b>	<b>126.11</b>	<b>2.63</b>	<b>2.51</b>	<b>2.61</b>	<b>1.95</b>	<b>1.98</b>

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	
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	0	0	100,000	1,250	100,000	9,625	210,875
2030	0	0	100,000	750	100,000	6,125	206,875
2031	0	0	100,000	250	100,000	2,625	202,875
<b>Total</b>	<b>\$8,940,000</b>	<b>\$3,690,580</b>	<b>\$2,000,000</b>	<b>\$100,000</b>	<b>\$2,000,000</b>	<b>\$710,060</b>	<b>\$17,440,640</b>

## **ACCOMPANYING INFORMATION**

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Dickey and Tremper, LLP  
Certified Public Accountants and Business Advisors

## INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of the City of Pendleton as of and for the year ended June 30, 2011, and have issued our report thereon dated December 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

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

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**

Expenditures exceeded appropriations for the 2010-2011 budgets in the following amounts:

Pendleton Convention Center Fund:	
Materials and Services	<u>\$ 29,111</u>

- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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

**OAR 162-10-0230 Internal Control**

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

We noted certain matters that we reported to management of City of Pendleton, Oregon, in a separate letter dated December 30, 2011.

This report is intended solely for the information and use of the board of directors/council members/commissioners and management of City of Pendleton and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Dickey and Tremper, LLP

*Dickey and Tremper, LLP*

December 30, 2011



Dickey and Tremper, LLP  
Certified Public Accountants and Business Advisors

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

December 30, 2011

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

We have audited the 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, 2011, which collectively comprise the City of Pendleton, Oregon's basic financial statements and have issued our report thereon, dated December 30, 2011. 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. Accordingly, we do not express an opinion on the effectiveness of the City of Pendleton, Oregon's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## 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 December 30, 2011.

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*

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**Dickey and Tremper, LLP**  
**Certified Public Accountants**



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**Independent Auditor's Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on 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**

December 30, 2011

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, 2011. 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.

In our opinion, the City of Pendleton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and on its passenger facility charge program for the year ended June 30, 2011.

## **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.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

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**Dickey and Tremper, LLP**  
**Certified Public Accountants**

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Fiscal Year Ended June 30, 2011**

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Pass-Through Entity Identification Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation:			
Direct programs:			
Airport Improvement Program		20.106	\$ 600,614 **
Passed through the Oregon Department of Transportation:			
Rural and Small Urban Areas 5311	25829	20.509	68,546
Rural and Small Urban Areas ARRA 5311	25640	20.509	32,114
Elderly and Persons with Disabilities	26113	20.513	41,935
Highway Planning and Construction	0911WKZN	20.205	<u>644</u>
Total U.S. Department of Transportation			<u>743,853</u>
Department of Environmental Protection Agency:			
Passed through State of Oregon:			
Capitalization Grants for State Revolving Funds - ARRA	R06724	66.458	<u>2,682,475 **</u>
Department of Federal Emergency Management:			
Direct Programs:			
Assistance to Firefighters Grant	EMW-2009-FO-09704	97.044	<u>38,000</u>
Institute of Museum and Library Services			
Passed through Oregon State Library			
The Door is Open	9/9/2021	45.310	<u>7,174</u>
Department of Justice:			
Direct programs:			
Recovery Act Justice Assistance Grant - ARRA	2009-SB-B9-0088	16.804	17,204
Bulletproof Vest Partnership		16.607	1,813
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	82,093
Passed through Eastern Oregon Drug Task Force to City of Pendleton:			
Byrne Formula Grant Program	98-007	16.579	<u>22,319</u>
Total U.S. Department of Justice			<u>123,429</u>
Executive Office of the President			
Office of the National Drug Control Policy			
High Intensity Drug Trafficking Area	DOJ-HIDTA	07.XXX	<u>116,274</u>
Total expenditures of Federal Funds			<u>\$ 3,711,205</u>

\*\* Signifies Major Program

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES**  
**For The Fiscal Year Ended June 30, 2011**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Passenger Facility Charges (PFC's)	N/A	<u>\$ 21,921</u>

**CITY OF PENDLETON, OREGON**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Fiscal Year Ended June 30, 2011**

**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 the Eastern Oregon Drug Task Force	16.579	<u>\$ 82,093</u>

**CITY OF PENDLETON, OREGON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For The Fiscal Year Ended June 30, 2011**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINDING 2010-02: Business Loan Incentive Program – CFDA No. 14.228

*Condition:* This finding was a compliance finding and material weakness stating that the City did not adequately monitor the performance of the sub-grantee's program administration and reimbursements for program administration and management.

*Recommendation:* The auditor recommended that the City work closely with the State of Oregon to resolve the questioned items and increase their monitoring of the program.

*Current Status:* The recommendation was adopted and at the end of the 2010 fiscal year, the overall program, monitoring, and costs were determined to be in compliance by the State oversight agency and the program was closed out shortly after the end of the fiscal year.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Fiscal Year Ended June 30, 2011**

**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 No significant deficiencies in internal control were discovered by the audit of the basic financial statements of the City of Pendleton.
- 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 No significant deficiencies in internal control over compliance for major federal programs were disclosed by the audit.
- 05 The auditor's report on compliance expresses an unqualified opinion for each major program and the Passenger Facilities Charge Program.
- 06 There were no audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133.
- 07 The programs tested as a major programs included:

Airport Improvement Program (AIP)	CFDA # 20.106
Capitalization Grants for State Revolving Funds	CFDA # 66.458-ARRA
- 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**

None.

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

None.