

CITY OF PENDLETON, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2012





**CITY OF PENDLETON, OREGON
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2012**

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**CITY OF PENDLETON, OREGON
OFFICIALS OF THE CITY
AS OF JUNE 30, 2012**

MAYOR AND CITY COUNCIL

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Phillip Houk, Mayor 707 NW 3 rd Street Pendleton, OR 97801	2012
Keith May, Council President 5 NE Despain Avenue Pendleton, OR 97801	2014
John Brenne, Council Member PO Box 1404 Pendleton, OR 97801	2014
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	2014
Jane Hill, Council Member PO Box 339 Pendleton, OR 97801	2012
Al Plute, Council Member 15 SE Emigrant Avenue Pendleton, OR 97801	2014
Tom Young, Council Member 3304 SW Ladow Avenue Pendleton, OR 97801	2012

CITY STAFF

<u>Name</u>	<u>Position</u>
Robb Corbett	City Manager
Linda Carter	Finance Director
Nancy Kerns	City Attorney
Stuart Roberts	Police Chief
Gary Woodson	Fire Chief
Pete Wells	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
Andrea Denton	City Recorder

CITY ADDRESS

Administrative Offices
500 SW Dorion Avenue
Pendleton, Oregon 97801



FINANCIAL SECTION



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pendleton, Oregon, as of and for the year ended June 30, 2012, 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.

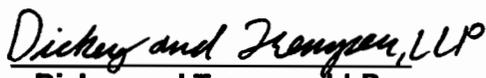
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pendleton, Oregon, as of June 30, 2012, 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 21, 2012, 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 4 through 19 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
Certified Public Accountants

December 21, 2012



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, 2012. 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 \$1,741,686 or 19 percent. The majority of the decrease came from reduced federal and state assistance for highways and streets which included the completion of Quinney Bridge project. Expenditures increased by \$451,586, with the largest increase in public safety as compared to a decrease in general government spending.
- Business-type activities revenue increased by \$61,118. This included Energy Trust of Oregon contributions in the Water and Sewer Fund to help offset energy project costs. Expenditures increased overall by a total of \$220,606, three percent for the year.
- The unassigned fund balance for the General Fund was \$1,306,556 and the total fund balance was \$2,694,886 or approximately 19% of total general fund expenditures & transfers out. The ending fund balance decreased by 10% from the previous year.
- The City's governmental activities total debt decreased by \$1.06 million or 7% over FY2010-11. 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 \$225,000. The additional debt for City consists of the Airport Road Connector at \$501,013, Sunridge Estates Local Improvement District at \$1.16 million and a USDA loan for the Airport Road police station building at \$815,696.
- Enterprise fund debt increased to a total of \$21.06 million. The Sewer Fund was loaned an additional \$2.250 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 28 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, State Tax Street Fund, and LID Construction Fund, which are considered to be *major funds*. Three 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, and LID 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 \$66,363,675 at the close of the FY2011-12 year. Restricted net assets in the governmental funds include \$653,290 for debt service, and \$5,983 street tax monies reserved for street operations and construction, \$879,664 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 \$59,838,464 or 90 percent, in capital asset (i.e. land, buildings, and equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for these liabilities.

A. Analysis of Net Assets

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

Governmental Activities			
	FY 2010-11	FY 2011-12	Change
Assets			
Current and other assets	\$16,514,281	\$14,761,616	(\$1,752,665)
Capital assets	37,568,945	37,913,982	345,037
Total assets	\$54,083,226	\$52,675,598	(1,407,628)
Liabilities			
Long-term liabilities outstanding	\$15,385,702	\$14,956,990	(\$428,712)
Other liabilities	2,442,259	879,677	(1,562,582)
Total liabilities	\$17,827,961	\$15,836,667	(1,991,294)
Net Assets			
Invested in capital assets, net of related debt	\$32,183,262	\$33,552,411	\$1,369,149
Restricted	2,165,672	2,011,242	(154,430)
Unrestricted (deficit)	1,906,331	1,275,278	(631,053)
Total Net Assets	\$36,255,265	\$36,838,931	\$583,666

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

Business-type Activities			
	FY 2010-11	FY 2011-12	Change
Assets			
Current and other assets	\$9,054,600	\$4,556,174	(\$4,498,426)
Capital assets	40,164,150	47,350,000	7,185,850
Total assets	\$49,218,750	\$51,906,174	\$2,687,424
Liabilities			
Long-term liabilities outstanding	\$19,601,679	\$21,369,342	\$1,767,663
Other liabilities	1,296,626	1,012,088	(284,538)
Total liabilities	\$20,898,305	\$22,381,430	\$1,483,125
Net Assets			
Invested in capital assets, net of related debt	\$24,607,419	\$26,286,053	\$1,678,634
Restricted	744,698	744,698	0
Unrestricted (deficit)	2,968,328	2,493,993	(474,335)
Total Net Assets	\$28,320,445	\$29,524,744	\$1,204,299

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

Total Net Assets			
	FY 2010-11	FY 2011-12	Change
Assets			
Current and other assets	\$25,568,881	\$19,317,790	(\$6,251,091)
Capital assets	77,733,095	85,263,982	7,530,887
Total assets	\$103,301,976	\$104,581,772	\$1,279,796
Liabilities			
Long-term liabilities outstanding	34,987,381	\$36,326,332	\$1,338,951
Other liabilities	3,738,885	1,891,765	(1,847,120)
Total liabilities	\$38,726,266	\$38,218,097	(\$508,169)
Net Assets			
Invested in capital assets, net of related debt	\$56,790,681	\$59,838,464	\$3,047,783
Restricted	2,910,370	2,755,940	(154,430)
Unrestricted (deficit)	4,874,659	3,769,271	(1,105,388)
Total Net Assets	\$64,575,710	\$66,363,675	\$1,787,965

An additional portion of the City's net assets \$2,755,940, approximately 4 percent, represents resources that are subject to external restrictions on how they may be used. The remaining, balance is *unrestricted net assets* totaling \$3,769,271 or approximately 6 percent. Unrestricted net assets decreased from the previous year by \$1,105,388.

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

B. Analysis of Changes in Net Assets

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

Governmental Activities			
	FY 2010-11	FY 2011-12	Change
Revenues			
<i>Program revenues:</i>			
Charges for services	\$3,169,189	\$3,240,789	\$71,600
Operating grants & contributions	2,472,915	2,230,843	(242,072)
Capital grants & contributions	3,607,281	2,036,067	(1,571,214)
<i>General revenues:</i>			
Property taxes	5,496,932	5,796,678	299,746
Franchise fees	3,851,250	3,887,579	36,329
Investment earnings	803,812	137,599	(666,213)
Other	562,053	229,124	(332,929)
Total revenues	\$19,963,432	\$17,558,679	(\$2,404,753)
Expenses			
General government	\$2,782,752	\$2,695,345	(\$87,407)
Public safety	7,516,333	7,881,841	365,508
Highways & streets	1,924,903	2,165,266	240,363
Culture & recreation	2,965,283	3,099,377	134,094
Amortization of PERS prepayment	376,337	319,809	(56,528)
Interest on long-term debt	906,864	762,420	(144,444)
Total expenses	\$16,472,472	\$16,924,058	\$451,586
Change in net assets	\$3,490,960	\$634,621	(\$2,856,339)
Transfers	(43,951)	(50,955)	(7,004)
Change in net assets	3,447,009	583,666	(2,863,343)
Net assets -- beginning	\$32,808,256	\$36,255,265	\$3,447,009
Net assets -- ending	\$36,255,265	\$36,838,931	\$583,666

Table 2-B

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

Business-type Activities

	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$7,482,265	\$7,454,513	(\$27,752)
Operating grants & contributions	2,500	153,604	151,104
Capital grants & contributions	668,720	606,486	(62,234)
<i>General revenues:</i>			
Investment earnings	97,850	50,236	(47,614)
Other	(89,070)	30,129	119,199
Total revenues	<u>\$8,162,265</u>	<u>\$8,294,968</u>	<u>\$132,703</u>
Expenses			
Water	\$3,049,863	\$3,064,938	\$15,075
Sewer	2,273,186	2,457,892	184,706
Airport	1,339,602	1,342,683	3,081
Cemetery	258,367	276,111	17,744
Total expenses	<u>\$6,921,018</u>	<u>\$7,141,624</u>	<u>\$220,606</u>
Change in net assets	\$1,241,247	\$1,153,344	(\$87,903)
Transfers	43,951	50,955	7,004
Change in net assets	1,285,198	1,204,299	(80,899)
Net assets -- beginning	<u>\$27,035,247</u>	<u>\$28,320,445</u>	<u>\$1,285,198</u>
Net assets -- ending	<u>\$28,320,445</u>	<u>\$29,524,744</u>	<u>\$1,204,299</u>

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

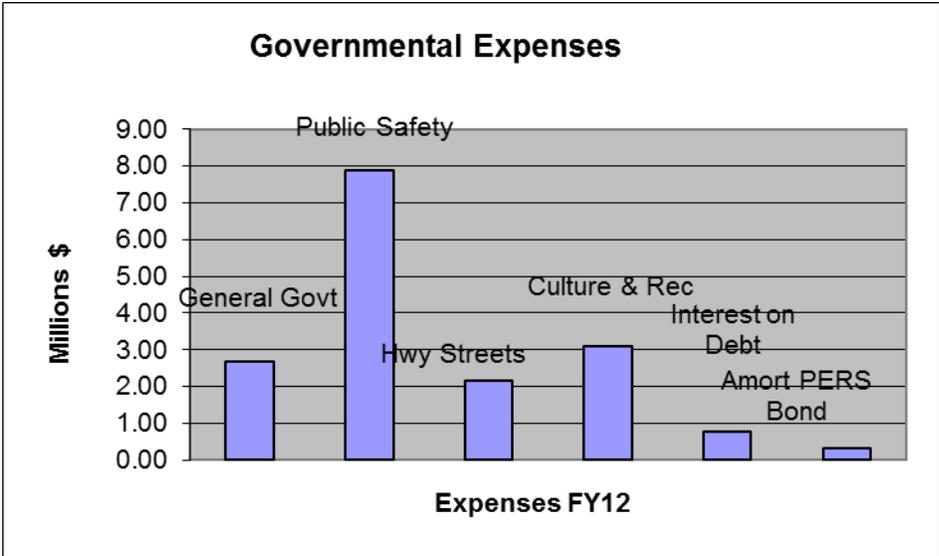
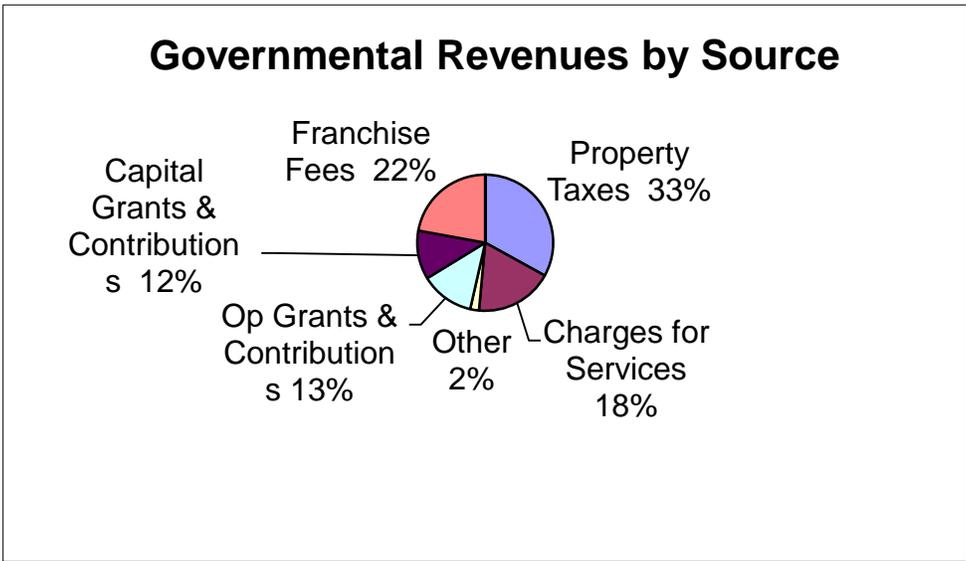
Total Net Assets

	FY 2010-11	FY 2011-12	Change
Revenues			
<i>Program revenues:</i>			
Charges for services	\$10,651,454	\$10,695,302	\$43,848
Operating grants & contributions	2,475,415	2,384,447	(90,968)
Capital grants & contributions	4,276,001	2,642,553	(1,633,448)
<i>General revenues:</i>			
Property taxes	5,496,932	5,796,678	299,746
Franchise fees	3,851,250	3,887,579	36,329
Investment earnings	901,662	187,835	(713,827)
Other	472,983	259,253	(213,730)
Total revenues	\$28,125,697	\$25,853,647	(\$2,272,050)
Expenses			
General government	\$2,782,752	\$2,695,345	(\$87,407)
Public safety	7,516,333	7,881,841	365,508
Highways & streets	1,924,903	2,165,266	240,363
Culture & recreation	2,965,283	3,099,377	134,094
Amortization of PERS prepayment	376,337	319,809	(56,528)
Interest on long-term debt	906,864	762,420	(144,444)
Water	3,049,863	3,064,938	15,075
Sewer	2,273,186	2,457,892	184,706
Airport	1,339,602	1,342,683	3,081
Cemetery	258,367	276,111	17,744
Total expenses	\$23,393,490	\$24,065,682	\$672,192
Change in net assets	\$4,732,207	\$1,787,965	(\$2,944,242)
Transfers	0	0	0
Change in net assets	4,732,207	1,787,965	(2,944,242)
Net assets -- beginning	\$59,843,503	\$64,575,710	\$4,732,207
Net assets -- ending	\$64,575,710	\$66,363,675	\$1,787,965

As noted above, the City of Pendleton's overall net assets increased by \$1,787,965 during FY2011-12. This increase is explained in the government and business-type activities discussion below.

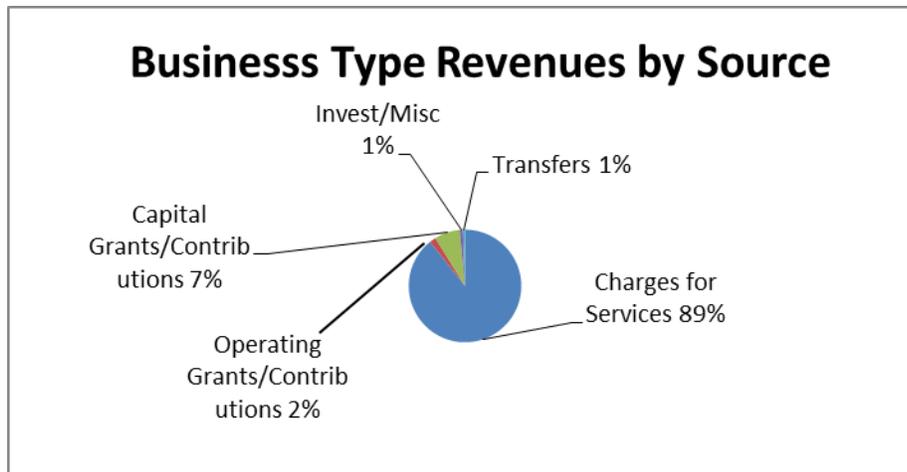
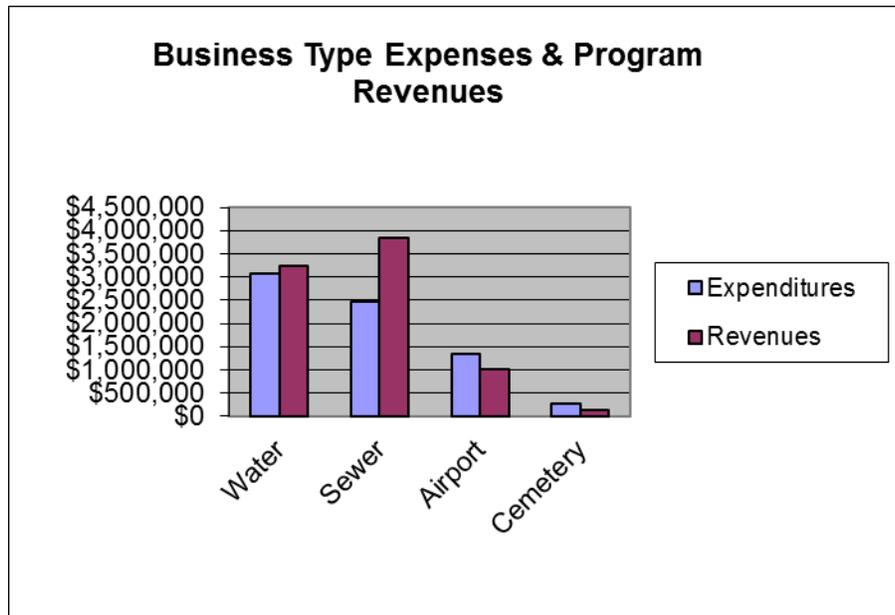
Governmental activities. The major factors for the governmental activities net asset increase included reduced receipts of capital grants and contributions but overall expenses were kept within three percent growth increase. Quinney Bridge construction and associated contributions finished early in the fiscal year. Expenses also increased overall by approximately \$451,586. The net affect was net assets ending balance of \$36,838,931, a two percent increase.

The following graphs provide visual representation of the expenses and revenues for governmental activities for FY2011-12.



Business-type activities. Business-type activities increased the City's net assets by \$1,204,299, down from FY11. Charges for services decreased by \$27,752 overall with decreases in three of the four enterprise funds, only water earned more revenues than in FY11. Capital grants and contributions decreased by \$62,234. Airport Improvement Projects (AIPS) FAA dollars for airport improvements were received at about the same level as FY11. Total revenues taken in were more than total expenses by \$1,153,344 for FY12. 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 FY2011-12.



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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,078,912, a decrease of \$310,141. Of the combined ending fund balances, \$997,260 or 14 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 \$516,625 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 \$878,347, 3) to pay for future debt service payments of \$653,290, 4) advances to other funds of \$1,678,500 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 combined General Fund was \$1,306,556.

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 19 percent of total General Fund expenditures and transfers.

The General Fund balance increased by \$702,652 during FY2011-12 as compared to a decrease of \$249,777 in FY11. Key factors in that affected fund balance are as follows:

- Revenues received by the General Fund increased by 1%, taking in \$11,382,026 for the year. Licenses & Fees increased by \$265,327 or 47%, which is directly related to construction of the new hospital and several new commercial buildings that under construction.
- Expenditures & transfers increased by 4% for a total of \$12,056,289. Operations increased by 1% or \$78,426. Transfers out decreased by \$2,797 from the prior year. Transfers in increased by \$1,167,865 for Keystone Fund closure to the Community Development Fund.
- Capital Outlay of \$711,209 for governmental projects, including parks and recreation improvements, Riverfront plaza statute and the completion of a police range, increased from the prior year by \$232,226 or 48 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 (\$462,898), \$5,033,039, (\$2,014,765) and (\$17,243) respectively. The Water Fund owed \$3.85 million to the State for the water treatment plant at the end of the fiscal year. The Sewer Fund has borrowed \$8.65 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 \$2.24 million to other City funds for AIP capital improvements and operating expenses. Total net assets for business-type activities increased by \$1,204,299, due mainly to the WWTP construction project. The large WWTP upgrade project is nearing completion.

See Combining Statements on pages 80-84 for the internal service funds, and pages 117-129 for the proprietary funds budgetary schedules.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were four 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:

- The Fire Department received a grant for approximately \$5,000 through Umatilla County for equipment including a generator and light bars. This grant was not foreseen during budget preparation. Request was made to increase Fire Department materials and services by \$5,000 with offset to Intergovernmental Revenues.
- Requested to increase appropriations in recreation program expenses of \$16,500 due to expansion for gymnastics, adult sports and other recreation programs. Revenues were increased for new recreation sponsorships by \$7,000, increased in new recreation programs developed of \$8,500 and increased in fees by \$1,000.
- Requested to increase transfers by the amount that Cemetery was budgeted to receive for land sales for FY12, \$58,000. Contingency was reduced to balance fund.
- Requested to increase expenditures for Planning Department DLCD grant to fund comprehensive plan goal updates expected for the fiscal year of \$40,000. The City was awarded a grant for \$130,000 and the project started in the FY12 fiscal year and is expected to be finished in the ensuing year. Also, requested to increase Police expenditures by \$2,500 for TRAC grant program which provided resources to youth at risk. The grant had been received through Umatilla County.

The net change in budgeted fund balance during the year was an increase of \$64,000.

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, 2012, amounts to \$85,263,982 (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 \$7,530,887 or ten percent (a one percent increase for governmental activities and an 18 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 \$55,024 in FAA improvements due to the rehabilitation of a runway and the purchase of a new Aircraft Rescue and Fire Fighting (ARFF) truck for \$583,937.
- The S.W. Quinney bridge and road construction was completed with \$654,000 spent in FY12 with state funds.
- The Sewer Fund expended approximately \$5.69 million on the Wastewater Treatment Plant upgrade.
- The Water Fund expended approximately \$1.9 million in capital improvements, including water treatment plant upgrades of \$591,200 and investment in the ASR project of \$689,600.
- A blue heron statue was built and erected at the Riverfront Plaza for approximately \$21,500 with the majority of funding coming from grants.
- Depreciation for governmental activities expense for FY12 was \$2,259,405 versus capital outlay expenditures of \$2,736,446. Depreciation for business-type activities expense for FY12 was \$1,790,851 versus capital outlay expenditures of \$8,750,828.

The following table provides comparative information on the City's capital assets for FY2010-11 and FY2011-12.

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

Governmental Activities

Asset Category	FY 2010-11	FY 2011-12	Change
Land	\$2,295,947	\$2,796,554	\$500,607
Assets available for sale	308,726	308,726	0
Buildings	15,182,033	15,335,352	153,319
Equipment	6,760,412	7,066,186	305,774
Improvements	20,128,544	23,461,799	3,333,255
Infrastructure	20,926,650	20,926,650	0
Work in progress	1,965,068	309,496	(1,655,572)
Accumulated depreciation & amort.	(29,998,435)	(32,290,781)	(2,292,346)
Total	<u>\$37,568,945</u>	<u>\$37,913,982</u>	<u>\$345,037</u>

Business-type Activities

Asset Category	FY 2010-11	FY 2011-12	Change
Land	\$319,919	\$319,919	\$0
Buildings	14,450,374	14,450,374	(\$0)
Equipment	17,557,092	18,326,550	769,458
Improvements	29,640,111	31,626,844	1,986,733
Work in progress	13,725,617	19,555,296	5,829,679
Accumulated depreciation & amort.	(35,528,965)	(36,928,983)	(1,400,018)
Total	<u>\$40,164,148</u>	<u>\$47,350,000</u>	<u>\$7,185,852</u>

Total Net Capital Assets

Asset Category	FY 2010-11	FY 2011-12	Change
Land	\$2,615,866	\$3,116,473	\$500,607
Assets available for sale	308,726	308,726	0
Buildings	29,632,407	29,785,726	153,319
Equipment	24,317,504	25,392,736	1,075,232
Improvements	49,768,655	55,088,643	5,319,988
Infrastructure	20,926,650	20,926,650	0
Work in progress	15,690,685	19,864,792	4,174,107
Accumulated depreciation & amort.	(65,527,400)	(69,219,764)	(3,692,364)
Total	<u>\$77,733,093</u>	<u>\$85,263,982</u>	<u>\$7,530,889</u>

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, 2012, the City had General Obligation Bond debt outstanding of \$1,355,000. The general obligation debt outstanding is backed by the full faith and credit and taxing power of the City. Debt payments of \$430,000 were made on scheduled for FY12. 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, 2012, the City had PERS debt outstanding of \$6,665,000.

A construction loan with Oregon Transportation Investment Bank (OTIP) for the construction of the Airport Connector Road and improvements has a balance of \$501,013 as of June 30th. A construction loan for the local improvement district (LID) construction at Sunridge Estates was received for \$1.3 million and had a balance of \$1,164,500 at June 30th. 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 30th was \$815,696.

The Pendleton Development Commission (PDC) was advanced \$225,000 in loan proceeds for the PDC projects including façade restoration, Jump Start loans, a contribution to the Rivoli Restoration Project, and demolition grants in FY12. Total PDC loan balance outstanding at June 30th was \$3,353,676.

In addition, the Water Fund owed \$3,853,948 to the State of Oregon, Safe Drinking Water State Revolving Loan Fund for the construction of the water treatment plant and intake facility. This debt is funded by Water Fund revenue.

The City sold Wastewater Revenue Bonds to finance costs of improvements to the City's sanitary sewerage facilities for \$9,980,000 in December 07. Sewer rates were increased to cover the debt service required in the future. The balance of the outstanding bonds as of June 30th was \$8,560,000. The City has also obtained Clean Water Revolving Loan funds for the wastewater treatment plan upgrades. The loan balance as of June 30th was \$8,650,000. \$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**

Governmental Activities			
Debt Category	FY 2010-11	FY 2011-12	Change
General Obligation Bonds	\$1,785,000	\$1,355,000	(\$430,000)
Less Deferred Refunding	(23,289)	(18,060)	5,229
Limited Tax Pension Obligation Bonds	6,790,000	6,665,000	(125,000)
Notes Payable	3,049,919	2,481,209	(568,710)
Notes Payable - PDC	3,295,941	3,353,676	57,735
Total	\$14,897,571	\$13,836,825	(\$1,060,746)

Business-type Activities

Debt Category	FY 2010-11	FY 2011-12	Change
Revenue Bonds Payable	\$8,940,000	\$8,560,000	(\$380,000)
Notes Payable	10,521,869	12,503,948	1,982,079
Total	<u>\$19,461,869</u>	<u>\$21,063,948</u>	<u>\$1,602,079</u>

Total Outstanding Debt

Debt Category	FY 2010-11	FY 2011-12	Change
General Obligation Bonds	\$1,785,000	\$1,355,000	(\$430,000)
Less Deferred Refunding	(23,289)	(18,060)	5,229
Limited Tax Pension Obligation Bonds	6,790,000	6,665,000	(125,000)
Revenue Bonds Payable	8,940,000	8,560,000	(380,000)
Notes Payable	16,867,729	18,338,833	1,471,104
Total	<u>\$34,359,440</u>	<u>\$34,900,773</u>	<u>\$541,333</u>

The City's total debt increased by \$541,333 (two percent) during the current fiscal year. Debt for governmental activities decreased by \$1,060,746 while debt for business-type activities increased by \$1,602,379. Business-type activities debt increased by 8% due to the additional debt incurred for the wastewater treatment plant upgrade through the Clean Water State Revolving Fund for \$2,225,000.

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 FY2011-12 real market value, this debt limitation is \$30,835,827. The amount of outstanding City debt subject to this limitation is \$8,020,000.

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 FY2013 budget:

- Assessed values, the basis of property tax revenues, will grow by 4%.
- Property tax rate is set at 6.5771 as a permanent rate due to Measure 50.
- Health insurance rates expected a 10% increase and Workers Comp rates would raise by 6%.
- Fire salaries would increase by 3% in July.
- OPEU would increase by 3% in July.
- Exempt salaries would increase by 3% in July.
- Police salaries would increase by 1% in July.
- 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.
- House Bill 2001 would provide funding for airport road improvements for over \$2 million.

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

**CITY OF PENDLETON, OREGON
STATEMENT OF NET ASSETS**

June 30, 2012

Primary Government

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,670,636	\$ 3,855,544	\$ 8,526,180
Investments	-	60,486	60,486
Receivables:			
Accounts, net	1,235,860	608,387	1,844,247
Property taxes	526,613	-	526,613
Assessments	1,561,370	-	1,561,370
Notes	647,584	139,095	786,679
Interest	117	653	770
Internal balances	1,284,388	(1,284,388)	-
Prepaid items	50,944	8,400	59,344
Inventories	-	313,084	313,084
Bond discounts and issuance costs	75,878	110,215	186,093
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	653,290	-	653,290
Investments	-	744,698	744,698
Pension asset	3,175,272	-	3,175,272
Permanently restricted:			
Cash and cash equivalents	166,036	-	166,036
Investments	713,628	-	713,628
Capital assets:			
Land	2,796,554	319,919	3,116,473
Assets available for sale	308,726	-	308,726
Construction in progress	309,496	19,555,296	19,864,792
Depreciable assets, net of depreciation	34,499,206	27,474,785	61,973,991
Total assets	<u>52,675,598</u>	<u>51,906,174</u>	<u>104,581,772</u>
LIABILITIES			
Accounts payable and accrued expenses	697,014	601,500	1,298,514
Deposits	56,276	1,164	57,440
Retainage payable	14,549	7,789	22,338
Accrued interest payable	111,838	401,635	513,473
Long-term obligations:			
Due within one year	3,365,735	804,619	4,170,354
Due in more than one year	11,591,255	20,564,723	32,155,978
Total liabilities	<u>15,836,667</u>	<u>22,381,430</u>	<u>38,218,097</u>
NET ASSETS			
Invested in capital assets, net of related debt	33,552,411	26,286,053	59,838,464
Restricted for:			
Debt service	653,290	744,698	1,397,988
Highways and streets	5,983	-	5,983
Program services and grants	135,498	-	135,498
Urban renewal	336,807	-	336,807
Library permanent trust	140,578	-	140,578
Cemetery perpetual care permanent trust	739,086	-	739,086
Unrestricted	1,275,278	2,493,993	3,769,271
Total net assets	<u>\$ 36,838,931</u>	<u>\$ 29,524,744</u>	<u>\$ 66,363,675</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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 2,695,345	\$ 1,146,006	\$ 301,510	\$ 229,519	\$ (1,018,310)	\$ -	\$ (1,018,310)
Public safety	7,881,841	1,438,602	175,077	135,881	(6,132,281)	-	(6,132,281)
Highways and streets	2,165,266	260,498	1,300,629	1,661,178	1,057,039	-	1,057,039
Culture and recreation	3,099,377	395,683	453,627	9,489	(2,240,578)	-	(2,240,578)
Amortiation of PERS prepayment	319,809	-	-	-	(319,809)	-	(319,809)
Interest on long-term obligations	<u>762,420</u>	-	-	-	<u>(762,420)</u>	-	<u>(762,420)</u>
Total governmental activities	<u>16,924,058</u>	<u>3,240,789</u>	<u>2,230,843</u>	<u>2,036,067</u>	<u>(9,416,359)</u>	-	<u>(9,416,359)</u>
Business-type activities:							
Water	3,064,938	3,202,978	39,370	-	-	177,410	177,410
Sewer	2,457,892	3,752,868	78,760	-	-	1,373,736	1,373,736
Airport	1,342,683	396,505	15,300	606,486	-	(324,392)	(324,392)
Cemetery	<u>276,111</u>	<u>102,162</u>	<u>20,174</u>	<u>-</u>	<u>-</u>	<u>(153,775)</u>	<u>(153,775)</u>
Total business-type activities	<u>7,141,624</u>	<u>7,454,513</u>	<u>153,604</u>	<u>606,486</u>	<u>-</u>	<u>1,072,979</u>	<u>1,072,979</u>
Total primary government	<u>\$ 24,065,682</u>	<u>\$ 10,695,302</u>	<u>\$ 2,384,447</u>	<u>\$ 2,642,553</u>	<u>(9,416,359)</u>	<u>1,072,979</u>	<u>(8,343,380)</u>
General revenues:							
Property taxes levied for:							
General purposes					4,769,664	-	4,769,664
Debt service					1,027,014	-	1,027,014
Franchise and public services taxes					3,887,579	-	3,887,579
Interest and investment earnings					89,135	50,236	139,371
Investment earnings (loss) on pension asset					48,464	-	48,464
Miscellaneous					229,124	30,129	259,253
Transfers					<u>(50,955)</u>	<u>50,955</u>	<u>-</u>
Total general revenues, special items, and transfers					<u>10,000,025</u>	<u>131,320</u>	<u>10,131,345</u>
Change in net assets					583,666	1,204,299	1,787,965
Net assets, beginning					<u>36,255,265</u>	<u>28,320,445</u>	<u>64,575,710</u>
Net assets, ending					<u>\$ 36,838,931</u>	<u>\$ 29,524,744</u>	<u>\$ 66,363,675</u>

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



FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

CITY OF PENDLETON, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	Combined General Fund	Street Fund	LID Construction Fund	Other Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 2,159,103	\$ 468,527	\$ 1,003	\$ 2,411,944	\$ 5,040,577
Investments	-	-	-	713,628	713,628
Receivables:					
Property taxes	436,389	-	-	90,224	526,613
Accounts, net	822,502	96,995	-	310,356	1,229,853
Interest	117	-	-	-	117
Assessments	104,526	-	1,454,983	1,861	1,561,370
Notes	585,109	-	-	62,475	647,584
Advances to other funds	528,500	-	-	1,150,000	1,678,500
Prepaid items	34,708	575	-	5,589	40,872
Total assets	<u>\$ 4,670,954</u>	<u>\$ 566,097</u>	<u>\$ 1,455,986</u>	<u>\$ 4,746,077</u>	<u>\$ 11,439,114</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 457,925	\$ 43,282	\$ 93	\$ 150,278	\$ 651,578
Deposits	75	-	-	48,001	48,076
Deferred revenue	1,219,900	5,615	1,454,983	303,333	2,983,831
Retainage payable	-	-	-	14,549	14,549
Advances from other funds	298,168	-	67,000	297,000	662,168
Total liabilities	<u>1,976,068</u>	<u>48,897</u>	<u>1,522,076</u>	<u>813,161</u>	<u>4,360,202</u>
FUND BALANCES (DEFICIT)					
Nonspendable	563,208	575	-	2,033,936	2,597,719
Restricted	20,800	-	-	1,112,095	1,132,895
Committed	196,921	-	-	584,207	781,128
Assigned	607,401	516,625	-	445,884	1,569,910
Unassigned	1,306,556	-	(66,090)	(243,206)	997,260
Total fund balances	<u>2,694,886</u>	<u>517,200</u>	<u>(66,090)</u>	<u>3,932,916</u>	<u>7,078,912</u>
Total liabilities and fund balances	<u>\$ 4,670,954</u>	<u>\$ 566,097</u>	<u>\$ 1,455,986</u>	<u>\$ 4,746,077</u>	<u>\$ 11,439,114</u>

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

CITY OF PENDLETON, OREGON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Fund balances - total governmental funds \$ 7,078,912

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 37,705,706

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. 3,251,150

Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements. 2,983,831

Other post employment benefits payable are not due and payable in the current period, and, therefore, are not reported in the funds. (477,102)

Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds. (453,893)

Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements. (111,838)

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. (13,836,825)

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	\$	449,385
Accounts receivable, net		6,007
Prepaid items		10,072
Internal balances		268,056
Capital assets, net		208,276
Accounts payable and accrued expenses		(45,436)
Deposits		(8,200)
Other post employment benefits liability		(107,855)
Compensated absences payable		<u>(81,315)</u>

Total internal service funds 698,990

Net assets of governmental activities \$ 36,838,931

CITY OF PENDLETON, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	Combined General Fund	Street Fund	LID Construction Fund	Other Governmental Funds	Totals
REVENUES					
Property taxes	\$ 4,769,834	\$ -	\$ -	\$ 1,023,895	\$ 5,793,729
Other taxes	531,410	-	-	881,474	1,412,884
Franchise fees	2,369,980	-	-	-	2,369,980
Licenses and fees	834,661	-	-	196,718	1,031,379
Charges for services	1,103,533	260,259	-	325,824	1,689,616
Intergovernmental	835,219	1,044,924	-	2,331,705	4,211,848
Fines and forfeitures	373,904	-	-	-	373,904
Assessments	56,661	-	83,407	574	140,642
Loan repayments	346,460	-	-	-	346,460
Contributions	51,066	-	-	51,859	102,925
Interest on investments	24,245	1,418	31	60,766	86,460
Miscellaneous	85,053	239	30	11,515	96,837
TOTAL REVENUES	<u>11,382,026</u>	<u>1,306,840</u>	<u>83,468</u>	<u>4,884,330</u>	<u>17,656,664</u>
EXPENDITURES					
Current:					
General government	1,392,922	-	186	1,185,694	2,578,802
Public safety	7,220,673	-	-	163,176	7,383,849
Culture and recreation	1,988,382	-	-	541,086	2,529,468
Highways and streets	-	900,446	-	-	900,446
Capital outlay	711,209	188,484	-	1,836,753	2,736,446
Debt service	540,703	-	125,700	1,406,491	2,072,894
TOTAL EXPENDITURES	<u>11,853,889</u>	<u>1,088,930</u>	<u>125,886</u>	<u>5,133,200</u>	<u>18,201,905</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(471,863)</u>	<u>217,910</u>	<u>(42,418)</u>	<u>(248,870)</u>	<u>(545,241)</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	150	3,727	-	2,273	6,150
Issuance of debt	-	-	-	225,000	225,000
Transfers in	1,394,765	-	-	114,203	1,508,968
Transfers out	(202,400)	(10,010)	-	(1,292,608)	(1,505,018)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,192,515</u>	<u>(6,283)</u>	<u>-</u>	<u>(951,132)</u>	<u>235,100</u>
NET CHANGE IN FUND BALANCE	720,652	211,627	(42,418)	(1,200,002)	(310,141)
FUND BALANCE (DEFICIT), Beginning	<u>1,974,234</u>	<u>305,573</u>	<u>(23,672)</u>	<u>5,132,918</u>	<u>7,389,053</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 2,694,886</u>	<u>\$ 517,200</u>	<u>\$ (66,090)</u>	<u>\$ 3,932,916</u>	<u>\$ 7,078,912</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, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Net change in fund balance - governmental funds \$ (310,141)

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 (96,793)

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. 1,285,746

Issuance of debt is a financial resource in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Assets. (225,000)

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 (1,573)

Change in other post employment benefits liability (74,613)

Change in accrued interest payable 29,717

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	\$ 48,464	
Amortization of PERS UAL	<u>(319,809)</u>	
		(271,345)

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	\$ 2,561,298	
Capital asset transfers	11,195	
Depreciation expense	<u>(2,200,585)</u>	
		371,908

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. (119,251)

Change in net assets - governmental activities \$ 583,666

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Property taxes	\$ 4,986,400	\$ 4,986,400	\$ 4,769,834	\$ (216,566)
Other taxes	535,000	535,000	531,410	(3,590)
Franchise fees	2,414,750	2,414,750	2,369,980	(44,770)
Licenses and fees	1,045,000	1,061,500	834,661	(226,839)
Charges for services	1,336,300	1,336,300	1,103,533	(232,767)
Intergovernmental	861,400	908,900	835,219	(73,681)
Fines and forfeitures	360,500	360,500	373,904	13,404
Assessments	700	700	729	29
Contributions	33,000	33,000	50,336	17,336
Interest on investments	25,000	25,000	19,284	(5,716)
Miscellaneous	119,080	119,080	73,596	(45,484)
TOTAL REVENUES	<u>11,717,130</u>	<u>11,781,130</u>	<u>10,962,486</u>	<u>(818,644)</u>
EXPENDITURES				
Current:				
General government	1,694,620	1,734,620	1,220,042	514,578
Public safety	7,469,230	7,476,730	7,220,673	256,057
Culture and recreation	1,970,860	1,987,360	1,988,382	(1,022)
Capital outlay	259,800	259,800	203,535	56,265
Debt service	531,620	531,620	530,942	678
Contingency	2,280,770	2,222,770	-	2,222,770
TOTAL EXPENDITURES	<u>14,206,900</u>	<u>14,212,900</u>	<u>11,163,574</u>	<u>3,049,326</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,489,770)</u>	<u>(2,431,770)</u>	<u>(201,088)</u>	<u>2,230,682</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	150	150
Transfers in	147,370	147,370	149,770	2,400
Transfers out	(144,500)	(202,500)	(202,400)	100
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,870</u>	<u>(55,130)</u>	<u>(52,480)</u>	<u>2,650</u>
NET CHANGE IN FUND BALANCE	(2,486,900)	(2,486,900)	(253,568)	2,233,332
FUND BALANCE, Beginning	<u>2,510,100</u>	<u>2,510,100</u>	<u>2,469,287</u>	<u>(40,813)</u>
FUND BALANCE, Ending	<u>\$ 23,200</u>	<u>\$ 23,200</u>	<u>\$ 2,215,719</u>	<u>\$ 2,192,519</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 188,115	\$ 188,115	\$ 260,259	\$ 72,144
Intergovernmental	1,328,500	1,328,500	1,044,924	(283,576)
Interest on investments	1,385	1,385	1,418	33
Miscellaneous	-	-	239	239
TOTAL REVENUES	<u>1,518,000</u>	<u>1,518,000</u>	<u>1,306,840</u>	<u>(211,160)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	457,550	457,550	327,663	129,887
Materials and services	599,525	599,525	572,783	26,742
Capital outlay	550,000	550,000	188,484	361,516
Debt service	1,000	1,000	-	1,000
Contingency	105,915	105,915	-	105,915
TOTAL EXPENDITURES	<u>1,713,990</u>	<u>1,713,990</u>	<u>1,088,930</u>	<u>625,060</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(195,990)</u>	<u>(195,990)</u>	<u>217,910</u>	<u>413,900</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	3,727	3,727
Transfers out	(10,010)	(10,010)	(10,010)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,010)</u>	<u>(10,010)</u>	<u>(6,283)</u>	<u>3,727</u>
NET CHANGE IN FUND BALANCE	(206,000)	(206,000)	211,627	417,627
FUND BALANCE, Beginning	<u>206,000</u>	<u>206,000</u>	<u>305,573</u>	<u>99,573</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,200</u>	<u>\$ 517,200</u>

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



FUND FINANCIAL STATEMENTS

Proprietary Funds

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

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

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

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

- **Sewer Fund**
 - Sewer Fund
 - Sewer Capital Reserve Fund
 - Wastewater Capital Project Fund
 - Wastewater 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, 2012

	Business - type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 79	\$ 3,824,718	\$ -	\$ 4,028	\$ 3,828,825	\$ 476,104
Investments	-	60,486	-	-	60,486	-
Receivables:						
Accounts, net	394,182	6,786	201,050	6,369	608,387	6,007
Notes	-	-	139,095	-	139,095	-
Interest	-	653	-	-	653	-
Prepaid items	1,150	1,250	1,250	625	4,275	14,197
Inventories	277,286	35,798	-	-	313,084	-
Total current assets	<u>672,697</u>	<u>3,929,691</u>	<u>341,395</u>	<u>11,022</u>	<u>4,954,805</u>	<u>496,308</u>
Noncurrent assets:						
Restricted investments	-	744,698	-	-	744,698	-
Advances to other funds	-	1,775,415	-	-	1,775,415	336,650
Bond discount and issuance costs	-	110,215	-	-	110,215	-
Capital assets:						
Land	235,477	41,975	21,317	21,150	319,919	-
Construction in progress	-	19,555,296	-	-	19,555,296	-
Depreciable assets, net of depreciation	14,059,422	3,409,402	9,081,511	138,883	26,689,218	993,843
Total noncurrent assets	<u>14,294,899</u>	<u>25,637,001</u>	<u>9,102,828</u>	<u>160,033</u>	<u>49,194,761</u>	<u>1,330,493</u>
Total assets	<u>\$ 14,967,596</u>	<u>\$ 29,566,692</u>	<u>\$ 9,444,223</u>	<u>\$ 171,055</u>	<u>\$ 54,149,566</u>	<u>\$ 1,826,801</u>
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ 96,942	\$ 410,678	\$ 73,226	\$ 4,044	\$ 584,890	\$ 62,046
Retainage Payable	-	7,789	-	-	7,789	-
Accrued interest payable	98,795	302,840	-	-	401,635	-
Deposits	1,164	-	-	-	1,164	8,200
Compensated absences payable	13,128	22,837	24,472	8,400	68,837	142,551
Current portion of long-term debt	279,546	395,000	-	-	674,546	-
Total current liabilities	<u>489,575</u>	<u>1,139,144</u>	<u>97,698</u>	<u>12,444</u>	<u>1,738,861</u>	<u>212,797</u>
Long-term debt, net of current portion:						
Advances from other funds	886,650	-	2,241,747	-	3,128,397	-
Other post employment benefits liability	38,916	38,138	16,715	15,821	109,590	173,587
Notes and contracts payable	3,574,401	-	-	-	3,574,401	-
Bonds payable	-	16,815,000	-	-	16,815,000	-
Total liabilities	<u>4,989,542</u>	<u>17,992,282</u>	<u>2,356,160</u>	<u>28,265</u>	<u>25,366,249</u>	<u>386,384</u>
Net assets (deficit):						
Invested in capital assets, net of related debt	10,440,952	5,796,673	9,102,828	160,033	25,500,486	993,843
Restricted for debt service	-	744,698	-	-	744,698	-
Unrestricted	(462,898)	5,033,039	(2,014,765)	(17,243)	2,538,133	446,574
Total net assets	<u>9,978,054</u>	<u>11,574,410</u>	<u>7,088,063</u>	<u>142,790</u>	<u>28,783,317</u>	<u>1,440,417</u>
Total liabilities and net assets	<u>\$ 14,967,596</u>	<u>\$ 29,566,692</u>	<u>\$ 9,444,223</u>	<u>\$ 171,055</u>	<u>\$ 54,149,566</u>	<u>\$ 1,826,801</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, 2012

Net assets - total enterprise funds \$ 28,783,317

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 Construction 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	\$	26,719	
Prepaid items		4,125	
Internal balances		(181,056)	
Advances to other funds		249,650	
Capital assets, net		785,567	
Accounts payable and accrued expenses		(16,610)	
Compensated absences payable		(61,236)	
Other post employment benefits liability		(65,732)	
		741,427	741,427

Net assets of business - type activities \$ 29,524,744

CITY OF PENDLETON, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Business - type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Total	
OPERATING REVENUES						
Charges for services	\$ 3,180,648	\$ 3,752,869	\$ 395,107	\$ 6,360	\$ 7,334,984	\$ 3,206,966
Licenses and fees	-	-	-	95,802	95,802	110,247
Miscellaneous	22,331	-	1,398	-	23,729	30,799
TOTAL OPERATING REVENUES	<u>3,202,979</u>	<u>3,752,869</u>	<u>396,505</u>	<u>102,162</u>	<u>7,454,515</u>	<u>3,348,012</u>
OPERATING EXPENSES						
Personal services	432,673	443,444	260,021	163,576	1,299,714	2,546,169
Materials and services	1,758,458	1,586,004	164,133	99,937	3,608,532	931,004
Depreciation	548,383	223,589	867,884	10,740	1,650,596	199,073
TOTAL OPERATING EXPENSES	<u>2,739,514</u>	<u>2,253,037</u>	<u>1,292,038</u>	<u>274,253</u>	<u>6,558,842</u>	<u>3,676,246</u>
OPERATING INCOME (LOSS)	<u>463,465</u>	<u>1,499,832</u>	<u>(895,533)</u>	<u>(172,091)</u>	<u>895,673</u>	<u>(328,234)</u>
NON-OPERATING INCOME (EXPENSES)						
Intergovernmental	39,370	78,760	15,000	-	133,130	25,900
Contributions	-	-	300	20,174	20,474	-
Gain (loss) on disposal of capital assets	(32,381)	177	-	-	(32,204)	177
Interest on investments	754	47,645	26	24	48,449	4,467
Interest expense	(174,266)	(54,498)	(45,360)	-	(274,124)	-
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>(166,523)</u>	<u>72,084</u>	<u>(30,034)</u>	<u>20,198</u>	<u>(104,275)</u>	<u>30,544</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	296,942	1,571,916	(925,567)	(151,893)	791,398	(297,690)
CAPITAL CONTRIBUTIONS						
Intergovernmental	-	-	606,486	-	606,486	-
TRANSFERS						
Transfers in	-	1,742,898	-	121,000	1,863,898	-
Transfers out	(11,430)	(1,755,628)	(8,200)	(3,820)	(1,779,078)	(99,964)
CHANGE IN NET ASSETS	285,512	1,559,186	(327,281)	(34,713)	1,482,704	(397,654)
NET ASSETS, Beginning	<u>9,692,542</u>	<u>10,015,224</u>	<u>7,415,344</u>	<u>177,503</u>	<u>27,300,613</u>	<u>1,838,071</u>
NET ASSETS, Ending	<u>\$ 9,978,054</u>	<u>\$ 11,574,410</u>	<u>\$ 7,088,063</u>	<u>\$ 142,790</u>	<u>\$ 28,783,317</u>	<u>\$ 1,440,417</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, 2012

Change in net assets - total enterprise funds \$ 1,482,704

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.

(278,405)

Change in net assets of business - type activities \$ 1,204,299

CITY OF PENDLETON, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds				Totals	Governmental
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund		Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,218,562	\$ 3,751,878	\$ 448,226	\$ 101,801	\$ 7,520,467	\$ 118,725
Receipts from interfund services provided	-	-	-	-	-	3,225,347
Payments to suppliers	(1,127,745)	(754,801)	(204,930)	(126,368)	(2,213,844)	(1,577,421)
Payments to employees	(288,871)	(304,756)	(189,800)	(109,674)	(893,101)	(1,858,619)
Payments for interfund services used	(819,437)	(1,161,457)	(68,364)	(19,590)	(2,068,848)	(8,550)
Net cash provided from (used by) operating activities	<u>982,509</u>	<u>1,530,864</u>	<u>(14,868)</u>	<u>(153,831)</u>	<u>2,344,674</u>	<u>(100,518)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	1,742,898	-	121,000	1,863,898	-
Transfers out	(11,430)	(1,755,628)	(8,200)	(3,820)	(1,779,078)	(88,770)
Net cash provided from (used by) non-capital financing activities	<u>(11,430)</u>	<u>(12,730)</u>	<u>(8,200)</u>	<u>117,180</u>	<u>84,820</u>	<u>(88,770)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from intergovernmental revenue	39,370	78,760	621,486	-	739,616	25,900
Contributions	-	-	300	20,174	20,474	-
Notes receivable principal collections	3,549	3,549	35,418	-	42,516	3,549
Proceeds from issuance of debt	-	2,250,000	-	-	2,250,000	-
Proceeds from sale of capital assets	1,690	177	-	-	1,867	177
Interfund loan proceeds	886,650	-	52,747	-	939,397	-
Interfund loan payments	-	(45,415)	-	-	(45,415)	(336,650)
Acquisition of capital assets	(1,832,520)	(6,412,830)	(660,237)	-	(8,905,587)	(114,998)
Principal paid on long-term obligations	(267,921)	(380,000)	-	-	(647,921)	-
Interest paid on long-term obligations	(181,132)	-	(45,360)	-	(226,492)	-
Net cash provided from (used by) capital and related financing activities	<u>(1,350,314)</u>	<u>(4,505,759)</u>	<u>4,354</u>	<u>20,174</u>	<u>(5,831,545)</u>	<u>(422,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net sales (purchases) of investments	-	(4,224)	-	-	(4,224)	-
Interest on investments	754	47,785	26	24	48,589	4,467
Net cash provided (used) by investing activities	<u>754</u>	<u>43,561</u>	<u>26</u>	<u>24</u>	<u>44,365</u>	<u>4,467</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(378,481)	(2,944,064)	(18,688)	(16,453)	(3,357,686)	(606,843)
CASH AND CASH EQUIVALENTS, Beginning	<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>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 79</u>	<u>\$ 3,824,718</u>	<u>\$ -</u>	<u>\$ 4,028</u>	<u>\$ 3,828,825</u>	<u>\$ 476,104</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, 2012

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Totals	
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities						
Operating income (loss)	\$ 463,465	\$ 1,499,832	\$ (895,533)	\$ (172,091)	\$ 895,673	\$ (328,234)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	548,383	223,589	867,884	10,740	1,650,596	199,073
(Increase) decrease in assets:						
Receivables	(16,165)	(991)	51,721	(361)	34,204	(5,283)
Prepaid	(1,150)	(1,250)	(1,250)	(625)	(4,275)	(14,197)
Inventories	(17,929)	(4,537)	-	-	(22,466)	-
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	(551)	(183,130)	(37,580)	(402)	(221,663)	22,030
Deposits	582	-	-	-	582	1,343
Compensated absences payable	(1,322)	(8,780)	(1,948)	869	(11,181)	(9,772)
Other post employment benefits liability	7,196	6,131	1,838	8,039	23,204	34,522
Net cash provided from (used by) operating activities	<u>\$ 982,509</u>	<u>\$ 1,530,864</u>	<u>\$ (14,868)</u>	<u>\$ (153,831)</u>	<u>\$ 2,344,674</u>	<u>\$ (100,518)</u>
Non cash Investing, Capital and Financing Activities						
Transfer of capital assets between funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,194)</u>

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



FUND FINANCIAL STATEMENTS

Fiduciary Funds

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

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

CITY OF PENDLETON, OREGON
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012

	Agency
ASSETS	
Cash and cash equivalents	\$ 54,041
Accounts receivable	17,641
Total assets	\$ 71,682
LIABILITIES	
Accounts payable	\$ 61,084
Due to other governments	10,598
Total liabilities	\$ 71,682

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PENDLETON, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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 segments 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 *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 uncollectible accounts 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. 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 \$409,715 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 60 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, 2012 were as follows:

Fund Balances:	Combined General	Street	LID Construction	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepays	\$ 34,708	\$ 575	\$ -	\$ 5,589	\$ 40,872
Permanent Trust	-	-	-	878,347	878,347
Interfund loans	528,500	-	-	1,150,000	1,678,500
Restricted					
Debt service	20,800	-	-	632,490	653,290
Highways and streets	-	-	-	5,983	5,983
Library permanent trust	-	-	-	1,317	1,317
Library services	-	-	-	86,851	86,851
Public safety	-	-	-	48,647	48,647
Urban renewal	-	-	-	336,807	336,807
Committed					
Community enhancement	71,861	-	-	-	71,861
Economic development	125,060	-	-	-	125,060
Public safety	-	-	-	156,785	156,785
Highways and streets	-	-	-	359,529	359,529
Capital projects	-	-	-	48,867	48,867
Debt service	-	-	-	2,700	2,700
Library services	-	-	-	16,326	16,326
Assigned					
Program operations	607,401	516,625	-	329,271	1,453,297
Park improvements	-	-	-	116,613	116,613
Unassigned	1,306,556	-	(66,090)	(243,206)	997,260
Total Fund Balances	<u>\$ 2,694,886</u>	<u>\$ 517,200</u>	<u>\$ (66,090)</u>	<u>\$ 3,932,916</u>	<u>\$ 7,078,912</u>

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. 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 Rehabilitation, Sidewalk Repair, Pendleton Youth Commission, Pendleton Convention Center, PCC TPAC, LID Construction, and Fire Capital Reserve 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 Community Rehabilitation, Sidewalk Repair, Pendleton Convention Center, PCC TPAC, LID Construction, and Fire Capital Reserve 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 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, 2012, 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:

General Fund:	
Parks and Recreation	<u>\$ 1,022</u>

The City has several interfund loans that they report as paid in full each year and then re-loaned during the year. The payment of any operating loans must be budgeted as a requirement in the ensuing budget period. However, there were four funds that the City did not fully budget for the repayment as follows:

Pendleton Convention Center Fund	\$ 92,097
PCC TPAC Fund	\$ 10,500
LID Construction Fund	\$ 24,000
Airport Fund:	
Interfund principal	\$ 189,000
Interfund interest	\$ 3,360

C. Deficit fund balances

Funds having a deficit fund balance on the budgetary basis at June 30, 2012 are as follows:

General Fund sub-funds

Sidewalk Repair Loan Fund	\$ (128,234)
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Special Revenue Funds

Community Development Block Grant Fund	\$ (2,070)
Pendleton Convention Center Fund	\$ (145,924)

Capital Project Funds

LID Construction Fund	\$ (66,090)
Fire Capital Reserve Fund	\$ (80,345)
Street HB2001 Fund	\$ (14,867)

Enterprise Funds

Water Fund	\$ (325,187)
Airport Fund	\$ (2,137,145)
Cemetery Fund	\$ (1,422)

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2012. 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, 2012, the carrying amount of the City and Urban Renewal Agency's deposits, including certificates of deposit categorized as investments of \$805,184, was \$3,486,878 and the bank balance was \$4,537,738. All deposits are held in the name of the City or the Pendleton Development Commission (blended component unit). Of the bank balance, \$1,597,658 was covered by federal depository insurance. The remaining \$2,940,080 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, 2012, the amount held in the escrow account for future scheduled payments was \$2.

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 17% of total cash and 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, 2012 include Certificates of Deposit with Banner Bank totaling \$805,184. 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><u>\$ 713,628</u></u>
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A reconciliation of cash and cash equivalents as shown on the Fund Financial Statements is as follows:

Cash on hand	\$ 2,245
Cash with Police Department	24,146
Cash with fiscal agent	16,813
Deposits with financial institutions	2,681,694
Local Government Investment Pool	<u>6,674,649</u>
Total cash and cash equivalents	<u><u>\$ 9,399,547</u></u>

Funds:

General	\$ 2,159,103
Street	468,527
LID Construction	1,003
Non - major Governmental funds	2,411,944
Water	79
All Sewer funds	3,824,718
Airport	-
Cemetery	4,028
Internal Service funds	476,104
Fiduciary funds	<u>54,041</u>
Total cash and cash equivalents	<u><u>\$ 9,399,547</u></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 2011-2012, the City levied property taxes in the amount of \$5,942,589. 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 Activites
Property taxes	\$ 436,389	\$ -	\$ -	\$ 90,224	\$ -	\$ 526,613
Special assessments	104,526	-	1,454,983	1,861	-	1,561,370
Accounts	748,465	19,115	-	204,693	6,007	978,280
Intergovernmental	156,653	77,880	-	105,663	-	340,196
Notes	585,109	-	-	62,475	-	647,584
Interest	117	-	-	-	-	117
Gross Receivables	2,031,259	96,995	1,454,983	464,916	6,007	4,054,160
Less: Allowance for Uncollectibles	(82,616)	-	-	-	-	(82,616)
Net Total Receivables	<u>\$ 1,948,643</u>	<u>\$ 96,995</u>	<u>\$ 1,454,983</u>	<u>\$ 464,916</u>	<u>\$ 6,007</u>	<u>\$ 3,971,544</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	Total Business-type Activites
Accounts	\$ 414,782	\$ 5,329	\$ 11,877	\$ 6,369	\$ 438,357
Intergovernmental	-	1,457	201,663	-	203,120
Notes	-	-	139,095	-	139,095
Interest	-	653	-	-	653
Gross Receivables	414,782	7,439	352,635	6,369	781,225
Less: Allowance for Uncollectibles	(20,600)	-	(12,490)	-	(33,090)
Net Total Receivables	<u>\$ 394,182</u>	<u>\$ 7,439</u>	<u>\$ 340,145</u>	<u>\$ 6,369</u>	<u>\$ 748,135</u>

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 2011 to March 2012. 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, 2012, the principal balance due the City was \$139,095.

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.

Pension assets are as follows:

Pension assets, beginning		\$ 3,446,617
Earnings (loss) on pension assets	\$ 48,464	
Credit for annual actuarial liability change	<u>(319,809)</u>	
Increase in pension assets		<u>(271,345)</u>
Pension assets, ending		<u>\$ 3,175,272</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 no unearned 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	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 381,492	\$ -	\$ -	\$ 78,902	\$ 460,394
Intergovernmental	33,345	5,615	-	115,398	154,358
Notes and assessments	689,635	-	1,454,983	64,336	2,208,954
Other	<u>115,428</u>	<u>-</u>	<u>-</u>	<u>44,697</u>	<u>160,125</u>
	<u>\$1,219,900</u>	<u>\$ 5,615</u>	<u>\$ 1,454,983</u>	<u>\$ 303,333</u>	<u>\$ 2,983,831</u>

E. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2012 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Land	\$ 2,295,947	\$ 500,607	\$ -	\$ -	\$ 2,796,554
Land available for sale	308,726	-	-	-	308,726
Construction in progress	1,965,068	309,496	(1,965,068)	-	309,496
Total non-depreciable	4,569,741	810,103	(1,965,068)	-	3,414,776
Buildings	15,182,033	153,319	-	-	15,335,352
Equipment	6,760,412	261,639	54,416	(10,281)	7,066,186
Improvements	20,128,544	1,368,187	1,965,068	-	23,461,799
Infrastructure	20,926,650	-	-	-	20,926,650
Total depreciable	62,997,639	1,783,145	2,019,484	(10,281)	66,789,987
Accumulated depreciation					
Buildings	(5,811,049)	(451,253)	-	-	(6,262,302)
Equipment	(4,393,990)	(513,865)	(43,222)	10,281	(4,940,796)
Improvements	(4,621,576)	(771,121)	-	-	(5,392,697)
Infrastructure	(15,171,820)	(523,166)	-	-	(15,694,986)
Total accumulated depreciation	(29,998,435)	(2,259,405)	(43,222)	10,281	(32,290,781)
Governmental activities capital assets, net	\$ 37,568,945	\$ 333,843	\$ 11,194	\$ -	\$ 37,913,982

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

General government	\$ 281,182
Public safety	379,270
Highways and streets	1,030,453
Culture and recreation	509,680
Internal service - Central Services	58,820
Total depreciation for governmental activities	\$ 2,259,405

Capital asset activity for business-type activities for the year ended June 30, 2012 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Land	\$ 319,919	\$ -	\$ -	\$ -	\$ 319,919
Construction in progress	13,725,617	5,891,808	(62,129)	-	19,555,296
Total non-depreciable	<u>14,045,536</u>	<u>5,891,808</u>	<u>(62,129)</u>	<u>-</u>	<u>19,875,215</u>
Buildings	14,450,374	-	-	-	14,450,374
Equipment	17,557,092	1,055,115	(54,416)	(231,241)	18,326,550
Improvements	29,640,111	2,075,044	62,129	(150,440)	31,626,844
Total depreciable	<u>61,647,577</u>	<u>3,130,159</u>	<u>7,713</u>	<u>(381,681)</u>	<u>64,403,768</u>
Accumulated depreciation					
Buildings	(4,549,989)	(378,258)	-	-	(4,928,247)
Equipment	(16,439,217)	(210,748)	43,222	231,241	(16,375,502)
Improvements	<u>(14,539,758)</u>	<u>(1,201,845)</u>	<u>-</u>	<u>116,369</u>	<u>(15,625,234)</u>
Total accumulated depreciation	<u>(35,528,964)</u>	<u>(1,790,851)</u>	<u>43,222</u>	<u>347,610</u>	<u>(36,928,983)</u>
Business-type activities capital assets, net	<u>\$ 40,164,149</u>	<u>\$ 7,231,116</u>	<u>\$ (11,194)</u>	<u>\$ (34,071)</u>	<u>\$ 47,350,000</u>

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

Water	\$ 548,383
Sewer	223,589
Airport	867,884
Cemetery	10,740
Internal service - Construction and Repair	<u>140,255</u>
 Total depreciation for business-type activities	 <u>\$ 1,790,851</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 \$1,284,388. At June 30, 2012, amounts due from other funds in the fund financial statements are as follows:

General Fund receivable from:			
Sidewalk Repair Loan Fund	\$	128,500	
LID Construction Fund		67,000	
Fire Capital Reserve Fund		81,000	
Airport Fund		<u>252,000</u>	\$ 528,500
System Development Fees Fund receivable from:			
Airport Fund			516,000
Library Trust Fund receivable from:			
Airport Fund			634,000
Construction and Repair Fund receivable from:			
Water Fund			249,650
Central Services Fund receivable from:			
Water Fund			87,000
Sewer Funds receivable from:			
PCC TPAC Fund		6,000	
Pendleton Convention Center Fund		210,000	
Community Rehabilitation Fund		169,668	
Water Fund		550,000	
Airport Fund		<u>839,747</u>	<u>1,775,415</u>
Total Interfund Receivables			<u>\$ 3,790,565</u>

Interfund loans were made for capital purposes in the PCC TPAC and Water Funds for \$6,000 and \$550,000, respectively, and operating purposes for all other funds, loans do 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 \$50,955. A reconciliation of transfers in the budgetary fund financial statements is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,394,765	\$ 202,400
State Tax Street Fund	-	10,010
Non-major governmental funds	114,203	1,292,608
Enterprise Funds:		
Water Fund	-	11,430
Sewer Fund	1,742,898	1,755,628
Airport Fund	-	8,200
Cemetery Fund	121,000	3,820
Internal Service Funds:		
Construction and Repair Fund	-	22,670
Central Services Fund	-	66,100
Total all funds	<u>\$ 3,372,866</u>	<u>\$ 3,372,866</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, 2012 are as follows:

<u>Description</u>	<u>Interest rates</u>	<u>Amount</u>
McCune Refunding Bonds - 1998	4.45% - 4.70%	\$ 500,000
Facilities Refunding Bonds - 2005	3.00% - 4.00%	855,000
		1,355,000
Less deferred amounts on refunding		(18,060)
		<u>\$ 1,336,940</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
2013	\$ 445,000	\$ 57,125
2014	465,000	37,610
2015	215,000	17,225
2016	230,000	8,625
	<u>\$ 1,355,000</u>	<u>\$ 120,585</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
2013	\$ 155,000	\$ 329,741
2014	180,000	322,591
2015	210,000	314,194
2016	240,000	303,990
2017	270,000	292,328
2018-2022	1,955,000	1,226,086
2023-2027	3,245,000	620,496
2028	410,000	20,516
	<u>\$ 6,665,000</u>	<u>\$ 3,429,942</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
2013	\$ 395,000	\$ 349,598
2014	405,000	335,773
2015	425,000	319,573
2016	440,000	304,698
2017	455,000	288,923
2018-2022	2,575,000	1,135,365
2023-2027	3,155,000	563,229
2028	710,000	30,530
	<u>\$ 8,560,000</u>	<u>\$ 3,327,689</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
2013	\$ 279,546	\$ 169,362
2014	292,321	157,081
2015	305,255	144,238
2016	318,350	130,828
2017	332,620	116,838
2018-2022	1,895,617	353,673
2023	430,239	18,911
	<u>\$ 3,853,948</u>	<u>\$ 1,090,931</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 \$4.65 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 5th 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, 2012 was \$18,543. Future maturities of the note are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2013	\$ 30,241	\$ 39,095
2014	31,748	37,588
2015	33,331	36,005
2016	34,993	34,343
2017	36,738	32,598
2018-2022	213,057	133,623
2023-2027	271,730	74,949
2028-2031	163,858	10,585
	<u>\$ 815,696</u>	<u>\$ 398,786</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
2013	\$ 69,442	\$ 56,182
2014	72,887	52,738
2015	76,502	49,123
2016	80,296	45,328
2017	84,279	41,346
2018-2022	488,404	139,720
2023-2025	292,690	21,785
	<u>\$ 1,164,500</u>	<u>\$ 406,222</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, 2012 was \$1,825,000. There is no prepayment penalty and property tax revenues are pledged to the loan. Subsequent to year-end, the loan maturity was extended to December 31, 2012 and the Commission is negotiating for a long-term loan. As of the date of this report, the entire balance is considered due within one year.

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:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 178,157	\$ 102,595
2014	190,359	90,393
2015	203,097	77,655
2016	216,687	64,064
2017	231,052	49,700
2018-2019	509,324	51,701
	<u>\$ 1,528,676</u>	<u>\$ 436,108</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. 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 accelerated payments as the fuel tax money is collected and made a payment for \$185,000 on July 1, 2012. The balance at year end was \$501,013. Payments are made from the City fuel tax, which is dedicated to the loan balance. Future maturities of the outstanding balance at June 30, 2012 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 127,686	\$ 18,614
2014	129,921	16,379
2015	136,232	10,068
2016	107,174	3,451
	<u>\$ 501,013</u>	<u>\$ 48,512</u>

5. Changes Long-Term Liabilities

Long-term liability activity for the year ending June 30, 2012 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 1,785,000	\$ -	\$ 430,000	\$ 1,355,000	\$ 445,000
Less deferred amounts on refunding	(23,289)	-	(5,229)	(18,060)	-
Limited Tax Pension Bonds	6,790,000	-	125,000	6,665,000	155,000
Contracts, Loans and Notes	6,345,860	225,000	735,975	5,834,885	2,230,526
OPEB Liability	488,131	96,826	-	584,957	-
Compensated Absences	544,668	535,209	544,668	535,209	535,209
	<u>\$ 15,930,370</u>	<u>\$ 857,035</u>	<u>\$ 1,830,414</u>	<u>\$ 14,956,991</u>	<u>\$ 3,365,735</u>
Business-type activities:					
Revenue Bonds	\$ 8,940,000	\$ -	\$ 380,000	\$ 8,560,000	\$ 395,000
Contracts, Loans and Notes	10,521,869	2,250,000	267,921	12,503,948	279,546
OPEB Liability	139,810	35,510	-	175,320	-
Compensated Absences	139,993	130,073	139,993	130,073	130,073
	<u>\$ 19,741,672</u>	<u>\$ 2,415,583</u>	<u>\$ 787,914</u>	<u>\$ 21,369,341</u>	<u>\$ 804,619</u>
Governmental activity Long-term liabilities	<u>\$ 15,930,370</u>	<u>\$ 857,035</u>	<u>\$ 1,830,414</u>	<u>\$ 14,956,991</u>	<u>\$ 3,365,735</u>
Business-type activity Long-term liabilities	<u>\$ 19,741,672</u>	<u>\$ 2,415,583</u>	<u>\$ 787,914</u>	<u>\$ 21,369,341</u>	<u>\$ 804,619</u>

The central services internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for compensated absences in the amount of \$81,315 are included in the above amounts. The construction and repair internal service fund predominantly serves the business-type activities and \$61,236 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 \$116,564 and amortization of the UAAL of \$114,231. 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 2011-12, the City's implicit benefit payments were estimated to be \$80,902.

Nominal cost at year end	\$ 116,564
Interest on net OPEB obligation	25,118
One year's amortization of UAAL	114,231
Adjustment to annual required contribution	<u>(42,674)</u>
Annual OPEB cost (expense)	213,239
Contributions made (Implicit benefit payments)	<u>(80,902)</u>
Increase in net OPEB obligation	132,337
Net OPEB obligation - beginning of year	<u>627,940</u>
Net OPEB obligation - end of year	<u><u>\$ 760,277</u></u>

Funding Policy. The City has elected to not prefund the actuarially determine future cost amount of \$760,277. 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 2010, 2011, and 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributions	Net OPEB Obligation
6/30/2012	\$ 213,239	38%	\$ 760,277
6/30/2011	\$ 324,341	30%	\$ 627,940
6/30/2010	\$ 309,758	27%	\$ 401,815

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 4th through 23rd year, 5.5% for the 24th through 47th 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 Statue 238 assigns the authority to establish and amend benefit provisions to the PERS Board of Trustees.

During the 2003 legislative session, the Oregon Legislative Assembly created successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six-month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portions (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on 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.

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 8.85% of covered payroll for the Tier I and Tier II employees, 16.9% for Tier I and Tier II police and fire employees, 7.57% for OPSRP general services employees, and 10.28% 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, 2012, 2011, and 2010, were \$1,006,248, \$591,252, and \$571,973, 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, 2012 were as follows:

Annual required contribution	\$ 1,006,248
Loss (earnings) on pension assets	(48,464)
Adjustment to the annual required contribution	319,809
Annual pension cost	<u>1,277,593</u>
Contributions made	<u>1,006,248</u>
Increase (decrease) in pension asset	(271,345)
Pension assets, beginning of year	<u>3,446,617</u>
Pension assets, end of year	<u><u>\$ 3,175,272</u></u>

D. Commitments and Contingencies

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

The Pendleton Development Commission has a Line of Credit at Banner Bank, which was extended beyond its original maturity to December 31, 2012. As of June 30, 2012, the balance was \$1.825 million and the Commission is negotiating for a long-term loan.

The Round-up has appealed its property tax assessment, which is currently being adjudicated. The County expects the appeal will be unsuccessful, but there is a possible contingency related to the assessment. If the appeal is settled in favor of the Round-up, the Pendleton Development Commission may have to refund monies.

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, 2012. Major projects in progress at June 30, 2012 are as follows:

The City is constructing major improvements to the Waste Water Treatment Plant facility, as required by the Department of Environmental Quality. At June 30, 2012, the City had issued \$9,980,000 in revenue bonds and received \$4.0 million, \$2.4 million, and \$2.25 million in Clean Water State Revolving Loan Fund loans to assist in financing of the project. Total costs incurred at June 30, 2012 were \$19,555,296 and total estimated project costs are approximately \$20.6 million which is approximately 95% complete.

The City is making street improvements to the NW C Avenue and NW 50th Drive. At June 30, 2012 the City had incurred \$300,407 in project costs and the total estimated project cost are \$317,000, and was completed shortly after fiscal year-end.

The City is also making street improvements to the Stage Gulch Road. At June 30, 2012 the total costs incurred by the City were \$9,089. The costs were for engineering and design time, the project has not begun, due to project changes. The City has decided to change the length of road that they are replacing, and a total estimated cost is not available.

F. Related Party Transactions

A City Council Member was approved to receive grant money under the Pendleton Development Commission's façade restoration program. During the year \$35,828 was paid under the grants.

The Pendleton Development Commission paid the City of Pendleton \$15,000 for administrative services during the year.

G. 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:

- Accepted bid for a Hybrid blower for the Waste Water Treatment Plant upgrades in the amount of \$45,910.
- Accepted bid for Well #7 Pumping Station for \$37,217 for a new pumping system.
- Awarded bid for power rescue tools and equipment for the ARFF truck for \$100,000, with 95% coming from an FAA grant, and the city contributing the remaining \$5,000.

- Amended Transient Room Tax Ordinance 2795 to extend expiration of the tourist promotion funds to sunset on 1/1/2017.
- Award bid for AIP 22, Airfield Marking and Rehabilitation on Taxiways A, D, E, F. Grant is for 95% with a 5% local match estimated to be \$49,147.55.
- Accepted bid for re-roofing of the Eastern Oregon Regional Airport Terminal Building. Estimated cost to be \$36,021.
- Arts Committee received funding for two bronzes placed in the city. Total cost is \$65,000 funded from the 1.75% of TRT funds that are earmarked for the arts.



SUPPLEMENTAL INFORMATION



COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds

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

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.

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

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 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.

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

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

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

Permanent Funds

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

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

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

Capital Project Funds

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

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.

QUINNEY BRIDGE FUND – accounts for revenues and expenses in connection with the Quinney Bridge construction project.

STREET HB2001 FUND – accounts for the revenues and expenses associated with this project.

CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
ASSETS					
Cash and cash equivalents	\$ 1,471,625	\$ 159,177	\$ 621,168	\$ 159,974	\$ 2,411,944
Investments	-	-	-	713,628	713,628
Receivables:					
Property taxes	-	-	90,224	-	90,224
Accounts	289,356	14,938	-	6,062	310,356
Assessments	-	1,861	-	-	1,861
Notes	62,475	-	-	-	62,475
Advances to other funds	634,000	516,000	-	-	1,150,000
Prepaid items	1,200	4,389	-	-	5,589
	<u>1,200</u>	<u>4,389</u>	<u>-</u>	<u>-</u>	<u>5,589</u>
Total assets	<u>\$ 2,458,656</u>	<u>\$ 696,365</u>	<u>\$ 711,392</u>	<u>\$ 879,664</u>	<u>\$ 4,746,077</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 134,663	\$ 15,615	\$ -	\$ -	\$ 150,278
Deposits	48,001	-	-	-	48,001
Deferred revenue	207,632	16,799	78,902	-	303,333
Retainage	-	14,549	-	-	14,549
Advances from other funds	216,000	81,000	-	-	297,000
	<u>216,000</u>	<u>81,000</u>	<u>-</u>	<u>-</u>	<u>297,000</u>
Total liabilities	<u>606,296</u>	<u>127,963</u>	<u>78,902</u>	<u>-</u>	<u>813,161</u>
FUND BALANCES (DEFICIT)					
Nonspendable	635,200	520,389	-	878,347	2,033,936
Restricted	478,288	-	632,490	1,317	1,112,095
Committed	440,982	143,225	-	-	584,207
Assigned	445,884	-	-	-	445,884
Unassigned	(147,994)	(95,212)	-	-	(243,206)
	<u>(147,994)</u>	<u>(95,212)</u>	<u>-</u>	<u>-</u>	<u>(243,206)</u>
Total fund balances	<u>1,852,360</u>	<u>568,402</u>	<u>632,490</u>	<u>879,664</u>	<u>3,932,916</u>
Total liabilities and fund balances	<u>\$ 2,458,656</u>	<u>\$ 696,365</u>	<u>\$ 711,392</u>	<u>\$ 879,664</u>	<u>\$ 4,746,077</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2012

	City Fuel Tax Fund	Bike Fund	Library Fund	Library Trust Fund	Transportation Services Fund	Community Development Block Grant Fund	Pendleton Convention Center Fund
ASSETS							
Cash and cash equivalents	\$ 216,152	\$ 5,196	\$ 85,738	\$ 16,326	\$ 346,466	\$ 2,586	\$ 683
Receivables:							
Accounts	44,141	787	5,048	-	47,371	4,656	112,876
Notes	-	-	-	-	-	-	-
Advances to other funds	-	-	-	634,000	-	-	-
Prepaid items	-	-	1,200	-	-	-	-
Total assets	\$ 260,293	\$ 5,983	\$ 91,986	\$650,326	\$ 393,837	\$ 7,242	\$ 113,559
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 3,935	\$ -	\$ 17,195	\$ 4,656	\$ 16,295
Deposits	-	-	-	-	-	-	-
Deferred revenue	4,440	-	-	-	47,371	4,656	33,188
Advances from other funds	-	-	-	-	-	-	210,000
Total liabilities	4,440	-	3,935	-	64,566	9,312	259,483
FUND BALANCES (DEFICIT)							
Nonspendable	-	-	1,200	634,000	-	-	-
Restricted	-	5,983	86,851	-	-	-	-
Committed	255,853	-	-	16,326	-	-	-
Assigned	-	-	-	-	329,271	-	-
Unassigned	-	-	-	-	-	(2,070)	(145,924)
Total fund balances	255,853	5,983	88,051	650,326	329,271	(2,070)	(145,924)
Total liabilities and fund balances	\$ 260,293	\$ 5,983	\$ 91,986	\$650,326	\$ 393,837	\$ 7,242	\$ 113,559

PCC TPAC Fund	Police Interagency Special Revolving Fund	Parks Trust Fund	City/County Public Safety Fund	Urban Renwal District Operating Fund	Totals
\$ 1,959	\$ 137,491	\$ 165,436	\$ 156,785	\$ 336,807	\$ 1,471,625
23,128	51,349	-	-	-	289,356
-	-	-	-	62,475	62,475
-	-	-	-	-	634,000
-	-	-	-	-	1,200
<u>\$ 25,087</u>	<u>\$ 188,840</u>	<u>\$ 165,436</u>	<u>\$ 156,785</u>	<u>\$ 399,282</u>	<u>\$ 2,458,656</u>
\$ -	\$ 43,759	\$ 48,823	\$ -	\$ -	\$ 134,663
-	48,001	-	-	-	48,001
7,069	48,433	-	-	62,475	207,632
6,000	-	-	-	-	216,000
<u>13,069</u>	<u>140,193</u>	<u>48,823</u>	<u>-</u>	<u>62,475</u>	<u>606,296</u>
-	-	-	-	-	635,200
-	48,647	-	-	336,807	478,288
12,018	-	-	156,785	-	440,982
-	-	116,613	-	-	445,884
-	-	-	-	-	(147,994)
<u>12,018</u>	<u>48,647</u>	<u>116,613</u>	<u>156,785</u>	<u>336,807</u>	<u>1,852,360</u>
<u>\$ 25,087</u>	<u>\$ 188,840</u>	<u>\$ 165,436</u>	<u>\$ 156,785</u>	<u>\$ 399,282</u>	<u>\$ 2,458,656</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2012

	System Development Fees Fund	Parks Capital Reserve Fund	Fire Capital Reserve Fund	Quinney Bridge Construction Fund	Street HB2001 Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 106,376	\$ 36,849	\$ 655	\$ 15,000	\$ 297	\$ 159,177
Receivables:						
Accounts	-	-	-	-	14,938	14,938
Assessments	1,861	-	-	-	-	1,861
Advances to other funds	516,000	-	-	-	-	516,000
Prepaid items	4,389	-	-	-	-	4,389
Total assets	<u>\$ 628,626</u>	<u>\$ 36,849</u>	<u>\$ 655</u>	<u>\$ 15,000</u>	<u>\$ 15,235</u>	<u>\$ 696,365</u>
LIABILITIES						
Accounts payable						
accrued liabilities	\$ -	\$ -	\$ -	\$ 15,000	\$ 615	\$ 15,615
Retainage payable	-	-	-	-	14,549	14,549
Deferred revenue	1,861	-	-	-	14,938	16,799
Advances from other funds	-	-	81,000	-	-	81,000
Total liabilities	<u>1,861</u>	<u>-</u>	<u>81,000</u>	<u>15,000</u>	<u>30,102</u>	<u>127,963</u>
FUND BALANCES (DEFICIT)						
Nonspendable	520,389	-	-	-	-	520,389
Committed	106,376	36,849	-	-	-	143,225
Unassigned	-	-	(80,345)	-	(14,867)	(95,212)
Total fund balances	<u>626,765</u>	<u>36,849</u>	<u>(80,345)</u>	<u>-</u>	<u>(14,867)</u>	<u>568,402</u>
Total liabilities and fund balances	<u>\$ 628,626</u>	<u>\$ 36,849</u>	<u>\$ 655</u>	<u>\$ 15,000</u>	<u>\$ 15,235</u>	<u>\$ 696,365</u>

**CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2012**

	Keystone Project Fund	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ 46,392	\$ 574,776	\$ 621,168
Receivables:				
Property taxes	-	50,236	39,988	90,224
Total assets	<u>\$ -</u>	<u>\$ 96,628</u>	<u>\$ 614,764</u>	<u>\$ 711,392</u>
LIABILITIES				
Deferred revenue	<u>\$ -</u>	<u>\$ 43,572</u>	<u>\$ 35,330</u>	<u>\$ 78,902</u>
Total liabilities	<u>-</u>	<u>43,572</u>	<u>35,330</u>	<u>78,902</u>
FUND BALANCES				
Restricted	<u>-</u>	<u>53,056</u>	<u>579,434</u>	<u>632,490</u>
Total fund balances	<u>-</u>	<u>53,056</u>	<u>579,434</u>	<u>632,490</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 96,628</u>	<u>\$ 614,764</u>	<u>\$ 711,392</u>

**CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR PERMANENT TRUST FUNDS
June 30, 2012**

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 140,578	\$ 19,396	\$ 159,974
Investments	-	713,628	713,628
Receivables:			
Accounts	-	6,062	6,062
 Total assets	 <u>\$ 140,578</u>	 <u>\$ 739,086</u>	 <u>\$ 879,664</u>
FUND BALANCES			
Nonspendable	\$ 139,261	\$ 739,086	\$ 878,347
Restricted	<u>1,317</u>	<u>-</u>	<u>1,317</u>
 Total fund balances	 <u>\$ 140,578</u>	 <u>\$ 739,086</u>	 <u>\$ 879,664</u>

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
REVENUES					
Property taxes	\$ -	\$ -	\$ 1,023,895	\$ -	\$ 1,023,895
Other taxes	881,474	-	-	-	881,474
Licenses and fees	66,760	125,794	-	4,164	196,718
Charges for services	284,006	41,818	-	-	325,824
Intergovernmental	793,657	1,538,048	-	-	2,331,705
Assessments	-	574	-	-	574
Contributions	41,772	10,087	-	-	51,859
Interest on investments	24,011	14,151	2,833	19,771	60,766
Miscellaneous	11,515	-	-	-	11,515
TOTAL REVENUES	<u>2,103,195</u>	<u>1,730,472</u>	<u>1,026,728</u>	<u>23,935</u>	<u>4,884,330</u>
EXPENDITURES					
Current:					
General government	1,162,894	-	22,800	-	1,185,694
Public safety	163,176	-	-	-	163,176
Culture and recreation	541,086	-	-	-	541,086
Capital outlay	58,294	1,778,459	-	-	1,836,753
Debt service	520,983	2,955	882,553	-	1,406,491
TOTAL EXPENDITURES	<u>2,446,433</u>	<u>1,781,414</u>	<u>905,353</u>	<u>-</u>	<u>5,133,200</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(343,238)</u>	<u>(50,942)</u>	<u>121,375</u>	<u>23,935</u>	<u>(248,870)</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	-	2,273	-	-	2,273
Issuance of debt	225,000	-	-	-	225,000
Transfers in	85,203	29,000	-	-	114,203
Transfers out	(31,810)	-	(1,244,995)	(15,803)	(1,292,608)
TOTAL OTHER FINANCING SOURCES (USES)	<u>278,393</u>	<u>31,273</u>	<u>(1,244,995)</u>	<u>(15,803)</u>	<u>(951,132)</u>
NET CHANGE IN FUND BALANCE	(64,845)	(19,669)	(1,123,620)	8,132	(1,200,002)
FUND BALANCE, Beginning	<u>1,917,205</u>	<u>588,071</u>	<u>1,756,110</u>	<u>871,532</u>	<u>5,132,918</u>
FUND BALANCE, Ending	<u>\$ 1,852,360</u>	<u>\$ 568,402</u>	<u>\$ 632,490</u>	<u>\$ 879,664</u>	<u>\$ 3,932,916</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2012

	City Fuel Tax Fund	Bike Fund	Library Fund	Library Trust Fund	Transpor- tation Services Fund	Community Development Block Grant Fund	Pendleton Convention Center Fund
REVENUES							
Other taxes	\$ 404,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393,441
Licenses and fees	-	-	12,905	-	-	-	47,231
Charges for services	-	-	-	-	11,792	-	212,214
Intergovernmental	102,097	9,050	385,912	-	184,887	-	-
Contributions	-	-	28,587	10,087	-	-	8
Interest on investments	662	46	726	16,885	1,944	15	5
Miscellaneous	-	-	722	-	-	-	10,373
TOTAL REVENUES	507,442	9,096	428,852	26,972	198,623	15	663,272
EXPENDITURES							
Current:							
General government	-	-	-	-	215,414	4,656	694,432
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	8,000	517,902	15,184	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service	517,097	-	-	-	-	-	3,029
TOTAL EXPENDITURES	517,097	8,000	517,902	15,184	215,414	4,656	697,461
REVENUES OVER (UNDER) EXPENDITURES	(9,655)	1,096	(89,050)	11,788	(16,791)	(4,641)	(34,189)
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	-	-	-	-	-
Transfers in	-	-	64,400	803	20,000	-	-
Transfers out	-	-	(12,890)	-	-	-	(8,520)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	51,510	803	20,000	-	(8,520)
NET CHANGE IN FUND BALANCE	(9,655)	1,096	(37,540)	12,591	3,209	(4,641)	(42,709)
FUND BALANCE (DEFICIT), Beginning	265,508	4,887	125,591	637,735	326,062	2,571	(103,215)
FUND BALANCE (DEFICIT), Ending	\$ 255,853	\$ 5,983	\$ 88,051	\$ 650,326	\$ 329,271	\$ (2,070)	\$ (145,924)

See auditor's report

PCC TPAC Fund	Police Interagency Special Revolving Fund	Parks Trust Fund	City/County Public Safety Fund	Urban Renewal District Operating Fund	Totals
\$ 83,350	\$ -	\$ -	\$ -	\$ -	\$ 881,474
-	-	6,624	-	-	66,760
-	-	-	60,000	-	284,006
-	111,711	-	-	-	793,657
-	-	2,865	-	225	41,772
5	835	951	864	1,073	24,011
-	420	-	-	-	11,515
<u>83,355</u>	<u>112,966</u>	<u>10,440</u>	<u>60,864</u>	<u>1,298</u>	<u>2,103,195</u>
-	-	-	23,188	225,204	1,162,894
-	163,176	-	-	-	163,176
-	-	-	-	-	541,086
-	-	58,294	-	-	58,294
<u>857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,983</u>
<u>857</u>	<u>163,176</u>	<u>58,294</u>	<u>23,188</u>	<u>225,204</u>	<u>2,446,433</u>
<u>82,498</u>	<u>(50,210)</u>	<u>(47,854)</u>	<u>37,676</u>	<u>(223,906)</u>	<u>(343,238)</u>
-	-	-	-	225,000	225,000
-	-	-	-	-	85,203
-	-	-	(10,400)	-	(31,810)
-	-	-	(10,400)	225,000	278,393
82,498	(50,210)	(47,854)	27,276	1,094	(64,845)
(70,480)	98,857	164,467	129,509	335,713	1,917,205
<u>\$ 12,018</u>	<u>\$ 48,647</u>	<u>\$ 116,613</u>	<u>\$ 156,785</u>	<u>\$ 336,807</u>	<u>\$ 1,852,360</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2012

	System Development Fees Fund	Parks Capital Reserve Fund	Fire Capital Reserve Fund	Quinney Bridge Construction Fund	Street HB2001 Fund	Totals
REVENUES						
Licenses and fees	\$ -	\$ -	\$ 125,794	\$ -	\$ -	\$ 125,794
Charges for services	41,818	-	-	-	-	41,818
Intergovernmental	-	-	148,500	518,498	871,050	1,538,048
Assessments	574	-	-	-	-	574
Contributions	-	-	10,087	-	-	10,087
Interest on investments	10,734	195	9	3,142	71	14,151
TOTAL REVENUES	<u>53,126</u>	<u>195</u>	<u>284,390</u>	<u>521,640</u>	<u>871,121</u>	<u>1,730,472</u>
EXPENDITURES						
Capital outlay	2,373	27,640	175,000	687,458	885,988	1,778,459
Debt service	-	-	2,955	-	-	2,955
TOTAL EXPENDITURES	<u>2,373</u>	<u>27,640</u>	<u>177,955</u>	<u>687,458</u>	<u>885,988</u>	<u>1,781,414</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>50,753</u>	<u>(27,445)</u>	<u>106,435</u>	<u>(165,818)</u>	<u>(14,867)</u>	<u>(50,942)</u>
OTHER FINANCING SOURCES (USES)						
Sale of property	-	673	1,600	-	-	2,273
Transfers in	-	29,000	-	-	-	29,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>29,673</u>	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>31,273</u>
NET CHANGE IN FUND BALANCE	50,753	2,228	108,035	(165,818)	(14,867)	(19,669)
FUND BALANCE (DEFICIT), Beginning	<u>576,012</u>	<u>34,621</u>	<u>(188,380)</u>	<u>165,818</u>	<u>-</u>	<u>588,071</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 626,765</u>	<u>\$ 36,849</u>	<u>\$ (80,345)</u>	<u>\$ -</u>	<u>\$ (14,867)</u>	<u>\$ 568,402</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR DEBT SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

	Keystone Project Fund	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
REVENUES				
Property taxes	\$ -	\$ 501,562	\$ 522,333	\$ 1,023,895
Interest on investments	526	590	1,717	2,833
TOTAL REVENUES	<u>526</u>	<u>502,152</u>	<u>524,050</u>	<u>1,026,728</u>
EXPENDITURES				
Current:				
General government	-	-	22,800	22,800
Debt service	-	505,735	376,818	882,553
TOTAL EXPENDITURES	<u>-</u>	<u>505,735</u>	<u>399,618</u>	<u>905,353</u>
REVENUES OVER (UNDER) EXPENDITUR	<u>526</u>	<u>(3,583)</u>	<u>124,432</u>	<u>121,375</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,244,995)	-	-	(1,244,995)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,244,995)</u>	<u>-</u>	<u>-</u>	<u>(1,244,995)</u>
NET CHANGE IN FUND BALANCE	(1,244,469)	(3,583)	124,432	(1,123,620)
FUND BALANCE, Beginning	<u>1,244,469</u>	<u>56,639</u>	<u>455,002</u>	<u>1,756,110</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 53,056</u>	<u>\$ 579,434</u>	<u>\$ 632,490</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON-MAJOR PERMANENT TRUST FUNDS
For the Fiscal Year Ended June 30, 2012

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
REVENUES			
Licenses and fees	\$ -	\$ 4,164	\$ 4,164
Interest on investments	<u>803</u>	<u>18,968</u>	<u>19,771</u>
TOTAL REVENUES	<u>803</u>	<u>23,132</u>	<u>23,935</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(803)</u>	<u>(15,000)</u>	<u>(15,803)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(803)</u>	<u>(15,000)</u>	<u>(15,803)</u>
NET CHANGE IN FUND BALANCE	-	8,132	8,132
FUND BALANCE, Beginning	<u>140,578</u>	<u>730,954</u>	<u>871,532</u>
FUND BALANCE, Ending	<u><u>\$ 140,578</u></u>	<u><u>\$ 739,086</u></u>	<u><u>\$ 879,664</u></u>

**CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
COMBINED GENERAL FUND
June 30, 2012**

	General Fund	Community Rehabilitation Fund	Sidewalk Repair Fund	Pendleton Youth Commission Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 1,381,526	\$ 777,131	\$ 328	\$ 118	\$ 2,159,103
Receivables:					
Property taxes	436,389	-	-	-	436,389
Accounts	822,502	-	-	-	822,502
Interest	117	-	-	-	117
Assessments	846	-	103,680	-	104,526
Notes	-	585,109	-	-	585,109
Advances to other funds	528,500	-	-	-	528,500
Prepaid items	34,708	-	-	-	34,708
Total assets	<u>\$ 3,204,588</u>	<u>\$ 1,362,240</u>	<u>\$ 104,008</u>	<u>\$ 118</u>	<u>\$ 4,670,954</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 457,683	\$ 62	\$ 62	\$ 118	\$ 457,925
Deposits	75	-	-	-	75
Deferred revenue	531,111	585,109	103,680	-	1,219,900
Advances from other funds	-	169,668	128,500	-	298,168
Total liabilities	<u>988,869</u>	<u>754,839</u>	<u>232,242</u>	<u>118</u>	<u>1,976,068</u>
FUND BALANCES					
Nonspendable	563,208	-	-	-	563,208
Restricted	20,800	-	-	-	20,800
Committed	196,921	-	-	-	196,921
Assigned	-	607,401	-	-	607,401
Unassigned	1,434,790	-	(128,234)	-	1,306,556
Total fund balances	<u>2,215,719</u>	<u>607,401</u>	<u>(128,234)</u>	<u>-</u>	<u>2,694,886</u>
Total liabilities and fund balances	<u>\$ 3,204,588</u>	<u>\$ 1,362,240</u>	<u>\$ 104,008</u>	<u>\$ 118</u>	<u>\$ 4,670,954</u>

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
COMBINED GENERAL FUND
For the Fiscal Year Ended June 30, 2012

	General Fund	Community Rehabilitation Fund	Sidewalk Repair Fund	Pendleton Youth Commission Fund	Totals
REVENUES					
Property taxes	\$ 4,769,834	\$ -	\$ -	\$ -	\$ 4,769,834
Other taxes	531,410	-	-	-	531,410
Franchise fees	2,369,980	-	-	-	2,369,980
Licenses and fees	834,661	-	-	-	834,661
Charges for services	1,103,533	-	-	-	1,103,533
Intergovernmental	835,219	-	-	-	835,219
Fines and forfeitures	373,904	-	-	-	373,904
Assessments	729	-	55,932	-	56,661
Loan repayments	-	346,460	-	-	346,460
Contributions	50,336	-	-	730	51,066
Interest on investments	19,284	4,953	4	4	24,245
Miscellaneous	73,596	11,397	60	-	85,053
TOTAL REVENUES	<u>10,962,486</u>	<u>362,810</u>	<u>55,996</u>	<u>734</u>	<u>11,382,026</u>
EXPENDITURES					
Current:					
General government	1,220,042	170,416	186	2,278	1,392,922
Public safety	7,220,673	-	-	-	7,220,673
Culture and recreation	1,988,382	-	-	-	1,988,382
Capital outlay	203,535	507,674	-	-	711,209
Debt service	530,942	6,791	2,970	-	540,703
TOTAL EXPENDITURES	<u>11,163,574</u>	<u>684,881</u>	<u>3,156</u>	<u>2,278</u>	<u>11,853,889</u>
REVENUES OVER (UNDER)					
EXPENDITURES	<u>(201,088)</u>	<u>(322,071)</u>	<u>52,840</u>	<u>(1,544)</u>	<u>(471,863)</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	150	-	-	-	150
Transfers in	149,770	1,244,995	-	-	1,394,765
Transfers out	(202,400)	-	-	-	(202,400)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(52,480)</u>	<u>1,244,995</u>	<u>-</u>	<u>-</u>	<u>1,192,515</u>
NET CHANGE IN FUND BALANCE	(253,568)	922,924	52,840	(1,544)	720,652
FUND BALANCE (DEFICIT), Beginning	2,469,287	(315,523)	(181,074)	1,544	1,974,234
FUND BALANCE (DEFICIT), Ending	<u>\$ 2,215,719</u>	<u>\$ 607,401</u>	<u>\$ (128,234)</u>	<u>\$ -</u>	<u>\$ 2,694,886</u>

See auditor's report

COMBINING STATEMENTS

Internal Service Funds

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

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

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

**CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
June 30, 2012**

	Construction and Repair Fund	Central Services Fund	Totals
ASSETS	<u> </u>	<u> </u>	<u> </u>
Current assets:			
Cash and cash equivalents	\$ 26,719	\$ 449,385	\$ 476,104
Receivables:			
Accounts	-	6,007	6,007
Prepaid items	<u>4,125</u>	<u>10,072</u>	<u>14,197</u>
Total current assets	<u>30,844</u>	<u>465,464</u>	<u>496,308</u>
Noncurrent assets:			
Advances to other funds	249,650	87,000	336,650
Capital assets:			
Depreciable assets, net of depreciation	<u>785,567</u>	<u>208,276</u>	<u>993,843</u>
Total noncurrent assets	<u>1,035,217</u>	<u>295,276</u>	<u>1,330,493</u>
Total assets	<u>\$ 1,066,061</u>	<u>\$ 760,740</u>	<u>\$ 1,826,801</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 16,610	\$ 45,436	\$ 62,046
Deposits	-	8,200	8,200
Compensated absences payable	<u>61,236</u>	<u>81,315</u>	<u>142,551</u>
Total current liabilities	77,846	134,951	212,797
Long-term debt, net of current portion			
Other post employment benefits liability	<u>65,732</u>	<u>107,855</u>	<u>173,587</u>
Total liabilities	<u>143,578</u>	<u>242,806</u>	<u>386,384</u>
Net assets:			
Invested in capital assets, net of related debt	785,567	208,276	993,843
Unrestricted	<u>136,916</u>	<u>309,658</u>	<u>446,574</u>
Total net assets	<u>922,483</u>	<u>517,934</u>	<u>1,440,417</u>
Total liabilities and net assets	<u>\$ 1,066,061</u>	<u>\$ 760,740</u>	<u>\$ 1,826,801</u>

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

	Construction and Repair Fund	Central Services Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 881,156	\$ 2,325,810	\$ 3,206,966
Licenses and fees	-	110,247	110,247
Miscellaneous	24,167	6,632	30,799
TOTAL OPERATING REVENUES	<u>905,323</u>	<u>2,442,689</u>	<u>3,348,012</u>
OPERATING EXPENSES			
Personal services	794,689	1,751,480	2,546,169
Materials and services	195,887	735,117	931,004
Depreciation	140,253	58,820	199,073
TOTAL OPERATING EXPENSES	<u>1,130,829</u>	<u>2,545,417</u>	<u>3,676,246</u>
OPERATING INCOME (LOSS)	<u>(225,506)</u>	<u>(102,728)</u>	<u>(328,234)</u>
NON-OPERATING INCOME (EXPENSES)			
Intergovernmental	-	25,900	25,900
Gain (loss) on disposal of capital assets	177	-	177
Interest on investments	1,790	2,677	4,467
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>1,967</u>	<u>28,577</u>	<u>30,544</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(223,539)</u>	<u>(74,151)</u>	<u>(297,690)</u>
TRANSFERS			
Transfers out	(33,864)	(66,100)	(99,964)
TOTAL TRANSFERS	<u>(33,864)</u>	<u>(66,100)</u>	<u>(99,964)</u>
CHANGE IN NET ASSETS	(257,403)	(140,251)	(397,654)
NET ASSETS, Beginning	<u>1,179,886</u>	<u>658,185</u>	<u>1,838,071</u>
NET ASSETS, Ending	<u>\$ 922,483</u>	<u>\$ 517,934</u>	<u>\$ 1,440,417</u>

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

	Construction and Repair Fund	Central Services Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 5,786	\$ 112,939	\$ 118,725
Receipts from interfund services provided	899,537	2,325,810	3,225,347
Payments to suppliers	(410,892)	(1,166,529)	(1,577,421)
Payments to employees	(559,006)	(1,299,613)	(1,858,619)
Payments for interfund services used	<u>(8,550)</u>	<u>-</u>	<u>(8,550)</u>
Net cash provided from (used by) operating activities	<u>(73,125)</u>	<u>(27,393)</u>	<u>(100,518)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	<u>(22,670)</u>	<u>(66,100)</u>	<u>(88,770)</u>
Net cash provided from (used by) non-capital financing activities	<u>(22,670)</u>	<u>(66,100)</u>	<u>(88,770)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from intergovernmental revenue	-	25,900	25,900
Notes receivable principal collections	3,549	-	3,549
Proceeds from sale of capital assets	177	-	177
Interfund loan payments	(249,650)	(87,000)	(336,650)
Acquisition of capital assets	<u>(83,048)</u>	<u>(31,950)</u>	<u>(114,998)</u>
Net cash provided from (used by) capital and related financing activities	<u>(328,972)</u>	<u>(93,050)</u>	<u>(422,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>1,790</u>	<u>2,677</u>	<u>4,467</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(422,977)	(183,866)	(606,843)
CASH AND CASH EQUIVALENTS, Beginning	<u>449,696</u>	<u>633,251</u>	<u>1,082,947</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 26,719</u>	<u>\$ 449,385</u>	<u>\$ 476,104</u>

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2012

	Construction and Repair Fund	Central Services Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES			
Operating income (loss)	\$ (225,506)	\$ (102,728)	\$ (328,234)
Adjustments to reconcile operating income (loss) to net cash provided (used in) operating activities			
Depreciation	140,253	58,820	199,073
(Increase) decrease in assets:			
Receivables	-	(5,283)	(5,283)
Prepaid Items	(4,125)	(10,072)	(14,197)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	2,684	19,346	22,030
Deposits	-	1,343	1,343
Compensated absences payable	1,261	(11,033)	(9,772)
Other post employment benefits liability	12,308	22,214	34,522
Net cash provided from (used by) operating activities	\$ (73,125)	\$ (27,393)	\$ (100,518)
NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Transfer of capital assets between funds	\$ (11,194)	\$ -	\$ (11,194)



COMBINING STATEMENTS

Agency Funds

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

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

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

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

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

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2012

	Northeast Oregon Air Task Force Fund	Bail Fund	Pendleton Foundation Trust Fund	Eastern Oregon Drug Task Force Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 1,042	\$ 52,506	\$ 493	\$ -	\$ 54,041
Accounts receivable	-	-	-	17,641	17,641
	<u>1,042</u>	<u>52,506</u>	<u>493</u>	<u>17,641</u>	<u>71,682</u>
Total assets	<u>\$ 1,042</u>	<u>\$ 52,506</u>	<u>\$ 493</u>	<u>\$ 17,641</u>	<u>\$ 71,682</u>
LIABILITIES					
Accounts payable	\$ -	\$ 43,443	\$ -	\$ 17,641	\$ 61,084
Due to other governments	1,042	9,063	493	-	10,598
	<u>1,042</u>	<u>9,063</u>	<u>493</u>	<u>-</u>	<u>10,598</u>
Total liabilities	<u>\$ 1,042</u>	<u>\$ 52,506</u>	<u>\$ 493</u>	<u>\$ 17,641</u>	<u>\$ 71,682</u>

BUDGETARY COMPARISON SCHEDULES

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

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

CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), BY DEPARTMENT
GENERAL FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
EXPENDITURES AND TRANSFERS				
Planning and building	\$ 760,450	\$ 800,450	\$ 517,769	\$ 282,681
Municipal court	351,900	351,900	331,551	20,349
Economic development	153,000	153,000	18,667	134,333
Police	4,248,850	4,251,350	4,102,191	149,159
Fire / Ambulance	3,501,200	3,506,200	3,399,301	106,899
Parks and recreation	1,994,600	2,011,100	2,012,122	(1,022)
Non-departmental	851,260	909,260	775,680	133,580
Debt service	209,370	209,370	208,693	677
Contingency	2,280,770	2,222,770	-	2,222,770
TOTAL EXPENDITURES AND TRANSFERS	\$ 14,351,400	\$ 14,415,400	\$ 11,365,974	\$ 3,049,426

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

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
- Quinney Bridge Construction
- Street HB2001

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Other taxes	\$ 415,000	\$ 415,000	\$ 404,683	\$ (10,317)
Intergovernmental	-	-	102,097	102,097
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>662</u>	<u>(338)</u>
TOTAL REVENUES	<u>416,000</u>	<u>416,000</u>	<u>507,442</u>	<u>91,442</u>
EXPENDITURES				
Debt service	<u>425,000</u>	<u>425,000</u>	<u>517,097</u>	<u>(92,097) *</u>
TOTAL EXPENDITURES	<u>425,000</u>	<u>425,000</u>	<u>517,097</u>	<u>(92,097)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,655)</u>	<u>(655)</u>
NET CHANGE IN FUND BALANCE	(9,000)	(9,000)	(9,655)	(655)
FUND BALANCE, Beginning	<u>11,700</u>	<u>11,700</u>	<u>265,508</u>	<u>253,808</u>
FUND BALANCE, Ending	<u>\$ 2,700</u>	<u>\$ 2,700</u>	<u>\$ 255,853</u>	<u>\$ 253,153</u>

* Exempt for Oregon Budget Law

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Intergovernmental	\$ 9,365	\$ 9,365	\$ 9,050	\$ (315)
Interest on investments	<u>30</u>	<u>30</u>	<u>46</u>	<u>16</u>
TOTAL REVENUES	<u>9,395</u>	<u>9,395</u>	<u>9,096</u>	<u>(299)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Materials and services	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,395</u>	<u>1,395</u>	<u>1,096</u>	<u>(299)</u>
NET CHANGE IN FUND BALANCE	1,395	1,395	1,096	(299)
FUND BALANCE, Beginning	<u>2,735</u>	<u>2,735</u>	<u>4,887</u>	<u>2,152</u>
FUND BALANCE, Ending	<u>\$ 4,130</u>	<u>\$ 4,130</u>	<u>\$ 5,983</u>	<u>\$ 1,853</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 20,000	\$ 20,000	\$ 12,905	\$ (7,095)
Intergovernmental	390,200	390,200	385,912	(4,288)
Contributions	20,200	30,100	28,587	(1,513)
Interest on investments	-	-	726	726
Miscellaneous	-	-	722	722
TOTAL REVENUES	<u>430,400</u>	<u>440,300</u>	<u>428,852</u>	<u>(11,448)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personal services	469,660	469,660	391,366	78,294
Materials and services	133,900	143,800	126,536	17,264
Contingency	<u>35,150</u>	<u>35,150</u>	<u>-</u>	<u>35,150</u>
TOTAL EXPENDITURES	<u>638,710</u>	<u>648,610</u>	<u>517,902</u>	<u>130,708</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(208,310)</u>	<u>(208,310)</u>	<u>(89,050)</u>	<u>119,260</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	64,400	64,400	64,400	-
Transfers out	<u>(12,890)</u>	<u>(12,890)</u>	<u>(12,890)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>51,510</u>	<u>51,510</u>	<u>51,510</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(156,800)	(156,800)	(37,540)	119,260
FUND BALANCE, Beginning	<u>156,800</u>	<u>156,800</u>	<u>125,591</u>	<u>(31,209)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,051</u>	<u>\$ 88,051</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Contributions	\$ 1,000	\$ 1,000	\$ 10,087	\$ 9,087
Interest on investments	<u>6,000</u>	<u>6,000</u>	<u>16,885</u>	<u>10,885</u>
TOTAL REVENUES	<u>7,000</u>	<u>7,000</u>	<u>26,972</u>	<u>19,972</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Materials and services	30,000	30,000	15,184	14,816
Capital outlay	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
TOTAL EXPENDITURES	<u>37,000</u>	<u>37,000</u>	<u>15,184</u>	<u>21,816</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(30,000)</u>	<u>(30,000)</u>	<u>11,788</u>	<u>41,788</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,000</u>	<u>1,000</u>	<u>803</u>	<u>(197)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>1,000</u>	<u>803</u>	<u>(197)</u>
NET CHANGE IN FUND BALANCE	(29,000)	(29,000)	12,591	41,591
FUND BALANCE, Beginning	<u>628,000</u>	<u>628,000</u>	<u>637,735</u>	<u>9,735</u>
FUND BALANCE, Ending	<u>\$ 599,000</u>	<u>\$ 599,000</u>	<u>\$ 650,326</u>	<u>\$ 51,326</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 11,792	\$ 11,792
Intergovernmental	226,400	226,400	184,887	(41,513)
Interest on investments	1,000	1,000	1,944	944
Miscellaneous	5,000	5,000	-	(5,000)
TOTAL REVENUES	<u>232,400</u>	<u>232,400</u>	<u>198,623</u>	<u>(33,777)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	280,000	280,000	215,414	64,586
Contingency	20,000	20,000	-	20,000
TOTAL EXPENDITURES	<u>300,000</u>	<u>300,000</u>	<u>215,414</u>	<u>84,586</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(67,600)</u>	<u>(67,600)</u>	<u>(16,791)</u>	<u>50,809</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(47,600)	(47,600)	3,209	50,809
FUND BALANCE, Beginning	47,600	47,600	326,062	278,462
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,271</u>	<u>\$ 329,271</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Intergovernmental	\$ 750,000	\$ 750,000	\$ -	\$ (750,000)
Interest on investments	-	-	15	15
TOTAL REVENUES	<u>750,000</u>	<u>750,000</u>	<u>15</u>	<u>(749,985)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Materials and services	750,000	750,000	4,656	745,344
Contingency	<u>2,500</u>	<u>2,500</u>	-	<u>2,500</u>
TOTAL EXPENDITURES	<u>752,500</u>	<u>752,500</u>	<u>4,656</u>	<u>747,844</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,500)</u>	<u>(2,500)</u>	<u>(4,641)</u>	<u>(2,141)</u>
NET CHANGE IN FUND BALANCE	(2,500)	(2,500)	(4,641)	(2,141)
FUND BALANCE, Beginning	<u>2,500</u>	<u>2,500</u>	<u>2,571</u>	<u>71</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,070)</u>	<u>\$ (2,070)</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Loan repayments	\$ 1,438,000	\$ 1,438,000	\$ 346,460	\$ (1,091,540)
Interest on investments	-	-	4,953	4,953
Miscellaneous	-	-	11,397	11,397
TOTAL REVENUES	<u>1,438,000</u>	<u>1,438,000</u>	<u>362,810</u>	<u>(1,075,190)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	1,757,500	1,757,500	170,416	1,587,084
Capital outlay	-	575,000	507,674	67,326
Debt service	35,000	35,000	6,791	28,209
TOTAL EXPENDITURES	<u>1,792,500</u>	<u>2,367,500</u>	<u>684,881</u>	<u>1,682,619</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(354,500)</u>	<u>(929,500)</u>	<u>(322,071)</u>	<u>607,429</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,241,000	1,241,000	1,244,995	3,995
Interfund loan proceeds	1,594,500	1,594,500	169,668	(1,424,832)
Interfund loan repayment	(1,240,000)	(1,240,000)	(325,000)	915,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,595,500</u>	<u>1,595,500</u>	<u>1,089,663</u>	<u>(505,837)</u>
NET CHANGE IN FUND BALANCE	1,241,000	666,000	767,592	101,592
Budgetary basis adjustment	-	-	155,332	155,332
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(315,523)</u>	<u>(315,523)</u>
FUND BALANCE, Ending	<u>\$ 1,241,000</u>	<u>\$ 666,000</u>	<u>\$ 607,401</u>	<u>\$ (58,599)</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Assessments	\$ 31,000	\$ 31,000	\$ 55,932	\$ 24,932
Interest on investments	-	-	4	4
Miscellaneous	50	50	60	10
TOTAL REVENUES	<u>31,050</u>	<u>31,050</u>	<u>55,996</u>	<u>24,946</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	500	500	186	314
Capital outlay	100,000	100,000	-	100,000
Debt service	8,000	8,000	2,970	5,030
TOTAL EXPENDITURES	<u>108,500</u>	<u>108,500</u>	<u>3,156</u>	<u>105,344</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(77,450)</u>	<u>(77,450)</u>	<u>52,840</u>	<u>130,290</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	277,450	277,450	128,500	(148,950)
Interfund loan repayment	(200,000)	(200,000)	(181,500)	18,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>77,450</u>	<u>77,450</u>	<u>(53,000)</u>	<u>(130,450)</u>
NET CHANGE IN FUND BALANCE	-	-	(160)	(160)
Budgetary basis adjustment	-	-	53,000	53,000
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(181,074)</u>	<u>(181,074)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (128,234)</u>	<u>\$ (128,234)</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Other taxes	\$ 388,000	\$ 388,000	\$ 393,441	\$ 5,441
Licenses and fees	50,000	50,000	47,231	(2,769)
Charges for services	257,000	257,000	212,214	(44,786)
Contributions	-	-	8	8
Interest on investments	200	200	5	(195)
Miscellaneous	12,000	12,000	10,373	(1,627)
TOTAL REVENUES	<u>707,200</u>	<u>707,200</u>	<u>663,272</u>	<u>(43,928)</u>
EXPENDITURES				
Current:				
General government:				
Personal services	339,020	339,020	318,423	20,597
Materials and services	389,660	389,660	376,009	13,651
Debt service	5,000	5,000	3,029	1,971
TOTAL EXPENDITURES	<u>733,680</u>	<u>733,680</u>	<u>697,461</u>	<u>36,219</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(26,480)</u>	<u>(26,480)</u>	<u>(34,189)</u>	<u>(7,709)</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	130,000	130,000	210,000	80,000
Interfund loan repayment	(95,000)	(95,000)	(187,000)	(92,000)
Transfers out	(8,520)	(8,520)	(8,520)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>26,480</u>	<u>26,480</u>	<u>14,480</u>	<u>(12,000)</u>
NET CHANGE IN FUND BALANCE	-	-	(19,709)	(19,709)
Budgetary basis adjustment	-	-	(23,000)	(23,000)
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(103,215)</u>	<u>(103,215)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (145,924)</u>	<u>\$ (145,924)</u>

See auditor's report

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PCC TPAC FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Other taxes	\$ 80,000	\$ 80,000	\$ 83,350	\$ 3,350
Interest on investments	-	-	5	5
TOTAL REVENUES	<u>80,000</u>	<u>80,000</u>	<u>83,355</u>	<u>3,355</u>
EXPENDITURES				
Capital outlay	8,500	8,500	-	8,500
Debt service	<u>1,000</u>	<u>1,000</u>	<u>857</u>	<u>143</u>
TOTAL EXPENDITURES	<u>9,500</u>	<u>9,500</u>	<u>857</u>	<u>8,643</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>70,500</u>	<u>70,500</u>	<u>82,498</u>	<u>11,998</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan repayment	<u>(70,500)</u>	<u>(70,500)</u>	<u>(81,000)</u>	<u>(10,500)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(70,500)</u>	<u>(70,500)</u>	<u>(81,000)</u>	<u>(10,500)</u>
NET CHANGE IN FUND BALANCE	-	-	1,498	1,498
Budgetary basis adjustment	-	-	81,000	81,000
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(70,480)</u>	<u>(70,480)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,018</u>	<u>\$ 12,018</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 1,100	\$ 1,100	\$ 730	\$ (370)
Interest on investments	-	-	4	4
TOTAL REVENUES	<u>1,100</u>	<u>1,100</u>	<u>734</u>	<u>(366)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	<u>2,600</u>	<u>2,600</u>	<u>2,278</u>	<u>322</u>
TOTAL EXPENDITURES	<u>2,600</u>	<u>2,600</u>	<u>2,278</u>	<u>322</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,544)</u>	<u>(44)</u>
NET CHANGE IN FUND BALANCE	(1,500)	(1,500)	(1,544)	(44)
FUND BALANCE, Beginning	<u>1,500</u>	<u>1,500</u>	<u>1,544</u>	<u>44</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
POLICE INTERAGENCY SPECIAL REVOLVING FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Intergovernmental	\$ 140,450	\$ 140,450	\$ 111,711	\$ (28,739)
Interest on investments	2,000	2,000	835	(1,165)
Miscellaneous	300	300	420	120
TOTAL REVENUES	<u>142,750</u>	<u>142,750</u>	<u>112,966</u>	<u>(29,784)</u>
EXPENDITURES				
Current:				
Public safety:				
Materials and services	<u>237,250</u>	<u>237,250</u>	<u>163,176</u>	<u>74,074</u>
TOTAL EXPENDITURES	<u>237,250</u>	<u>237,250</u>	<u>163,176</u>	<u>74,074</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(94,500)</u>	<u>(94,500)</u>	<u>(50,210)</u>	<u>44,290</u>
NET CHANGE IN FUND BALANCE	(94,500)	(94,500)	(50,210)	44,290
FUND BALANCE, Beginning	<u>94,500</u>	<u>94,500</u>	<u>98,857</u>	<u>4,357</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,647</u>	<u>\$ 48,647</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 500	\$ 500	\$ 6,624	\$ 6,124
Contributions	2,000	2,000	2,865	865
Interest on investments	1,000	1,000	951	(49)
TOTAL REVENUES	<u>3,500</u>	<u>3,500</u>	<u>10,440</u>	<u>6,940</u>
EXPENDITURES				
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>58,294</u>	<u>16,706</u>
TOTAL EXPENDITURES	<u>75,000</u>	<u>75,000</u>	<u>58,294</u>	<u>16,706</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(71,500)</u>	<u>(71,500)</u>	<u>(47,854)</u>	<u>23,646</u>
NET CHANGE IN FUND BALANCE	(71,500)	(71,500)	(47,854)	23,646
FUND BALANCE, Beginning	<u>134,500</u>	<u>134,500</u>	<u>164,467</u>	<u>29,967</u>
FUND BALANCE, Ending	<u>\$ 63,000</u>	<u>\$ 63,000</u>	<u>\$ 116,613</u>	<u>\$ 53,613</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Interest on investments	1,000	1,000	864	(136)
TOTAL REVENUES	<u>61,000</u>	<u>61,000</u>	<u>60,864</u>	<u>(136)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	160,200	157,800	23,188	134,612
TOTAL EXPENDITURES	<u>160,200</u>	<u>157,800</u>	<u>23,188</u>	<u>134,612</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(99,200)</u>	<u>(96,800)</u>	<u>37,676</u>	<u>134,476</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,000)	(10,400)	(10,400)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,000)</u>	<u>(10,400)</u>	<u>(10,400)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(107,200)	(107,200)	27,276	134,476
FUND BALANCE, Beginning	<u>107,200</u>	<u>107,200</u>	<u>129,509</u>	<u>22,309</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,785</u>	<u>\$ 156,785</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Contributions	\$ -	\$ -	\$ 225	\$ 225
Interest on investments	1,000	1,000	1,073	73
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>1,298</u>	<u>298</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	450,300	450,300	225,204	225,096
Contingency	203,700	203,700	-	203,700
TOTAL EXPENDITURES	<u>654,000</u>	<u>654,000</u>	<u>225,204</u>	<u>428,796</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(653,000)</u>	<u>(653,000)</u>	<u>(223,906)</u>	<u>429,094</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	550,000	550,000	225,000	(325,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>550,000</u>	<u>550,000</u>	<u>225,000</u>	<u>(325,000)</u>
NET CHANGE IN FUND BALANCE	(103,000)	(103,000)	1,094	104,094
FUND BALANCE, Beginning	<u>103,000</u>	<u>103,000</u>	<u>335,713</u>	<u>232,713</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 336,807</u>	<u>\$ 336,807</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 1,000	\$ 1,000	\$ 526	\$ (474)
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>526</u>	<u>(474)</u>
EXPENDITURES				
Capital outlay	<u>10,000</u>	<u>6,005</u>	<u>-</u>	<u>6,005</u>
TOTAL EXPENDITURES	<u>10,000</u>	<u>6,005</u>	<u>-</u>	<u>6,005</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(9,000)</u>	<u>(5,005)</u>	<u>526</u>	<u>5,531</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,241,000)</u>	<u>(1,244,995)</u>	<u>(1,244,995)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,241,000)</u>	<u>(1,244,995)</u>	<u>(1,244,995)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(1,250,000)</u>	<u>(1,250,000)</u>	<u>(1,244,469)</u>	<u>5,531</u>
FUND BALANCE, Beginning	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,244,469</u>	<u>(5,531)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Property taxes	\$ 499,100	\$ 499,100	\$ 501,562	\$ 2,462
Interest on investments	<u>200</u>	<u>200</u>	<u>590</u>	<u>390</u>
TOTAL REVENUES	<u>499,300</u>	<u>499,300</u>	<u>502,152</u>	<u>2,852</u>
EXPENDITURES				
Debt service	<u>505,735</u>	<u>505,735</u>	<u>505,735</u>	<u>-</u>
TOTAL EXPENDITURES	<u>505,735</u>	<u>505,735</u>	<u>505,735</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,435)</u>	<u>(6,435)</u>	<u>(3,583)</u>	<u>2,852</u>
NET CHANGE IN FUND BALANCE	(6,435)	(6,435)	(3,583)	2,852
FUND BALANCE, Beginning	<u>35,000</u>	<u>35,000</u>	<u>56,639</u>	<u>21,639</u>
FUND BALANCE, Ending	<u>\$ 28,565</u>	<u>\$ 28,565</u>	<u>\$ 53,056</u>	<u>\$ 24,491</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Property taxes	\$ 445,000	\$ 445,000	\$ 522,333	\$ 77,333
Interest on investments	9,000	9,000	1,717	(7,283)
TOTAL REVENUES	<u>454,000</u>	<u>454,000</u>	<u>524,050</u>	<u>70,050</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	22,800	22,800	22,800	-
Debt service	<u>467,255</u>	<u>467,255</u>	<u>376,818</u>	<u>90,437</u>
TOTAL EXPENDITURES	<u>490,055</u>	<u>490,055</u>	<u>399,618</u>	<u>90,437</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(36,055)</u>	<u>(36,055)</u>	<u>124,432</u>	<u>160,487</u>
NET CHANGE IN FUND BALANCE	(36,055)	(36,055)	124,432	160,487
FUND BALANCE, Beginning	<u>477,000</u>	<u>477,000</u>	<u>455,002</u>	<u>(21,998)</u>
FUND BALANCE, Ending	<u>\$ 440,945</u>	<u>\$ 440,945</u>	<u>\$ 579,434</u>	<u>\$ 138,489</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 1,000	\$ 1,000	\$ 803	\$ (197)
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>803</u>	<u>(197)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,000)	(1,000)	(803)	197
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000)</u>	<u>(1,000)</u>	<u>(803)</u>	<u>197</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>140,600</u>	<u>140,600</u>	<u>140,578</u>	<u>(22)</u>
FUND BALANCE, Ending	<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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 3,125	\$ 3,125	\$ 4,164	\$ 1,039
Interest on investments	<u>15,000</u>	<u>15,000</u>	<u>18,968</u>	<u>3,968</u>
TOTAL REVENUES	<u>18,125</u>	<u>18,125</u>	<u>23,132</u>	<u>5,007</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	3,125	3,125	8,132	5,007
FUND BALANCE, Beginning	<u>714,000</u>	<u>714,000</u>	<u>730,954</u>	<u>16,954</u>
FUND BALANCE, Ending	<u><u>\$ 717,125</u></u>	<u><u>\$ 717,125</u></u>	<u><u>\$ 739,086</u></u>	<u><u>\$ 21,961</u></u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
L.I.D. CONSTRUCTION FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Assessments	\$ 229,000	\$ 229,000	\$ 83,407	\$ (145,593)
Interest on investments	-	-	31	31
Miscellaneous	-	-	30	30
TOTAL REVENUES	<u>229,000</u>	<u>229,000</u>	<u>83,468</u>	<u>(145,532)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	1,000	1,000	186	814
Capital outlay	1,000,000	1,000,000	-	1,000,000
Debt service	125,700	125,700	125,700	-
Contingency	2,300	2,300	-	2,300
TOTAL EXPENDITURES	<u>1,129,000</u>	<u>1,129,000</u>	<u>125,886</u>	<u>1,003,114</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(900,000)</u>	<u>(900,000)</u>	<u>(42,418)</u>	<u>857,582</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	920,000	920,000	-	(920,000)
Interfund loan proceeds	-	-	67,000	67,000
Interfund loan repayment	-	-	(24,000)	(24,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>920,000</u>	<u>920,000</u>	<u>43,000</u>	<u>(877,000)</u>
NET CHANGE IN FUND BALANCE	20,000	20,000	582	(19,418)
Budgetary basis adjustment	-	-	(43,000)	(43,000)
FUND BALANCE (DEFICIT), Beginning	<u>(20,000)</u>	<u>(20,000)</u>	<u>(23,672)</u>	<u>(3,672)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,090)</u>	<u>\$ (66,090)</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 400	\$ 400	\$ 195	\$ (205)
TOTAL REVENUES	<u>400</u>	<u>400</u>	<u>195</u>	<u>(205)</u>
EXPENDITURES				
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>27,640</u>	<u>12,360</u>
TOTAL EXPENDITURES	<u>40,000</u>	<u>40,000</u>	<u>27,640</u>	<u>12,360</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(39,600)</u>	<u>(39,600)</u>	<u>(27,445)</u>	<u>12,155</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	673	673
Transfers in	<u>29,000</u>	<u>29,000</u>	<u>29,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>29,000</u>	<u>29,000</u>	<u>29,673</u>	<u>673</u>
NET CHANGE IN FUND BALANCE	(10,600)	(10,600)	2,228	12,828
FUND BALANCE, Beginning	<u>36,200</u>	<u>36,200</u>	<u>34,621</u>	<u>(1,579)</u>
FUND BALANCE, Ending	<u>\$ 25,600</u>	<u>\$ 25,600</u>	<u>\$ 36,849</u>	<u>\$ 11,249</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 126,700	\$ 126,700	\$ 125,794	\$ (906)
Intergovernmental	148,500	148,500	148,500	-
Contributions	-	-	10,087	10,087
Interest on investments	-	-	9	9
TOTAL REVENUES	<u>275,200</u>	<u>275,200</u>	<u>284,390</u>	<u>9,190</u>
EXPENDITURES				
Capital outlay	176,100	176,100	175,000	1,100
Debt service	5,000	5,000	2,955	2,045
TOTAL EXPENDITURES	<u>181,100</u>	<u>181,100</u>	<u>177,955</u>	<u>3,145</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>94,100</u>	<u>94,100</u>	<u>106,435</u>	<u>12,335</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	1,600	1,600
Interfund loan proceeds	280,900	280,900	81,000	(199,900)
Interfund loan repayment	(375,000)	(375,000)	(197,000)	178,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(94,100)</u>	<u>(94,100)</u>	<u>(114,400)</u>	<u>(20,300)</u>
NET CHANGE IN FUND BALANCE	-	-	(7,965)	(7,965)
Budgetary basis adjustment	-	-	116,000	116,000
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(188,380)</u>	<u>(188,380)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,345)</u>	<u>\$ (80,345)</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SYSTEM DEVELOPMENT FEES FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 75,000	\$ 75,000	\$ 41,818	\$ (33,182)
Assessments	575	575	574	(1)
Interest on investments	<u>15,000</u>	<u>15,000</u>	<u>10,734</u>	<u>(4,266)</u>
TOTAL REVENUES	<u>90,575</u>	<u>90,575</u>	<u>53,126</u>	<u>(37,449)</u>
EXPENDITURES				
Capital outlay	<u>664,575</u>	<u>664,575</u>	<u>2,373</u>	<u>662,202</u>
TOTAL EXPENDITURES	<u>664,575</u>	<u>664,575</u>	<u>2,373</u>	<u>662,202</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(574,000)</u>	<u>(574,000)</u>	<u>50,753</u>	<u>624,753</u>
NET CHANGE IN FUND BALANCE	(574,000)	(574,000)	50,753	624,753
FUND BALANCE, Beginning	<u>574,000</u>	<u>574,000</u>	<u>576,012</u>	<u>2,012</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,765</u>	<u>\$ 626,765</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Intergovernmental	\$ 1,070,000	\$ 1,070,000	\$ 518,498	\$ (551,502)
Interest on investments	5,000	5,000	3,142	(1,858)
TOTAL REVENUES	<u>1,075,000</u>	<u>1,075,000</u>	<u>521,640</u>	<u>(553,360)</u>
EXPENDITURES				
Capital outlay	<u>1,075,000</u>	<u>1,075,000</u>	<u>687,458</u>	<u>387,542</u>
TOTAL EXPENDITURES	<u>1,075,000</u>	<u>1,075,000</u>	<u>687,458</u>	<u>387,542</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(165,818)</u>	<u>(165,818)</u>
NET CHANGE IN FUND BALANCE	-	-	(165,818)	(165,818)
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>165,818</u>	<u>165,818</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STREET HB2001 FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,050,000	\$ 2,050,000	\$ 871,050	\$ (1,178,950)
Interest on investments	-	-	71	71
TOTAL REVENUES	<u>2,050,000</u>	<u>2,050,000</u>	<u>871,121</u>	<u>(1,178,879)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Capital outlay	<u>2,050,000</u>	<u>2,050,000</u>	<u>885,988</u>	<u>1,164,012</u>
TOTAL EXPENDITURES	<u>2,050,000</u>	<u>2,050,000</u>	<u>885,988</u>	<u>1,164,012</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(14,867)</u>	<u>(14,867)</u>
NET CHANGE IN FUND BALANCE	-	-	(14,867)	(14,867)
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,867)</u>	<u>\$ (14,867)</u>



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

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

- Construction and Repair
- Central Services

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 3,339,600	\$ 3,339,600	\$ 3,180,648	\$ (158,952)
Intergovernmental	100,000	100,000	39,370	(60,630)
Interest on investments	1,100	1,100	754	(346)
Miscellaneous	12,000	12,000	22,331	10,331
TOTAL REVENUES	<u>3,452,700</u>	<u>3,452,700</u>	<u>3,243,103</u>	<u>(209,597)</u>
EXPENDITURES				
Current:				
Personal services	480,700	480,700	425,477	55,223
Materials and services	1,741,690	1,741,690	1,651,832	89,858
Capital outlay	3,110,000	3,110,000	1,939,146	1,170,854
Debt service	650,950	650,950	449,053	201,897
Contingency	457,230	457,230	-	457,230
TOTAL EXPENDITURES	<u>6,440,570</u>	<u>6,440,570</u>	<u>4,465,508</u>	<u>1,975,062</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,987,870)</u>	<u>(2,987,870)</u>	<u>(1,222,405)</u>	<u>1,765,465</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	5,500	5,500	5,239	(261)
Issuance of debt	1,500,000	1,500,000	-	(1,500,000)
Interfund loan proceeds	550,000	550,000	-	(550,000)
Transfers out	(11,430)	(11,430)	(11,430)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,044,070</u>	<u>2,044,070</u>	<u>(6,191)</u>	<u>(2,050,261)</u>
NET CHANGE IN FUND BALANCE	(943,800)	(943,800)	(1,228,596)	(284,796)
FUND BALANCE, Beginning	<u>943,800</u>	<u>943,800</u>	<u>903,409</u>	<u>(40,391)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>(325,187)</u>	<u>\$ (325,187)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			14,294,899	
Accrued interest payable			(98,795)	
Other post employment benefits liability			(38,916)	
Long-term debt			<u>(3,853,947)</u>	
NET ASSETS, Ending			<u>\$ 9,978,054</u>	

See auditor's report

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 3,835,200	\$ 3,835,200	\$ 3,752,869	\$ (82,331)
Intergovernmental	1,500,000	1,500,000	-	(1,500,000)
Interest on investments	<u>12,000</u>	<u>12,000</u>	<u>32,598</u>	<u>20,598</u>
TOTAL REVENUES	<u>5,347,200</u>	<u>5,347,200</u>	<u>3,785,467</u>	<u>(1,561,733)</u>
EXPENDITURES				
Current:				
Personal services	486,200	486,200	437,313	48,887
Materials and services	1,601,415	1,601,415	1,586,004	15,411
Capital outlay	1,502,000	1,502,000	367,507	1,134,493
Debt service	406,000	406,000	-	406,000
Contingency	<u>499,957</u>	<u>499,957</u>	<u>-</u>	<u>499,957</u>
TOTAL EXPENDITURES	<u>4,495,572</u>	<u>4,495,572</u>	<u>2,390,824</u>	<u>2,104,748</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>851,628</u>	<u>851,628</u>	<u>1,394,643</u>	<u>543,015</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	3,727	3,727
Transfers out	<u>(1,755,628)</u>	<u>(1,755,628)</u>	<u>(1,755,628)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,755,628)</u>	<u>(1,755,628)</u>	<u>(1,751,901)</u>	<u>3,727</u>
NET CHANGE IN FUND BALANCE	(904,000)	(904,000)	(357,258)	546,742
FUND BALANCE, Beginning	<u>904,000</u>	<u>904,000</u>	<u>1,436,342</u>	<u>532,342</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,079,084</u>	<u>\$ 1,079,084</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SEWER CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 20,000	\$ 20,000	\$ 4,906	\$ (15,094)
TOTAL REVENUES	<u>20,000</u>	<u>20,000</u>	<u>4,906</u>	<u>(15,094)</u>
EXPENDITURES				
Capital outlay	<u>3,352,000</u>	<u>3,352,000</u>	<u>2,455,432</u>	<u>896,568</u>
TOTAL EXPENDITURES	<u>3,352,000</u>	<u>3,352,000</u>	<u>2,455,432</u>	<u>896,568</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,332,000)</u>	<u>(3,332,000)</u>	<u>(2,450,526)</u>	<u>(881,474)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	2,250,000	2,250,000	2,250,000	-
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,250,000</u>	<u>3,250,000</u>	<u>3,250,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(82,000)	(82,000)	799,474	881,474
FUND BALANCE, Beginning	<u>2,828,400</u>	<u>2,828,400</u>	<u>2,175,989</u>	<u>(652,411)</u>
FUND BALANCE, Ending	<u>\$ 2,746,400</u>	<u>\$ 2,746,400</u>	<u>\$ 2,975,463</u>	<u>\$ 229,063</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 78,760	\$ 78,760
Interest on investments	20,000	20,000	10,141	(9,859)
TOTAL REVENUES	<u>20,000</u>	<u>20,000</u>	<u>88,901</u>	<u>68,901</u>
EXPENDITURES				
Capital outlay	3,468,400	3,468,400	3,234,783	233,617
TOTAL EXPENDITURES	<u>3,468,400</u>	<u>3,468,400</u>	<u>3,234,783</u>	<u>233,617</u>
NET CHANGE IN FUND BALANCE	(3,448,400)	(3,448,400)	(3,145,882)	302,518
FUND BALANCE, Beginning	<u>3,448,400</u>	<u>3,448,400</u>	<u>3,905,137</u>	<u>456,737</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 759,255</u>	<u>\$ 759,255</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES				
Debt service	\$ 742,898	\$ 742,898	\$ 742,898	\$ -
TOTAL EXPENDITURES	<u>742,898</u>	<u>742,898</u>	<u>742,898</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>742,898</u>	<u>742,898</u>	<u>742,898</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>742,898</u>	<u>742,898</u>	<u>742,898</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2012

	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, 2012**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 1,079,084
Sewer Capital Reserve	2,975,463
Wastewater Capital Project	759,255
Wastewater Rate Reserve	744,698
Wastewater Rate Stabilization	<u>450,000</u>

6,008,500

Adjustments:

Capital assets, net of depreciation	23,006,673
Bond discount and issuance costs	110,215
Accrued interest payable	(302,840)
Other post employment benefits liability	(38,138)
Long-term debt	<u>(17,210,000)</u>

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

\$ 11,574,410

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 432,000	\$ 432,000	\$ 395,107	\$ (36,893)
Intergovernmental	915,790	915,790	621,486	(294,304)
Contributions	-	-	300	300
Interest on investments	120	120	26	(94)
Miscellaneous	6,500	6,500	1,398	(5,102)
TOTAL REVENUES	<u>1,354,410</u>	<u>1,354,410</u>	<u>1,018,317</u>	<u>(336,093)</u>
EXPENDITURES				
Current:				
Personal services	274,100	274,100	258,184	15,916
Materials and services	183,000	183,000	164,133	18,867
Capital outlay	915,800	915,800	638,961	276,839
Debt service	42,000	42,000	45,360	(3,360)
TOTAL EXPENDITURES	<u>1,414,900</u>	<u>1,414,900</u>	<u>1,106,638</u>	<u>308,262</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(60,490)</u>	<u>(60,490)</u>	<u>(88,321)</u>	<u>(27,831)</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	36,000	36,000	35,418	(582)
Interfund loan proceeds	2,032,690	2,032,690	2,240,000	207,310
Interfund loan repayment	(2,000,000)	(2,000,000)	(2,189,000)	(189,000)
Transfers out	(8,200)	(8,200)	(8,200)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>60,490</u>	<u>60,490</u>	<u>78,218</u>	<u>17,728</u>
NET CHANGE IN FUND BALANCE	-	-	(10,103)	(10,103)
Budgetary basis adjustment	-	-	(51,000)	(51,000)
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(2,076,042)</u>	<u>(2,076,042)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>(2,137,145)</u>	<u>\$ (2,137,145)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			9,102,828	
Notes receivable			139,095	
Other post employment benefits liability			<u>(16,715)</u>	
NET ASSETS, Ending			<u>\$ 7,088,063</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 121,100	\$ 121,100	\$ 95,802	\$ (25,298)
Charges for services	7,500	7,500	6,360	(1,140)
Contributions	-	-	20,174	20,174
Interest on investments	100	100	24	(76)
TOTAL REVENUES	<u>128,700</u>	<u>128,700</u>	<u>122,360</u>	<u>(6,340)</u>
EXPENDITURES				
Current:				
Personal services	160,445	160,445	155,538	4,907
Materials and services	100,235	100,235	99,937	298
TOTAL EXPENDITURES	<u>260,680</u>	<u>260,680</u>	<u>255,475</u>	<u>5,205</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(131,980)</u>	<u>(131,980)</u>	<u>(133,115)</u>	<u>(1,135)</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	58,000	-	-	-
Transfers in	63,100	121,100	121,000	(100)
Transfers out	(3,820)	(3,820)	(3,820)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>117,280</u>	<u>117,280</u>	<u>117,180</u>	<u>(100)</u>
NET CHANGE IN FUND BALANCE	(14,700)	(14,700)	(15,935)	(1,235)
FUND BALANCE, Beginning	<u>14,700</u>	<u>14,700</u>	<u>14,513</u>	<u>(187)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	(1,422)	<u>\$ (1,422)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			160,033	
Other post employment benefits liability			<u>(15,821)</u>	
NET ASSETS, Ending			<u>\$ 142,790</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)
CONSTRUCTION AND REPAIR FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 933,050	\$ 933,050	\$ 881,156	\$ (51,894)
Interest on investments	10,000	10,000	1,790	(8,210)
Miscellaneous	500	500	24,167	23,667
TOTAL REVENUES	<u>943,550</u>	<u>943,550</u>	<u>907,113</u>	<u>(36,437)</u>
EXPENDITURES				
Current:				
Personal services	835,000	835,000	782,381	52,619
Materials and services	170,600	210,600	195,887	14,713
Capital outlay	205,500	205,500	83,049	122,451
Contingency	100,780	60,780	-	60,780
TOTAL EXPENDITURES	<u>1,311,880</u>	<u>1,311,880</u>	<u>1,061,317</u>	<u>250,563</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(368,330)</u>	<u>(368,330)</u>	<u>(154,204)</u>	<u>214,126</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	3,727	3,727
Transfers out	(22,670)	(22,670)	(22,670)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(22,670)</u>	<u>(22,670)</u>	<u>(18,943)</u>	<u>3,727</u>
NET CHANGE IN FUND BALANCE	(391,000)	(391,000)	(173,147)	217,853
FUND BALANCE, Beginning	391,000	391,000	375,795	(15,205)
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	202,648	<u>\$ 202,648</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			785,567	
Other post employment benefits liability			(65,732)	
NET ASSETS, Ending			<u>\$ 922,483</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)
CENTRAL SERVICES FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 55,700	\$ 55,700	\$ 110,247	\$ 54,547
Charges for services	2,310,810	2,310,810	2,325,810	15,000
Intergovernmental	41,000	41,000	25,900	(15,100)
Interest on investments	5,000	5,000	2,677	(2,323)
Miscellaneous	8,490	8,490	6,632	(1,858)
TOTAL REVENUES	<u>2,421,000</u>	<u>2,421,000</u>	<u>2,471,266</u>	<u>50,266</u>
EXPENDITURES				
Current:				
Personal services	1,786,170	1,884,170	1,729,266	154,904
Materials and services	777,800	802,800	735,117	67,683
Capital outlay	52,100	52,100	31,950	20,150
Contingency	180,630	57,630	-	57,630
TOTAL EXPENDITURES	<u>2,796,700</u>	<u>2,796,700</u>	<u>2,496,333</u>	<u>300,367</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(375,700)</u>	<u>(375,700)</u>	<u>(25,067)</u>	<u>350,633</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(66,100)	(66,100)	(66,100)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(66,100)</u>	<u>(66,100)</u>	<u>(66,100)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(441,800)	(441,800)	(91,167)	350,633
FUND BALANCE, Beginning	<u>441,800</u>	<u>441,800</u>	<u>508,680</u>	<u>66,880</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	417,513	<u>\$ 417,513</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			208,276	
Other post employment benefits liability			<u>(107,855)</u>	
NET ASSETS, Ending			<u>\$ 517,934</u>	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES AND TRANSFERS				
City manager's office	\$ 348,100	\$ 446,100	\$ 428,227	\$ 17,873
Insurance	256,000	256,000	185,629	70,371
Mayor and City Council	44,300	69,300	58,810	10,490
Legal	260,350	260,350	245,540	14,810
Finance	578,250	578,250	518,001	60,249
Engineering	404,130	404,130	380,235	23,895
Facilities	543,500	543,500	522,211	21,289
Information technology	181,440	181,440	157,680	23,760
Contingency	180,630	57,630	-	57,630
	<u>2,796,700</u>	<u>2,796,700</u>	<u>2,496,333</u>	<u>300,367</u>
Total expenditures				
Transfers	<u>66,100</u>	<u>66,100</u>	<u>66,100</u>	<u>-</u>
TOTAL EXPENDITURES AND TRANSFERS	<u><u>\$ 2,862,800</u></u>	<u><u>\$ 2,862,800</u></u>	<u><u>\$ 2,562,433</u></u>	<u><u>\$ 300,367</u></u>

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

Fiduciary Funds

Agency Funds

- Eastern Oregon Drug Task Force
- Pendleton Foundation Trust

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
EASTERN OREGON DRUG TASK FORCE FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 93,308	\$ (16,692)
TOTAL REVENUES	<u>110,000</u>	<u>110,000</u>	<u>93,308</u>	<u>(16,692)</u>
EXPENDITURES				
Current:				
Materials and services	<u>110,000</u>	<u>110,000</u>	<u>93,308</u>	<u>16,692</u>
TOTAL EXPENDITURES	<u>110,000</u>	<u>110,000</u>	<u>93,308</u>	<u>16,692</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 232,500	\$ 232,500	\$ 147,123	\$ (85,377)
Interest on investments	2,500	2,500	209	(2,291)
TOTAL REVENUES	<u>235,000</u>	<u>235,000</u>	<u>147,332</u>	<u>(87,668)</u>
EXPENDITURES				
Current:				
Materials and services	240,000	240,000	192,181	47,819
TOTAL EXPENDITURES	<u>240,000</u>	<u>240,000</u>	<u>192,181</u>	<u>47,819</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,000)</u>	<u>(5,000)</u>	<u>(44,849)</u>	<u>(39,849)</u>
NET CHANGE IN FUND BALANCE	(5,000)	(5,000)	(44,849)	(39,849)
FUND BALANCE, Beginning	<u>5,000</u>	<u>5,000</u>	<u>45,342</u>	<u>40,342</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493</u>	<u>\$ 493</u>



OTHER FINANCIAL SCHEDULES

CITY OF PENDLETON, OREGON
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Northeast Oregon Air Task Force Agency				
ASSETS				
Cash and cash equivalents	\$ 1,036	\$ 6	\$ -	\$ 1,042
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governments	\$ 1,036	\$ 6	\$ -	\$ 1,042
Bail Fund				
ASSETS				
Cash and cash equivalents	\$ 12,975	\$ 39,531	\$ -	\$ 52,506
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 6,276	\$ 37,167	\$ -	\$ 43,443
Due to other governments	6,699	2,364	-	9,063
Total liabilities	\$ 12,975	\$ 39,531	\$ -	\$ 52,506
Eastern Oregon Drug Task Force Fund				
ASSETS				
Accounts receivable	\$ 19,317	\$ 93,308	\$ 94,984	\$ 17,641
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 19,317	\$ 93,308	\$ 94,984	\$ 17,641
Pendleton Foundation Trust				
ASSETS				
Cash and cash equivalents	\$ 45,342	\$ 147,332	\$ 192,181	\$ 493
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governments	\$ 45,342	\$ 147,332	\$ 192,181	\$ 493

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the fiscal year ended June 30, 2012

	Taxes Uncollected July 1, 2011	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2012
2011-12	\$ -	\$ 5,942,589	\$ (163,061)	\$ (5,518,985)	\$ 260,543
2010-11	222,331	-	3,532	(97,693)	128,170
2009-10	147,307	-	(115)	(59,854)	87,338
2008-09	82,054	-	1,453	(46,939)	36,568
2007-08	38,589	-	5,839	(36,417)	8,011
2006-07	3,383	-	(339)	(981)	2,063
2005-06	1,984	-	(81)	(1,007)	896
2004-05	983	-	25	(443)	565
2003-04	568	-	55	(141)	482
2002-03	604	-	80	(185)	499
2001-02	440	-	172	(385)	227
2000-01	466	-	252	(523)	195
1999-00	368	-	199	(309)	258
1998-99	360	-	188	(311)	237
1997-98	174	-	69	(118)	125
1996-97	145	-	84	(139)	90
Prior	350	-	4	(8)	346
	<u>\$ 500,106</u>	<u>\$ 5,942,589</u>	<u>\$ (151,644)</u>	<u>\$ (5,764,438)</u>	<u>\$ 526,613</u>

Tax Collections to June 30, 2012	Taxes Receivable June 30, 2012
---	---

Taxes receivable and tax collections classified by fund:

General Fund	\$ 4,750,676	\$ 436,389
Urban Renewal Debt Service Fund	519,859	50,236
Debt Service Fund	499,836	39,988
Plus: appeals and foreclosure adjustments	<u>(5,933)</u>	<u>-</u>
Totals	<u>\$ 5,764,438</u>	<u>\$ 526,613</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	\$ 4,750,676	\$ (35,738)	\$ 54,896	\$ 4,769,834
Pendleton Development Commission	519,859	(2,184)	4,658	522,333
Debt Service Fund	<u>499,836</u>	<u>(4,938)</u>	<u>6,664</u>	<u>501,562</u>
	<u>\$ 5,770,371</u>	<u>\$ (42,860)</u>	<u>\$ 66,218</u>	<u>\$ 5,793,729</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL AND INTEREST TRANSACTIONS
For the fiscal year ended June 30, 2012

	Terms			
	Date of Issue	Interest Rate	Maturity Date	Original Amount
Governmental Funds:				
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				
Enterprise Funds:				
Water Fund:				
Notes payable:				
Safe Drinking Water State Revolving Loan Fund	06/30/03	4.50%	12/01/22	\$ 4,000,000
Safe Drinking Water State Revolving Loan Fund	06/30/03	4.17%	12/01/22	\$ 1,900,000
Total Water Fund				
Sewer Fund:				
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
Clean Water State Revolving Fund 2011	04/15/10	2.77%	04/01/31	\$ 2,250,000
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, 2011	Issued During Year	Paid During Year	Outstanding June 30, 2012	Outstanding June 30, 2011	Matured During Year	Paid During Year	Outstanding June 30, 2012
\$ 735,000	\$ -	\$ 235,000	\$ 500,000	\$ -	\$ 34,310	34,310	\$ -
1,050,000	-	195,000	855,000	-	41,425	41,425	-
(23,289)	-	(5,229)	(18,060)	-	-	-	-
1,761,711	-	424,771	1,336,940	-	75,735	75,735	-
6,790,000	-	125,000	6,665,000	-	336,606	336,606	-
1,695,941	-	167,265	1,528,676	-	113,487	113,487	-
1,600,000	225,000	-	1,825,000	-	94,520	94,520	-
-	-	-	-	-	-	-	-
844,498	-	28,802	815,696	-	40,534	40,534	-
1,230,028	-	65,528	1,164,500	-	60,097	60,097	-
975,393	-	474,380	501,013	-	42,717	42,717	-
\$ 14,897,571	\$ 225,000	\$ 1,285,746	\$ 13,836,825	\$ -	\$ 763,696	\$ 763,696	\$ -
\$ 2,803,000	\$ -	\$ 181,000	\$ 2,622,000	\$ -	\$ 126,135	\$ 126,135	\$ -
1,318,869	-	86,921	1,231,948	-	54,997	54,997	-
4,121,869	-	267,921	3,853,948	-	181,132	181,132	-
4,000,000	-	-	4,000,000	-	-	-	-
2,400,000	-	-	2,400,000	-	-	-	-
-	2,250,000	-	2,250,000	-	-	-	-
8,940,000	-	380,000	8,560,000	-	362,897	362,897	-
15,340,000	2,250,000	380,000	17,210,000	-	362,897	362,897	-
\$ 19,461,869	\$ 2,250,000	\$ 647,921	\$ 21,063,948	\$ -	\$ 544,029	\$ 544,029	\$ -

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE GENERAL OBLIGATION BONDED DEBT
REQUIREMENTS- GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2012

Year of Maturity	General Obligation Bonds		McCune Refunding		Facilities Refunding	
	Totals		Principal	Interest	Principal	Interest
	Principal	Interest				
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>\$ 1,355,000</u>	<u>\$ 120,585</u>	<u>\$ 500,000</u>	<u>\$ 35,485</u>	<u>\$ 855,000</u>	<u>\$ 85,100</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE LIMITED TAX PENSION
BONDED DEBT REQUIREMENTS
For the fiscal year ended June 30, 2012
June 30, 2012

Year of Maturity	Limited Tax Pension Bonds	
	Principal	Interest
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>\$ 6,665,000</u>	<u>\$ 3,429,942</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
GOVERNMENTAL FUNDS
June 30, 2012

Year of Maturity	Notes Payable		Community Bank - Pendleton Development Commission			
	Totals		Principal	Interest	Principal	Interest
	Principal	Interest				
2012-13	\$ 405,526	\$ 216,486	\$ 178,157	\$ 102,595		
2013-14	424,915	197,098	190,359	90,393		
2014-15	449,162	172,851	203,097	77,655		
2015-16	439,150	147,186	216,687	64,064		
2016-17	352,069	123,644	231,052	49,700		
2017-18	373,677	102,035	246,649	34,103		
2018-19	396,014	79,220	262,675	17,598		
2019-20	139,963	54,998	-	-		
2020-21	146,916	48,045	-	-		
2021-22	154,214	40,746	-	-		
2022-23	161,874	33,085	-	-		
2023-24	169,916	25,044	-	-		
2024-25	115,952	16,612	-	-		
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	35,255	516	-	-		
	<u>\$ 4,009,885</u>	<u>\$ 1,289,628</u>	<u>\$ 1,528,676</u>	<u>\$ 436,108</u>		

Year of Maturity	OTIB		USDA- Pendleton Academies		Sunridge LID	
	Principal	Interest	Principal	Interest	Principal	Interest
2012-13	\$ 127,686	\$ 18,614	\$ 30,241	\$ 39,095	\$ 69,442	\$ 56,182
2013-14	129,921	16,379	31,748	37,588	72,887	52,738
2014-15	136,232	10,068	33,331	36,005	76,502	49,123
2015-16	107,174	3,451	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	61,734	1,494
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	-	-	35,255	516	-	-
	<u>\$ 501,013</u>	<u>\$ 48,512</u>	<u>\$ 815,696</u>	<u>\$ 398,786</u>	<u>\$ 1,164,500</u>	<u>\$ 406,222</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, 2012

Year of Maturity	Notes Payable Totals		Safe Drinking Water State Revolving Loan Fund			
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 3,853,948</u>	<u>\$ 1,090,931</u>	<u>\$ 2,622,000</u>	<u>\$ 759,780</u>	<u>\$ 1,231,948</u>	<u>\$ 331,151</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
SEWER FUND
June 30, 2012

Year of Maturity	Waste Water Revenue Bonds	
	Principal	Interest
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>\$ 8,560,000</u>	<u>\$ 3,327,689</u>

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

STATISTICAL SECTION

City of Pendleton
Major Wastewater Accounts FY12

ACCOUNT	TOTAL ANNUAL REVENUE FY12	% OF TOTAL ANNUAL REV FY12
EOCI	\$452,477	12.43%
TRIBES/WILDHORSE	87,383	2.40%
RED LION	42,071	1.16%
CRAIG NEUBO	32,774	0.90%
RON MORRIS	30,029	0.83%
ST. ANTHONY	28,507	0.78%
WILLIAM SMITH	26,288	0.72%
HILL MEAT	20,233	0.56%
OREGON TRAIL MANOR	17,070	0.47%
PEND HIGH SCHOOL	11,256	0.31%
TOTAL	\$748,088	20.55%
ALL OTHER CUSTOMERS	2,891,357	79.45%
TOTAL SEWER REVENUE	\$3,639,445	100.00%

City of Pendleton
Sewer Fund Coverage Table - Historical and Projected Operating Results

	Actual								Projected 2.5%	
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Operating Revenues:										
Transfers from Other Funds - IN	\$330,000	\$0	\$301,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Revenues:	0	3500	0	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	3,736,322	3,829,730	3,925,473
Intergovernmental revenues:	613	8,207	1,142	6,013	1,487	11,722	9,341	16,547	16,961	17,385
Total Operating Revenues	1,746,309	1,674,389	2,056,297	2,655,155	3,657,645	3,718,984	3,848,997	3,752,869	3,846,691	3,942,858
Operating Expenses:										
Personal Services	325,992	297,575	316,595	331,780	385,723	450,321	427,970	437,313	448,246	459,452
Materials & Services	938,364	1,093,110	1,016,103	1,069,572	1,372,440	1,448,569	1,510,552	1,586,004	1,625,654	1,666,295
Transfers to other fund- OUT	0	21,725	12,100	9,870	10,100	9,090	9,730	12,730	13,048	13,374
Contingency	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	1,264,356	1,412,410	1,344,798	1,411,222	1,768,263	1,907,980	1,948,252	2,036,047	2,086,948	2,139,122
Net Operating Income	481,953	261,979	711,499	1,243,933	1,889,382	1,811,004	1,900,745	1,716,822	1,759,742	1,803,736
Non-operating Income (Expenses):										
Sale of Equipment/land	0	0	10,000	10,377	3,727	3,727	3,727	3,727	5,000	5,000
Other miscellaneous	0	0	0	0	0	8,616	0	0	0	0
Reimbursement of expense	-393	0	919	868	13,108	17,500	0	0	1,000	1,000
Investment Income										
Sewer Fund	6,214	13,745	35,209	42,883	43,774	11,782	30,671	32,598	15,000	10,000
Sewer Capital Reserve Fund	19,047	20,244	13,481	11,802	5,814	9,323	9,485	4,906	8,000	6,000
Total Non-operating Income (Expense)	24,868	33,989	59,609	65,930	66,423	50,948	43,883	41,231	29,000	22,000
Net Revenues Avail. For Debt Service	506,821	295,968	771,108	1,309,863	1,955,805	1,861,952	1,944,628	1,758,053	1,788,742	1,825,736
Senior Lien Debt Service:										
OCEDD Special Public Works Fund Loan	3,836	3,836	3,836	10,387	0	0	0	0	0	0
Sewer System Revenue Bonds 2007					742,471	743,198	743,998	742,898	744,598	740,773
CWSRF \$4 million, \$2 million Debt Forgive		0	0	0	0	0	0	0	109,750	109,250
CWSRF \$4.625 million estimated at 3.5%	0	0	0	0	0	0	0	0	366,371	332,579
Total Senior Lien Debt Service	3,836	3,836	3,836	10,387	742,471	743,198	743,998	742,898	1,220,719	1,182,602
Net Revenues Avail for Other purposes	\$502,985	\$292,132	\$767,272	\$1,299,476	\$1,213,334	\$1,118,754	\$1,200,630	\$1,015,155	568,023	\$643,134
Debt Service Coverage	132.12	77.16	201.02	126.11	2.63	2.51	2.61	2.37	1.47	1.54

**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 & Fees	
2013	395,000	349,598	100,000	9,750	90,718	275,653	1,220,719
2014	405,000	335,773	100,000	9,250	185,224	147,355	1,182,602
2015	425,000	319,573	100,000	8,750	190,390	141,250	1,184,963
2016	440,000	304,698	100,000	8,250	195,700	134,974	1,183,622
2017	455,000	288,923	100,000	7,750	201,159	128,523	1,181,355
2018	475,000	266,673	100,000	7,250	206,770	121,893	1,177,586
2019	495,000	247,673	100,000	6,750	212,536	115,079	1,177,038
2020	515,000	227,873	100,000	6,250	218,465	108,072	1,175,660
2021	535,000	207,273	100,000	5,750	224,558	100,872	1,173,453
2022	555,000	185,873	100,000	5,250	230,821	93,470	1,170,414
2023	580,000	163,118	100,000	4,750	237,260	85,861	1,170,989
2024	605,000	139,048	100,000	4,250	243,877	78,041	1,170,216
2025	630,000	113,940	100,000	3,750	250,680	70,002	1,168,372
2026	655,000	87,480	100,000	3,250	257,671	61,740	1,165,141
2027	685,000	59,643	100,000	2,750	264,858	53,247	1,165,498
2028	710,000	30,530	100,000	2,250	272,246	44,517	1,159,543
2029	0	0	100,000	1,750	279,839	35,544	417,133
2030	0	0	100,000	1,250	287,644	26,320	415,214
2031	0	0	100,000	750	295,667	16,839	413,256
2032	0	0	100,000	250	303,917	7,093	411,260
2033	0	0	0	0	0	0	0
Total	\$8,560,000	\$3,327,689	\$2,000,000	\$100,000	\$4,650,000	\$1,846,345	\$20,484,034

ACCOMPANYING INFORMATION



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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, 2012, and have issued our report thereon dated December 21, 2012. 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).**
- **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, except:

Expenditures exceeded appropriations for the 2011-2012 budgets in the following amounts:

General Fund:	
Parks and Recreation	\$ <u>1,022</u>

The City has several interfund loans that they report as paid in full each year and then re-loaned during the year. The payment of any operating loans must be budgeted as a requirement in the ensuing budget period. However, there were four funds that the City did not fully budget for the repayment as follows:

Pendleton Convention Center Fund	\$ 92,097
PCC TPAC Fund	\$ 10,500
LID Construction Fund	\$ 24,000
Airport Fund:	
Interfund principal	\$ 189,000
Interfund interest	\$ 3,360

In addition, there is a new ORS regarding interfund loans and the City's latest resolutions should be corrected to reference the new ORS 294.468 and to update other terminology to be in accordance with the ORS.

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 21, 2012.

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 21, 2012



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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 21, 2012

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, 2012, which collectively comprise the City of Pendleton, Oregon's basic financial statements and have issued our report thereon, dated December 21, 2012. 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

Management of City of Pendleton, Oregon, is responsible for establishing and maintaining effective 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 expressing an opinion 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as 2012-01 that we consider

to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 or other matters 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 21, 2012.

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

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



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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 21, 2012

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

Compliance

We have audited the City of Pendleton, Oregon's compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have direct and material effect on each of City of Pendleton, Oregon's major federal programs for the year ended June 30, 2012. We have also audited the City of Pendleton, Oregon's compliance requirements 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 PFC 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, Oregon 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, 2012.

Internal Control Over Compliance

The management of the City of Pendleton, Oregon, 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 Oregon'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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, Oregon'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 deficiencies, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2012-02. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

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

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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CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2012

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Pass-Through Entity Identification Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Transportation:			
Direct programs:			
Airport Improvement Program		20.106	\$ 607,013 **
Passed through the Oregon Department of Transportation:			
Formula Grants for Other than Urbanized Areas	27414	20.509	74,853
Capital Assistance Program for Elderly Persons and Persons with Disabilities	27705	20.513	<u>72,326</u>
Total U.S. Department of Transportation			<u>754,192</u>
U.S. Department of Justice:			
Direct programs:			
Bulletproof Vest Partnership Grant		16.607	2,296
Recovery Act- Edward Byrne Memorial Justice Assistance Grant (JAG) Program	2009-SB-B9-0088	16.804	13,438
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	93,308
Passed through Eastern Oregon Drug Task Force to City of Pendleton: Byrne Formula Grant Program	98-007	16.579	<u>34,347</u>
Total U.S. Department of Justice			<u>143,389</u>
U.S. Department of Housing and Urban Development:			
Passed through State of Oregon Economic Development Department:			
Community Development Block Grants		14.228	<u>4,656</u>
U.S. Department of Health and Human Services:			
Direct programs:			
Health Care and Other Facilities	C76HF20853	93.887	<u>148,500</u>
Executive Office of the President			
Office of the National Drug Control Policy			
High Intensity Drug Trafficking Areas Program	DOJ-HIDTA	16.AAC	<u>86,374</u>
Total expenditures of Federal Funds			<u>\$ 1,137,111</u>

** Signifies Major Program

The accompanying notes are an intergral part of this statement.

CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For The Fiscal Year Ended June 30, 2012

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Passenger Facility Charges (PFC's)	N/A	<u>\$ 18,307</u>

CITY OF PENDLETON, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2012

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>\$ 93,308</u>

CITY OF PENDLETON, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2012

There were no prior year audit findings to report

Effect: Management went through the summaries and collections in September 2012 and found missing receipts and various penalties that should have been assessed. This required additional journal entries to accurately report receivables, deferred revenue, and to set up an allowance for doubtful accounts. Additional audit time was required to reconcile the general ledger to the supporting schedules prepared by management.

Cause: The timeliness of payments and assessment of penalties has not been effectively tracked. Including the proper posting and recording of amounts that were considered available, collectable, and uncollectable.

Auditor's recommendation: Tracking the receivables in the accounting system would be an area that the City could improve, as the amounts listed on the notices may not be collected for several months or at all. There also appears to be additional supervision and review needed in this area and staff should be double checking the operator's completion of the forms received for accuracy.

Management's response: This was all related to the assessment of taxes, fees, and penalties that had not been received yet and the majority of the TRT and TPAC receivable not recognized by the City was for a court judgment and late penalties. It was concluded and agreed upon by the finance staff, the city manager, and the auditors that the majority of these receivables are likely uncollectable and are considered doubtful. Additional procedures have been added to track payments more proficiently. The City is tracking the timeliness of late payments. The majority of this finding is based on the recording of payments not received that the City had assessed penalties and fines by letter but had not booked the receivable on the balance sheet yet.

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

US DEPARTMENT OF TRANSPORTATION

Airport Improvement Program (AIP) – CFDA No. 20.106

2012-02

Condition and Criteria: The City had multiple Airport Improvement Program contracts open during the year with various additions and unforeseen mandates issued by the Federal Aviation Administration (FAA), and there were difficulties in finalizing and reconciling the individual contracts between AIP 19, 20, and 22. The FAA added additional mandates after AIP 19 started, which were partially added to AIP 19 and to AIP 20, and both contracts were amended for increased expenditures. In addition, there were taxiway rehabilitation preliminary design and engineering costs initially recorded as AIP 20 expenditures, which were reclassified to AIP 22 upon final reconciliation and additional discussions with the FAA.

Effect: The final reconciliations resulted in mainly reclassifications between AIP projects, but the closeout documentation for AIP 19 and 20 were not submitted until December 2012, even though the last construction invoice was from November 2011.

Cause: Changes in staff at the FAA, mandates imposed by the FAA and insufficient oversight appear to have contributed to the difficulties listed above.

Auditor's recommendation: The City should work closely with the FAA and the engineering firm to determine the proper allocation of reimbursable costs prior to incurring the expense. In addition, close out documentation should be submitted as soon as the project is completed to allow for a timely reimbursement of the final costs.

Management's response: Within the limits and timing of federal appropriations and overlap of FAA mandated alterations to projects, Airport management will endeavor to provide better tracking of projects and more timely closeouts of AIP projects. The FAA has changed the reimbursement program November 2012; should eliminate 99.99% of the problems that the Airport staff encountered and it is much easier to track the grants payments expense etc. that was not available in the previous reimbursement program. Finance was tracking the programs on the computer system general ledger under the Airport direction.