

**CITY OF PENDLETON, OREGON**

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2015**





**CITY OF PENDLETON, OREGON  
ANNUAL FINANCIAL REPORT  
For the fiscal year ended June 30, 2015**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>OFFICIALS OF THE CITY</b>	1
<b><u>FINANCIAL SECTION</u></b>	
<b>INDEPENDENT AUDITOR’S REPORT</b>	2-4
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	5-20
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government – Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	28
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Fund	29
Statement of Net Position – Proprietary Funds	31
Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position	32
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	33
Reconciliation of the Statement of Revenues, Expenses, and Changes In Fund Net Position of Enterprise Funds to the Statement of Activities	34
Statement of Cash Flows – Proprietary Funds	35-36
Statement of Fiduciary Net Position – Fiduciary Funds	38
Notes to the Basic Financial Statements	39-72
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of City’s Proportionate Share of the Net Pension Liability (Asset)	73
Schedule of City’s Contributions to the Oregon Public Employee Retirement System	73
Notes to Required Supplementary Information	74
<b>SUPPLEMENTAL INFORMATION</b>	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Non-Major Governmental Funds	77
Sub-Combining Balance Sheet:	
Non-Major Special Revenue Funds	78
Non-Major Capital Projects Funds	79
Non-Major Debt Service Funds	80
Non-Major Permanent Trust Funds	81

	<u>Page</u>
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds	82
Sub-Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance:	
Non-Major Special Revenue Funds	83
Non-Major Capital Projects Funds	84
Non-Major Debt Service Funds	85
Non-Major Permanent Trust Funds	86
Combining Balance Sheet – Combined General Fund	87
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Combined General Fund	88
Combining Balance Sheet – Internal Service Funds	90
Combining Schedule of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	91
Combining Schedule of Cash Flows – Internal Service Funds	92-93
Combining Schedule of Fiduciary Net Position – Agency Funds	95
Schedule of Expenditures and Transfers – Budget and Actual (Non-GAAP Budgetary Basis), by Department – General Fund	97
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Governmental Funds:	
Special Revenue Funds:	
Bike Fund	99
Library Fund	100
Library Trust Fund	101
Transportation Services Fund	102
Community Development Block Grant Fund	103
Community Rehabilitation Fund	104
Sidewalk Repair Loan Fund	105
Pendleton Convention Center Fund	106
PCC TPAC Fund	107
Police Interagency Special Revolving Fund	108
Parks Trust Fund	109
City / County Public Safety Fund	110
Horne Trust Fund	111
Urban Renewal District Operating Fund	112
Debt Service Fund:	
Debt Service Fund	113
Urban Renewal District Debt Service Fund	114
Permanent Trust Funds:	
Library Permanent Trust Fund	115
Cemetery Perpetual Care Trust Fund	116
Capital Projects Funds:	
L.I.D. Construction Fund	117
System Development Fees Fund	118
Parks Capital Reserve Fund	119
Public Safety Capital Reserve Fund	120
Street HB2001 Fund	121
Proprietary Funds:	
Enterprise Funds:	
Water Fund	123
Water Capital Reserve Fund	124

	<u>Page</u>
All Sewer Funds:	
Sewer Fund	125
Sewer Capital Reserve Fund	126
Wastewater Capital Project Fund	127
Wastewater Rate Reserve Fund	128
Wastewater Debt Service Fund	129
Wastewater Rate Stabilization Fund	130
Reconciliation to Generally Accepted Accounting Principles	131
Airport Fund	132
Internal Service Funds:	
Construction and Repair Fund	133
Central Services Fund	134
Schedule of Expenditures and Transfers – Budget and Actual (Non-GAAP Budgetary Basis) – Central Services Fund	135
Fiduciary Funds:	
Agency Funds:	
Pendleton Foundation Trust	137
Other Financial Schedules:	
Schedule of Changes in Assets and Liabilities – All Agency Funds	138
Schedule of Outstanding Debt Principal and Interest Transactions	139
Schedule of Future General Obligation Bonded Debt Requirements – Governmental Funds	140
Schedule of Future Limited Tax Pension Bonded Debt Requirements – Governmental Funds	141
Schedule of Future Urban Renewal Bonded Debt Requirements – Governmental Funds	142
Schedule of Future Note Payable Debt Requirements – Governmental Funds	143
Water Fund	144
Sewer Fund	145
<b>STATISTICAL SECTION</b>	
Major Wastewater Accounts FY15	146
Coverage Table – Historical and Projected Operating Results	147
Sewer Fund Projected Debt Service Requirements	148
<b>ACCOMPANYING INFORMATION</b>	
Independent Auditor’s Comments Required by Oregon State Regulations	149-150
Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	151-152
Independent Auditor’s Report on Compliance for Each Major Program and the Passenger Facility Charge Program and on Internal Control over Compliance Required by OMB Circular A-133 and the Passenger Facility Charge Audit Guide for Public Agencies	153-154
Schedule of Expenditures of Federal Awards	155
Schedule of Expenditures of Passenger Facility Charges	156
Notes to Schedule of Expenditures of Federal Awards	157
Summary Schedule of Prior Audit Findings	158
Schedule of Findings and Questioned Costs	159-161



**CITY OF PENDLETON, OREGON  
OFFICIALS OF THE CITY  
AS OF JUNE 30, 2015**

**MAYOR AND CITY COUNCIL**

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Phillip Houk, Mayor 707 NW 3 <sup>rd</sup> Street Pendleton, OR 97801	2016
Tom Young, Council Member 3304 SW Ladow Avenue Pendleton, OR 97801	2016
McKennon McDonald, Council Member 806 NW 8 <sup>th</sup> Street Pendleton, OR 97801	2018
John Brenne, Council Member PO Box 1404 Pendleton, OR 97801	2018
Becky Marks, Council Member PO Box 494 Pendleton, OR 97801	2016
Chuck Wood, Council Member 414 NW 4th Pendleton, OR 97801	2016
Neil Brown, Council Member 3305 SW Hailey Avenue Pendleton, OR 97801	2018
Jane Hill, Council Member PO Box 339 Pendleton, OR 97801	2016
Al Plute, Council Member 15 SE Emigrant Avenue Pendleton, OR 97801	2018

**CITY STAFF**

<u>Name</u>	<u>Position</u>
Robb Corbett	City Manager
Linda Carter	Finance Director
Nancy Kerns	City Attorney
Stuart Roberts	Police Chief
Bob Patterson	Public Works Director
Steve Chrisman	Airport and Economic Development Director
Tim Simmons	Community Development Director
Donnie Cook	Parks and Recreation Director
Andrea Denton	City Recorder

**CITY ADDRESS**

Administrative Offices  
500 SW Dorion Avenue  
Pendleton, Oregon 97801



## **FINANCIAL SECTION**

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**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  
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Web: [www.dickeyandtremper.com](http://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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### **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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General and Street Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter Regarding New Accounting Policy**

As described in Note I.E, during the year ended June 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedules of the City's Proportional Share of the Net Pension Liability (Asset) and the City's Contributions to the Oregon Public Employees Retirement System, and Notes to Required Supplementary Information, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pendleton, Oregon's basic financial statements. The combining and individual nonmajor 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 basic financial statements. The 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.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

The combining and individual nonmajor 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor 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 fairly stated, in all material respects, in relation to the basic 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016, 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* in considering City of Pendleton, Oregon's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 8, 2016, on our consideration of the City of Pendleton's internal control over financial reporting and on tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320. 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.

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

**Pendleton, OR**  
**January 8, 2016**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## 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, 2015. 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 21).

### Financial Highlights

Governmental activities revenue decreased by \$6,418,736 or 28 percent. FY14 saw over \$6 million in capital grants and contributions for highway and streets as compared to none in FY15. The FY14 increase was due to City acceptance of developer and county streets. Expenditures decreased by over \$3 million, with the largest decreases in public safety and culture and recreation spending.

Business-type activities revenue decreased by \$859,867. The decline was related to decreased capital grants and contributions in the Sewer and Airport fund, a decrease of 86 percent. Expenditures increased overall by a total of \$120,667, one percent for the year.

The unassigned fund balance for the General Fund was \$2,122,594 and the total fund balance was \$3,156,797 or approximately 25% of total general fund expenditures & transfers out. The ending fund balance increased by 6% from the previous year.

The City's governmental activities total debt decreased by \$96,815 or 1% over FY2013-14. The bonded debt consists of one General Obligation Bond (GOB) approved by the voters and the PERS limited tax pension obligation bonds. The City entered into a new financing agreement with a local bank for the financing of the Pendleton Convention Center eastside expansion, for \$825,000.

Enterprise fund debt decreased to a total of \$16.34 million with no new borrowings during the year.

### 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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, and Airport.

The government-wide financials also include the Pendleton Development Commission, which is a legally separate Urban Renewal Agency for which the City is financially accountable. The Pendleton Development 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 21-22 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 23 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*. Two governmental funds are combined with the General Fund as sub-funds. Data from the other 18 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 24-29 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 31-36 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 38 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 39-72 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 position may serve as a useful indicator of a government's financial position. For the City, assets exceed liabilities by \$68,523,755 at the close of the FY2014-15 year. Restricted net assets in the governmental funds include \$1,064,110 for debt service, and \$9,007 street tax monies reserved for street operations and construction, \$749,423 of restricted funds for the Cemetery Perpetual Care funds. Proprietary Funds have a restricted balance of \$950,641 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 position reflects an investment of \$66,180,531 or 97 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 Position

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

#### Governmental Activities

	FY 2013-14	FY 2014-15	Change
<b>Assets</b>			
Current and other assets	\$16,613,007	\$14,549,851	(\$2,063,156)
Capital assets	41,309,700	41,201,292	(108,408)
Total assets	\$57,922,707	\$55,751,143	(2,171,564)
 <b>Deferred Outflow of Resources</b>	 \$7,603	 \$754,115	 \$746,512
 <b>Liabilities</b>			
Long-term liabilities outstanding	\$13,531,814	\$13,554,102	\$22,288
Other liabilities	1,326,053	1,019,833	(306,220)
Total liabilities	\$14,857,867	\$14,573,935	(283,932)
 <b>Deferred Inflow of Resources</b>	 \$0	 \$4,014,137	 \$4,014,137
 <b>Net Position</b>			
Invested in capital assets, net of related debt	\$38,743,440	\$38,169,568	(\$573,872)
Restricted	2,338,826	2,518,821	179,995
Unrestricted (deficit)	1,990,177	(2,771,203)	(4,761,380)
 <b>Total Net Position</b>	 \$43,072,443	 \$37,917,186	 (\$5,155,257)

**Table 1-B**  
**City of Pendleton**  
**Summary of Net Position**  
**For Years Stated**  
**Business-type Activities**

	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>Change</u>
<b>Assets</b>			
Current and other assets	\$4,584,661	\$3,931,614	(\$653,047)
Capital assets	45,728,338	44,301,225	(1,427,113)
Total assets	<u>\$50,312,999</u>	<u>\$48,232,839</u>	<u>(\$2,080,160)</u>
<b>Deferred Outflow of Resources</b>	<u>\$0</u>	<u>\$93,199</u>	<u>\$93,199</u>
<b>Liabilities</b>			
Long-term liabilities outstanding	\$17,680,172	\$16,673,988	(\$1,006,184)
Other liabilities	975,490	547,816	(427,674)
Total liabilities	<u>\$18,655,662</u>	<u>\$17,221,804</u>	<u>(\$1,433,858)</u>
<b>Deferred Inflow of Resources</b>	<u>\$0</u>	<u>\$497,665</u>	<u>\$497,665</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	\$28,424,120	\$28,010,963	(\$413,157)
Restricted	951,926	950,641	(1,285)
Unrestricted (deficit)	2,281,291	1,644,965	(636,326)
<b>Total Net Position</b>	<u><u>\$31,657,337</u></u>	<u><u>\$30,606,569</u></u>	<u><u>(\$1,050,768)</u></u>

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

	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>Change</u>
<b>Assets</b>			
Current and other assets	\$21,197,668	\$18,481,465	(\$2,716,203)
Capital assets	87,038,038	85,502,517	(1,535,521)
Total assets	<u>\$108,235,706</u>	<u>\$103,983,982</u>	<u>(\$4,251,724)</u>
<b>Deferred Outflow of Resources</b>	<u>\$7,603</u>	<u>\$847,314</u>	<u>\$839,711</u>
<b>Liabilities</b>			
Long-term liabilities outstanding	\$31,211,986	\$30,228,090	(\$983,896)
Other liabilities	2,301,543	1,567,649	(733,894)
Total liabilities	<u>\$33,513,529</u>	<u>\$31,795,739</u>	<u>(\$1,717,790)</u>
<b>Deferred Inflow of Resources</b>	<u>\$0</u>	<u>\$4,511,802</u>	<u>\$4,511,802</u>
<b>Net Positions</b>			
Invested in capital assets, net of related debt	\$67,167,560	\$66,180,531	(\$987,029)
Restricted	3,290,752	3,469,462	178,710
Unrestricted (deficit)	4,271,468	(1,126,238)	(5,397,706)
<b>Total Net Positions</b>	<u><u>\$74,729,780</u></u>	<u><u>\$68,523,755</u></u>	<u><u>(\$6,206,025)</u></u>

An additional portion of the City's net position \$3,469,462 approximately five percent, represents resources that are subject to external restrictions on how they may be used. The remaining, balance is *unrestricted net position* totaling a negative \$1,126,238 or approximately two percent. Unrestricted net position decreased from the previous year by \$5,397,706.

**B. Analysis of Changes in Net Position**

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

<b>Governmental Activities</b>			
	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Change</b>
<b>Revenues</b>			
<i>Program revenues:</i>			
Charges for services	\$3,351,926	\$3,834,718	\$482,792
Operating grants & contributions	1,985,092	2,242,410	257,318
Capital grants & contributions	6,446,146	342,060	(6,104,086)
<i>General revenues:</i>			
Property taxes	6,294,027	6,098,219	(195,808)
Franchise fees	4,031,912	4,061,312	29,400
Investment earnings	712,672	42,639	(670,033)
Other	396,357	178,038	(218,319)
<b>Total revenues</b>	<b>\$23,218,132</b>	<b>\$16,799,396</b>	<b>(\$6,418,736)</b>
<b>Expenditures</b>			
General government	\$2,867,101	\$2,746,616	(\$120,485)
Public safety	7,699,534	6,153,043	(1,546,491)
Highways & streets	2,429,804	2,124,714	(305,090)
Culture & recreation	3,687,469	2,822,187	(865,282)
Amortization of PERS prepayment	330,883	0	(330,883)
Interest on long-term debt	643,837	634,124	(9,713)
<b>Total expenses</b>	<b>\$17,658,628</b>	<b>\$14,480,684</b>	<b>(\$3,177,944)</b>
Change in net position	\$5,559,504	\$2,318,712	(\$3,240,792)
Extraordinary	0	0	0
Transfers	(221,974)	(27,545)	194,429
Change in net position	5,337,530	2,291,167	(3,046,363)
<b>Net Position -- beginning</b>	<b>\$37,734,913</b> *	<b>\$35,626,019</b> *	<b>(\$2,108,894)</b>
<b>Net Position -- ending</b>	<b>\$43,072,443</b>	<b>\$37,917,186</b>	<b>(\$5,155,257)</b>

\* Beginning Net Position restated, see Notes to the Financial Statements, IV.D.

Table 2-B

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

Business-type Activities

	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>Change</u>
<b>Revenues</b>			
<i>Program revenues:</i>			
Charges for services	\$7,954,603	\$8,337,630	\$383,027
Operating grants & contributions	42,704	69,537	26,833
Capital grants & contributions	1,464,714	203,604	(1,261,110)
<i>General revenues:</i>			
Investment earnings	58,024	50,214	(7,810)
Other	3,955	3,148	(807)
<b>Total revenues</b>	<b><u>\$9,524,000</u></b>	<b><u>\$8,664,133</u></b>	<b><u>(\$859,867)</u></b>
<b>Expenses</b>			
Water	\$3,267,904	\$3,501,740	\$233,836
Sewer	4,202,654	4,082,202	(120,452)
Airport	1,636,220	1,654,243	18,023
Cemetery	10,740	0	(10,740)
<b>Total expenses</b>	<b><u>\$9,117,518</u></b>	<b><u>\$9,238,185</u></b>	<b><u>\$120,667</u></b>
Change in net position	\$406,482	(\$574,052)	(\$980,534)
Transfers	221,974	27,545	(194,429)
Change in net position	628,456	(546,507)	(1,174,963)
<b>Net position -- beginning</b>	<b><u>\$31,028,881</u></b>	<b><u>\$31,153,076</u></b>	<b><u>\$124,195</u></b>
<b>Net position -- ending</b>	<b><u>\$31,657,337</u></b>	<b><u>\$30,606,569</u></b>	<b><u>(\$1,050,768)</u></b>

Beginning Net Position restated, see Notes to the Financial Statements,

\* IV.D.

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

**Total Net Assets**

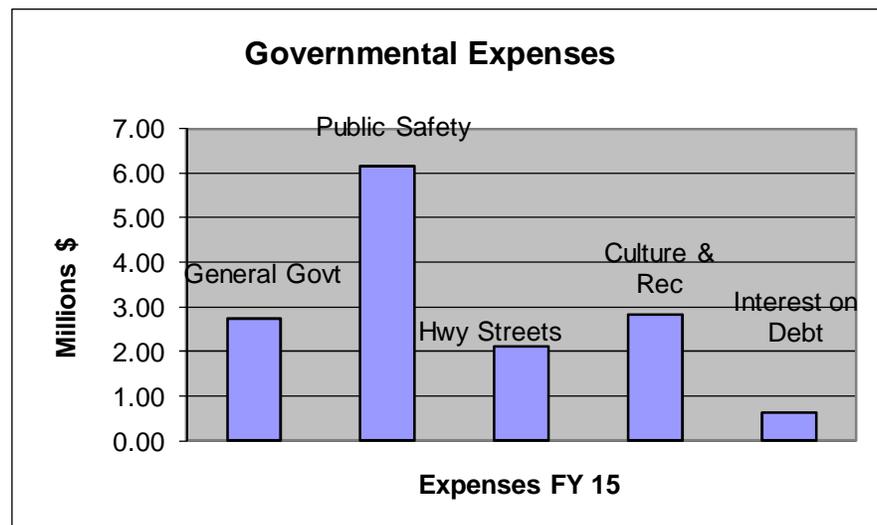
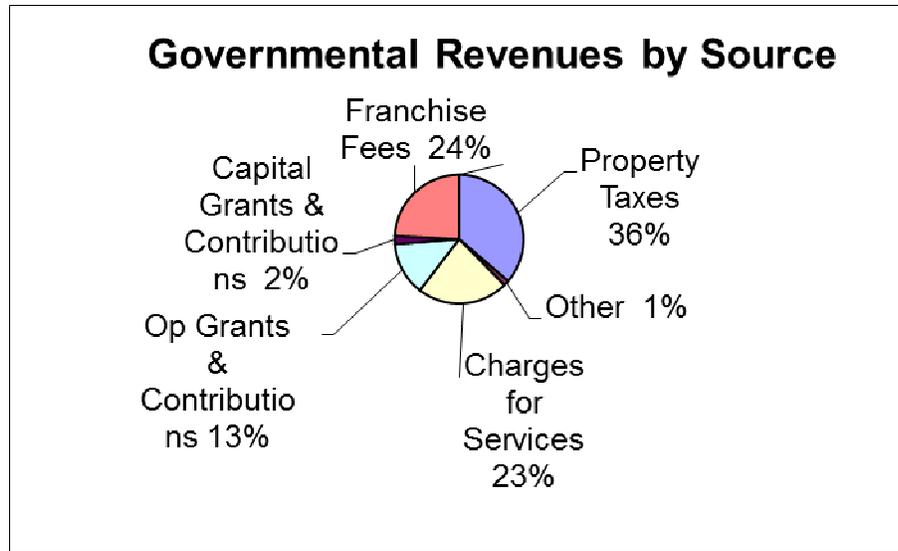
	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>Change</u>
<b>Revenues</b>			
<i>Program revenues:</i>			
Charges for services	\$11,306,529	\$12,172,348	\$865,819
Operating grants & contributions	2,027,796	2,311,947	284,151
Capital grants & contributions	7,910,860	545,664	(7,365,196)
<i>General revenues:</i>			
Property taxes	6,294,027	6,098,219	(195,808)
Franchise fees	4,031,912	4,061,312	29,400
Investment earnings	770,696	92,853	(677,843)
Other	400,312	181,186	(219,126)
<b>Total revenues</b>	<b><u>\$32,742,132</u></b>	<b><u>\$25,463,529</u></b>	<b><u>(\$7,278,603)</u></b>
<b>Expenses</b>			
General government	\$2,867,101	\$2,746,616	(\$120,485)
Public safety	7,699,534	6,153,043	(1,546,491)
Highways & streets	2,429,804	2,124,714	(305,090)
Culture & recreation	3,687,469	2,822,187	(865,282)
Amortization of PERS prepayment	330,883	0	(330,883)
Interest on long-term debt	643,837	634,124	(9,713)
Water	3,267,904	3,501,740	233,836
Sewer	4,202,654	4,082,202	(120,452)
Airport	1,636,220	1,654,243	18,023
Cemetery	10,740	0	(10,740)
<b>Total expenses</b>	<b><u>\$26,776,146</u></b>	<b><u>\$23,718,869</u></b>	<b><u>(\$3,057,277)</u></b>
Change in net position	\$5,965,986	\$1,744,660	(\$4,221,326)
Extraordinary	0	0	0
Transfers	0	0	0
Change in net position	5,965,986	1,744,660	(4,221,326)
<b>Net position -- beginning</b>	<b><u>\$68,763,794</u></b> *	<b><u>\$66,779,095</u></b> *	<b><u>(\$1,984,699)</u></b>
<b>Net position -- ending</b>	<b><u>\$74,729,780</u></b>	<b><u>\$68,523,755</u></b>	<b><u>(\$6,206,025)</u></b>

\* Beginning Net Position restated, see Notes to the Financial Statements, IV.D.

As noted above, the City of Pendleton's overall net position decreased by \$6,206,025 during FY2014-15. This decrease is explained in the following government and business-type activities discussion.

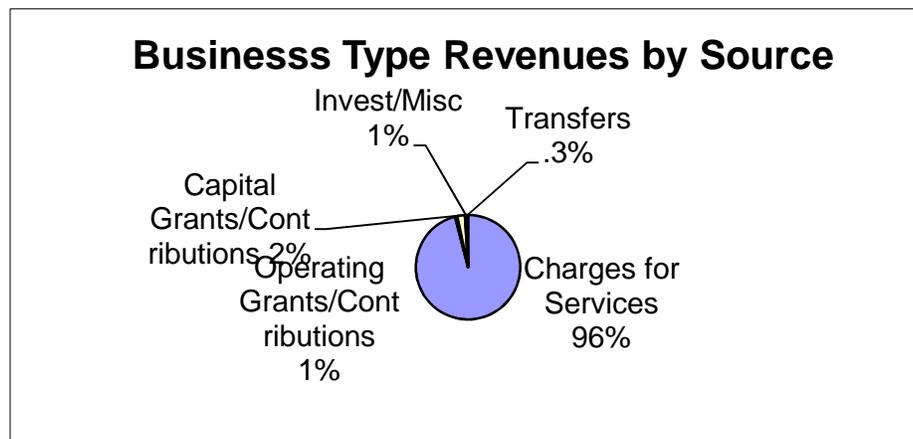
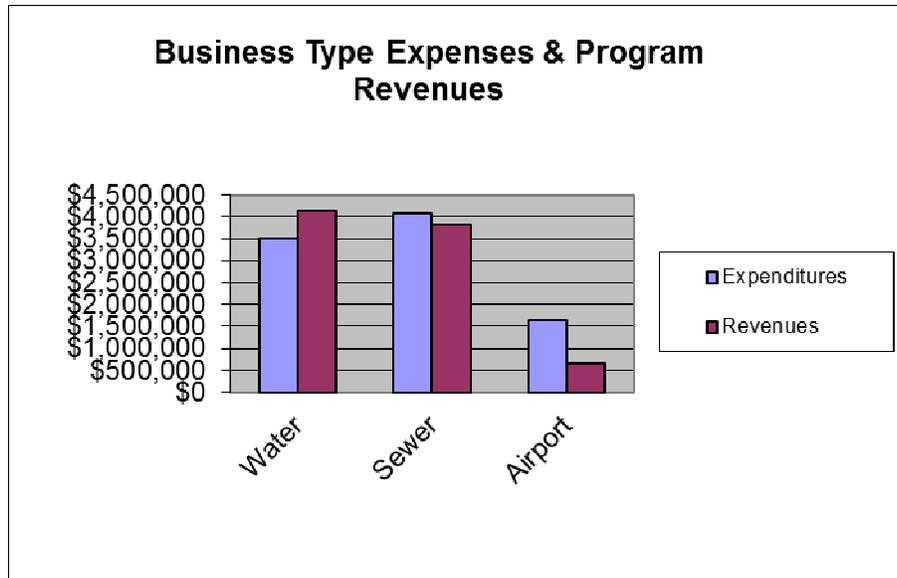
**Governmental activities.** The major factor for the governmental activities net asset decrease was the large prior period adjustment from implementing GASB Statements No. 68 and 71, which resulted in a \$7.5 million reduction in beginning net position. Capital expenditures were kept to a minimum or critically essential if there were not capital grant receipts offsetting the costs of construction. Expenditures decreased overall by over \$3 million or 18 percent. The net affect was net assets ending balance of \$37,917,186, a 12 percent decrease.

The following graphs provide visual representation of the expenses and revenues for governmental activities for FY2014-15.



**Business-type activities.** Business-type activities decreased the City's net assets by \$1,050,768 from FY14. Charges for services increased by \$383,027 overall with increases in two of the three enterprise funds, water and airport. Capital grants and contributions decreased by \$1,261,110. Beginning net position was reduced \$478,545 due to implantation of GASB 68 and 71. Airport Improvement Project (AIP) FAA dollars for airport improvements decreased as the Airport was finishing a taxiway rehabilitation project and preparing for the next AIP project. Total revenues taken in were less than total expenses by \$574,052 for FY15.

The following graphs provide visual representation of the expenses and revenues for business-type activities for FY2014-15.



## 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 \$7,944,217, an increase of \$489,236. Of the combined ending fund balances, \$1,901,523 or 26 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 \$619,716 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 \$755,513, 3) to pay for future debt service payments of \$1,064,110, 4) advances to other funds of \$911,000 and 5) unspendable inventories or prepaid items.

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 \$2,122,594.

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 25 percent of total General Fund expenditures and transfers out.

The General Fund balance increased by \$165,492 during FY2014-15 as compared to an decrease of \$107,885 in FY14. Key factors in that affected fund balance are as follows:

- Revenues received by the General Fund increased by 8%, taking in \$12,622,238 for the year. Most of the revenue categories were very stable between FY14 and FY15. Charges for Services increased by 50 percent due to ambulance revenues increasing after improved changes were implemented.
- Expenditures & transfers increased by 7% for a total of \$12,630,014. All areas of expenditures increased except in Debt Service and Transfers Out.
- General Fund capital outlay of \$473,211 was modestly increased as compared to \$196,837 for the prior year for governmental projects. The McCune City Hall complex roofs were replaced.

See pages 75-88 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 and Airport Fund at the end of the year amounted to \$103,590, \$4,028,400 and (\$2,233,756) respectively. The Water Fund owed \$2.98 million to the State for the water treatment plant at the end of the fiscal year. The Sewer Fund has borrowed \$6.03 million from the Clean Water State Revolving Loan Fund (CWSRF) for the wastewater treatment plant upgrades required by the DEQ along with the remaining \$7.34 million in sewer revenue bonds. The Airport Fund owes approximately \$2.27 million to other City funds for AIP capital improvements and operating expenses. Total net position for business-type activities decreased by \$1,050,768.

See Combining Statements on pages 89-93 for the internal service funds, and pages 122-135 for the proprietary funds budgetary schedules.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Increased revenues \$188,000 for the Building department due to three large renovations and related increased expenditures of \$54,500. Increased Fire department revenues for out-of-district fires and East Umatilla County Health stipend for a total of \$165,000 and increased related expenditures for fire by \$243,500. Contingency increased by 55,000 to balance. Resolution #2598.

Increased revenues by \$9,100 for grants and program fees received for Parks and Cemetery divisions for tree removal, tools and a tournament program. Increased expenditures by the same amount. Transferred funds out of Contingency to fund additional required attorney fees for \$20,000 and fund the AAUW Pioneer Park project from prior year donations for \$50,000. Resolution #2606.

The net change in budgeted fund balance during the year was an increase of \$362,100.

### **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, 2015, amounts to \$85,502,517 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, improvements and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$1,535,520 or two percent (a zero percent increase for governmental activities and a two percent decrease for business-type activities).

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

The City made much needed roof repairs on the buildings at the McCune City Hall complex for \$307,000.

The City made improvements to the restroom at Community Park and to various improvements at Pioneer Playground during the year.

The City continued work on the Water & Sewer Master Planning and continued investment in the Aquifer Storage Recovery System (ASR).

The water and sewer lines for SW 15<sup>th</sup> Street between Frazer and Goodwin were replaced for \$232,800.

The Sewer Fund expended approximately \$42,000 for the sewer on the Convention Center expansion.

Water and sewer line improvements were made during the installation of the mid-block Main Street crossings for \$44,000.

The City invested over \$70,000 at the Airport for the development of the Unmanned Aircraft Systems (UAS) site development.

Depreciation for governmental activities expense for FY15 was \$2,374,633 versus capital outlay expenditures of \$2,240,132. Depreciation for business-type activities expense for FY15 was \$2,954,588 versus capital outlay expenditures of \$1,534,888.

The following table provides comparative information on the City's capital assets for FY2013-14 and FY2014-15.

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

**Governmental Activities**

<b>Asset Category</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Change</b>
Land	\$3,782,704	\$3,782,704	\$0
Assets available for sale	308,726	308,507	(219)
Buildings	15,555,578	16,700,427	1,144,849
Equipment	7,186,275	7,428,965	242,690
Improvements	30,326,859	31,006,331	679,472
Infrastructure	20,926,650	20,926,650	0
Work in progress	15,099	699	(14,400)
Accumulated depreciation & amort.	<u>(36,792,191)</u>	<u>(38,952,992)</u>	<u>(2,160,801)</u>
<b>Total</b>	<b><u>\$41,309,700</u></b>	<b><u>\$41,201,292</u></b>	<b><u>(\$108,408)</u></b>

**Business-type Activities**

<b>Asset Category</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Change</b>
Land	\$298,769	\$298,769	\$0
Buildings	14,580,466	14,595,442	14,976
Equipment	18,552,578	18,441,675	(110,903)
Improvements	54,329,798	55,142,492	812,694
Work in progress	412,802	1,007,170	594,368
Accumulated depreciation & amort.	<u>(42,446,075)</u>	<u>(45,184,322)</u>	<u>(2,738,247)</u>
<b>Total</b>	<b><u>\$45,728,338</u></b>	<b><u>\$44,301,225</u></b>	<b><u>(\$1,427,113)</u></b>

**Total Net Capital Assets**

<b>Asset Category</b>	<b>FY 2012-13</b>	<b>FY 2014-15</b>	<b>Change</b>
Land	\$4,081,473	\$4,081,473	\$0
Assets available for sale	308,726	308,507	(219)
Buildings	30,136,044	31,295,869	1,159,825
Equipment	25,738,853	25,870,640	131,787
Improvements	84,656,657	86,148,823	1,492,166
Infrastructure	20,926,650	20,926,650	0
Work in progress	427,901	1,007,869	579,968
Accumulated depreciation & amort.	<u>(79,238,266)</u>	<u>(84,137,314)</u>	<u>(4,899,048)</u>
<b>Total</b>	<b><u>\$87,038,037</u></b>	<b><u>\$85,502,517</u></b>	<b><u>(\$1,535,520)</u></b>

Additional information on the City of Pendleton's capital assets can be found in footnote III.E. on pages 52-53 of this report.

**B. Debt Administration**

As of June 30, 2015, the City had General Obligation Bond debt outstanding of \$230,000. The general obligation debt outstanding is backed by the full faith and credit and taxing power of the City. Debt payments of \$215,000 were made on schedule for FY15. 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, 2015, the City had PERS debt outstanding of \$6,120,000. Principal payment of \$210,000 was made on time.

A construction loan for the local improvement district (LID) construction at Sunridge Estates was received for \$1.3 million and had a balance of \$938,058 at June 30<sup>th</sup>. This loan will be paid back from the contractor on a loan payment schedule along with prepayments from sold lots. The City also assumed a USDA loan in the purchase of the Airport Road police station. The balance of the USDA loan at June 30<sup>th</sup> was \$720,430. The City took out a State of Oregon Infrastructure Finance Authority loan for the development of infrastructure for the public improvements at the Olney Housing Project. The balance of the loan as of June 30<sup>th</sup> was \$592,580. A construction loan for \$825,000 for the development of the Pendleton Convention Center Eastside Expansion was entered into during the FY15 fiscal year. The balance of the loan at June 30<sup>th</sup> was \$799,544.

The Pendleton Development Commission (PDC) has loans outstanding for PDC projects including façade restoration and Jump Start loans. Total PDC loan balance outstanding at June 30<sup>th</sup> was \$2,749,903.

In addition, the Water Fund owed \$2,976,826 to the State of Oregon, Safe Drinking Water State Revolving Loan Fund for the construction of the water treatment plant and intake facility. This debt is funded by Water Fund revenue.

The City sold Wastewater Revenue Bonds to finance costs of improvements to the City's sanitary sewerage facilities for \$9,980,000 in December 07. Sewer rates were increased to cover the debt service required in the future. The balance of the outstanding bonds as of June 30<sup>th</sup> was \$7,335,000. The City has also obtained Clean Water Revolving Loan funds for the wastewater treatment plan upgrades. The loan balances as of June 30<sup>th</sup> was \$6,029,518.

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**

<b>Debt Category</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Change</b>
General Obligation Bonds	\$445,000	\$230,000	(\$215,000)
General Obligation Bonds - PDC	1,973,815	1,792,400	(181,415)
Limited Tax Pension Obligation Bonds	6,330,000	6,120,000	(210,000)
Notes Payable	2,337,923	3,050,612	712,689
Notes Payable - PDC	1,160,592	957,503	(203,089)
<b>Total</b>	<b>\$12,247,330</b>	<b>\$12,150,515</b>	<b>(\$96,815)</b>

**Business-type Activities**

<b>Debt Category</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Change</b>
Revenue Bonds Payable	\$7,760,000	\$7,335,000	(\$425,000)
Notes Payable	9,599,387	9,006,344	(593,043)
<b>Total</b>	<b>\$17,359,387</b>	<b>\$16,341,344</b>	<b>(\$1,018,043)</b>

**Total Outstanding Debt**

<b>Debt Category</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Change</b>
General Obligation Bonds	\$445,000	\$230,000	(\$215,000)
General Obligation Bonds - PDC	1,973,815	1,792,400	(181,415)
Limited Tax Pension Obligation Bonds	6,330,000	6,120,000	(210,000)
Revenue Bonds Payable	7,760,000	7,335,000	(425,000)
Notes Payable	13,097,902	13,014,459	(83,444)
<b>Total</b>	<b>\$29,606,717</b>	<b>\$28,491,859</b>	<b>(\$1,114,859)</b>

The City's total debt decreased by \$1,114,859 (four percent) during the current fiscal year. Debt for governmental activities decreased by \$96,815 while debt for business-type activities decreased by \$1,018,043. The City took out a loan for the Pendleton Convention Center Eastside Expansion which was directly related to the Governmental Activities reduced debt reduction figure.

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 FY2014-15 real market value, this debt limitation is \$33,429,651. The amount of outstanding City debt subject to this limitation is \$6,350,000.

Additional information on the City of Pendleton's bonded debt can be found in the notes to the basic financial statements on pages 55-60.

**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 FY2016 budget:

- Assessed values, the basis of property tax revenues, will grow by 3.2%.
- Property tax rate is set at 6.5771 as a permanent rate due to Measure 50.
- SEIU, Exempt and Police health insurance rates expected a 19% increase and Workers Comp rates would raise by 1.3%.
- Fire salaries would increase by 1% in July. Health insurance would increase by 10.25%.
- SEIU would increase by 2% in July.
- Exempt salaries would increase by 2.4% in July.
- Police salaries would increase by 1% in July.
- General Fund capital improvements budgeted would be based on maintenance deferred priorities and grant funded improvements.

- Water residential rates would increase by the 2.4% for CPI.
- Sewer rates would increase by CPI 2.4%.
- Any additional utility rate increases would be discussed and adopted later.
- House Bill 2001 would provide funding for airport road improvements for over \$888,000.

### **REQUESTS FOR INFORMATION**

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

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



## **BASIC FINANCIAL STATEMENTS**

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**CITY OF PENDLETON, OREGON**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,402,702	\$ 2,544,271	\$ 7,946,973
Receivables:			
Accounts, net	1,357,792	709,772	2,067,564
Property taxes	356,249	-	356,249
Assessments	1,942,033	21,421	1,963,454
Notes	438,933	-	438,933
Interest	-	293	293
Internal balances	962,594	(962,594)	-
Prepaid items	218,116	26,115	244,231
Inventories	-	338,527	338,527
Prepaid bond insurance	18,498	51,082	69,580
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1,064,110	139,094	1,203,204
Investments	-	811,547	811,547
Permanently restricted:			
Cash and cash equivalents	19,774	-	19,774
Investments	735,739	-	735,739
Net pension asset	2,033,311	252,086	2,285,397
Capital assets:			
Land	3,782,704	298,769	4,081,473
Assets available for sale	308,507	-	308,507
Construction in progress	699	1,007,170	1,007,869
Depreciable assets, net of depreciation	<u>37,109,382</u>	<u>42,995,286</u>	<u>80,104,668</u>
Total assets	<u>55,751,143</u>	<u>48,232,839</u>	<u>103,983,982</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension contributions after measurement date	751,741	93,199	844,940
Deferred amounts on refunding	<u>2,374</u>	<u>-</u>	<u>2,374</u>
Total deferred outflow of resources	<u>754,115</u>	<u>93,199</u>	<u>847,314</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	755,318	285,204	1,040,522
Deposits	93,977	2,871	96,848
Retainage payable	23,291	14,119	37,410
Accrued interest payable	147,247	245,622	392,869
Long-term obligations:			
Due within one year	1,596,822	1,159,801	2,756,623
Due in more than one year	<u>11,957,280</u>	<u>15,514,187</u>	<u>27,471,467</u>
Total liabilities	<u>14,573,935</u>	<u>17,221,804</u>	<u>31,795,739</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>4,014,137</u>	<u>497,665</u>	<u>4,511,802</u>
<b>NET POSITION</b>			
Net investment in capital assets	38,169,568	28,010,963	66,180,531
Restricted for:			
Debt service	1,064,110	950,641	2,014,751
Highways and streets	9,007	-	9,007
Program services and grants	256,097	-	256,097
Urban renewal	434,094	-	434,094
Library services	6,090	-	6,090
Cemetery perpetual care permanent trust	749,423	-	749,423
Unrestricted	<u>(2,771,203)</u>	<u>1,644,965</u>	<u>(1,126,238)</u>
Total net position	<u>\$ 37,917,186</u>	<u>\$ 30,606,569</u>	<u>\$ 68,523,755</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, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 2,746,616	\$ 1,560,308	\$ 458,907	\$ 112,393	\$ (615,008)	\$ -	\$ (615,008)
Public safety	6,153,043	1,662,893	307,164	164,986	(4,018,000)	-	(4,018,000)
Highways and streets	2,124,714	184,305	962,120	-	(978,289)	-	(978,289)
Culture and recreation	2,822,187	427,212	514,219	64,681	(1,816,075)	-	(1,816,075)
Interest on long-term obligations	<u>634,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(634,124)</u>	<u>-</u>	<u>(634,124)</u>
Total governmental activities	<u>14,480,684</u>	<u>3,834,718</u>	<u>2,242,410</u>	<u>342,060</u>	<u>(8,061,496)</u>	<u>-</u>	<u>(8,061,496)</u>
<b>Business-type activities:</b>							
Water	3,501,740	4,143,470	-	-	-	641,730	641,730
Sewer	4,082,202	3,788,013	-	22,721	-	(271,468)	(271,468)
Airport	<u>1,654,243</u>	<u>406,147</u>	<u>69,537</u>	<u>180,883</u>	<u>-</u>	<u>(997,676)</u>	<u>(997,676)</u>
Total business-type activities	<u>9,238,185</u>	<u>8,337,630</u>	<u>69,537</u>	<u>203,604</u>	<u>-</u>	<u>(627,414)</u>	<u>(627,414)</u>
Total primary government	<u>\$23,718,869</u>	<u>\$12,172,348</u>	<u>\$2,311,947</u>	<u>\$ 545,664</u>	<u>(8,061,496)</u>	<u>(627,414)</u>	<u>(8,688,910)</u>
<b>General revenues:</b>							
Property taxes levied for:							
General purposes					5,150,764	-	5,150,764
Debt service					947,455	-	947,455
Franchise and public services taxes					4,061,312	-	4,061,312
Interest and investment earnings					42,639	50,214	92,853
Miscellaneous					178,158	3,148	181,306
Gain (loss) on sale of property					(120)	-	(120)
Transfers					<u>(27,545)</u>	<u>27,545</u>	<u>-</u>
Total general revenues and transfers					<u>10,352,663</u>	<u>80,907</u>	<u>10,433,570</u>
Change in net position					2,291,167	(546,507)	1,744,660
Net Position, beginning, as restated (see note IV.D)					<u>35,626,019</u>	<u>31,153,076</u>	<u>66,779,095</u>
Net Position, ending					<u>\$ 37,917,186</u>	<u>\$30,606,569</u>	<u>\$ 68,523,755</u>

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



## **FUND FINANCIAL STATEMENTS**

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### **Major Governmental Funds**

#### **General Fund**

The General Fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for Police, Fire, Planning, and General Operations. The activities for the Community Rehabilitation Fund, and Sidewalk Repair 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, 2015**

	Combined General Fund	Street Fund	LID Construction Fund	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,620,839	\$ 634,289	\$ 155	\$ 3,091,294	\$ 6,346,577
Investments	-	-	-	735,739	735,739
Receivables:					
Property taxes	296,104	-	-	60,145	356,249
Accounts, net	906,737	87,798	-	322,578	1,317,113
Assessments	45,411	-	1,864,156	32,466	1,942,033
Notes	333,988	-	-	104,945	438,933
Advances to other funds	395,000	-	-	516,000	911,000
Prepaid items	44,060	133,895	-	17,171	195,126
Total assets	<u>\$ 4,642,139</u>	<u>\$ 855,982</u>	<u>\$ 1,864,311</u>	<u>\$ 4,880,338</u>	<u>\$ 12,242,770</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 460,995	\$ 79,080	\$ -	\$ 132,558	\$ 672,633
Deposits	-	-	-	48,132	48,132
Retainage payable	-	23,291	-	-	23,291
Advances from other funds	57,000	-	169,700	169,000	395,700
Total liabilities	<u>517,995</u>	<u>102,371</u>	<u>169,700</u>	<u>349,690</u>	<u>1,139,756</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	967,347	-	1,864,156	327,294	3,158,797
Total deferred inflows of resources	<u>967,347</u>	<u>-</u>	<u>1,864,156</u>	<u>327,294</u>	<u>3,158,797</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	439,060	133,895	-	1,278,281	1,851,236
Restricted	41,622	-	-	1,716,718	1,758,340
Committed	149,967	-	-	771,097	921,064
Assigned	403,554	619,716	-	488,784	1,512,054
Unassigned	2,122,594	-	(169,545)	(51,526)	1,901,523
Total fund balances	<u>3,156,797</u>	<u>753,611</u>	<u>(169,545)</u>	<u>4,203,354</u>	<u>7,944,217</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,642,139</u>	<u>\$ 855,982</u>	<u>\$ 1,864,311</u>	<u>\$ 4,880,338</u>	<u>\$ 12,242,770</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 POSITION**  
**June 30, 2015**

<b>Fund balances - total governmental funds</b>	\$ 7,944,217
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds	41,052,031
Net pension asset, and the related deferred outflows and inflows, and prepaid bond insurance are not current financial resources or requirements, and therefore, are not reported in the funds.	(1,065,363)
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.	3,158,797
Other post employment benefits payable are not due and payable in the current period, and, therefore, are not reported in the funds.	(674,374)
Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.	(445,608)
Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.	(147,247)
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.	(12,148,141)
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 Position.	
Cash and cash equivalents	\$ 140,009
Accounts receivable, net	40,679
Prepaid items	22,990
Internal balances	447,294
Net pension asset	240,247
Capital assets, net	149,261
Deferred outflows - pension	88,822
Accounts payable and accrued expenses	(82,685)
Deposits	(45,845)
Other post employment benefits liability	(171,618)
Compensated absences payable	(111,987)
Deferred inflows - pension	<u>(474,293)</u>
Total internal service funds	<u>242,874</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 37,917,186</u></u></b>

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**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Combined General Fund	Street Fund	LID Construction Fund	Other Governmental Funds	Totals
<b>REVENUES</b>					
Property taxes	\$ 5,196,589	\$ -	\$ -	\$ 962,737	\$ 6,159,326
Other taxes	588,916	-	-	535,697	1,124,613
Franchise fees	2,505,681	-	-	-	2,505,681
Licenses and fees	1,217,345	-	-	233,292	1,450,637
Charges for services	1,556,287	184,255	-	384,419	2,124,961
Intergovernmental	876,787	962,120	-	871,202	2,710,109
Fines and forfeitures	362,424	-	-	-	362,424
Assessments	13,022	-	186,761	6,018	205,801
Loan repayments	133,775	-	-	65,947	199,722
Contributions	51,456	-	-	56,936	108,392
Interest on investments	19,340	3,195	9	16,247	38,791
Miscellaneous	100,616	50	47,372	29,136	177,174
<b>TOTAL REVENUES</b>	<b>12,622,238</b>	<b>1,149,620</b>	<b>234,142</b>	<b>3,161,631</b>	<b>17,167,631</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,668,459	-	108	1,062,346	2,730,913
Public safety	7,533,518	-	-	142,111	7,675,629
Culture and recreation	1,989,115	-	-	481,099	2,470,214
Highways and streets	-	932,234	-	-	932,234
Capital outlay	473,211	486,852	93,161	1,186,908	2,240,132
Debt service	594,171	-	130,902	828,413	1,553,486
<b>TOTAL EXPENDITURES</b>	<b>12,258,474</b>	<b>1,419,086</b>	<b>224,171</b>	<b>3,700,877</b>	<b>17,602,608</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>363,764</b>	<b>(269,466)</b>	<b>9,971</b>	<b>(539,246)</b>	<b>(434,977)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of property	-	-	-	99	99
Issuance of debt	-	-	29,629	825,000	854,629
Transfers in	173,268	193,835	-	85,570	452,673
Transfers out	(371,540)	(12,010)	-	(30,408)	(413,958)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(198,272)</b>	<b>181,825</b>	<b>29,629</b>	<b>880,261</b>	<b>893,443</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>165,492</b>	<b>(87,641)</b>	<b>39,600</b>	<b>341,015</b>	<b>458,466</b>
<b>FUND BALANCE (DEFICIT), Beginning, as restated (see note IV.D)</b>	<b>2,991,305</b>	<b>841,252</b>	<b>(209,145)</b>	<b>3,862,339</b>	<b>7,485,751</b>
<b>FUND BALANCE (DEFICIT), Ending</b>	<b>\$ 3,156,797</b>	<b>\$ 753,611</b>	<b>\$ (169,545)</b>	<b>\$ 4,203,354</b>	<b>\$ 7,944,217</b>

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

**CITY OF PENDLETON, OREGON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

<b>Net change in fund balance - governmental funds</b>	\$	458,466
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>		
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Unavailable revenues		(274,825)
<p>Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.</p>		
		951,446
<p>Issuance of debt is a financial resource in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.</p>		
		(854,629)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds:</p>		
Change in compensated absences		(46,596)
Change in other post employment benefits liability		(36,293)
Change in accrued interest payable		(26,854)
Amortization of bond discounts		(6,744)
Change in pension asset and related deferred outflow and inflows		2,319,972
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation</p>		
Capital asset additions	\$ 2,179,552	
Capital asset transfer	3,401	
Basis of capital asset disposals	(219)	
Depreciation expense	<u>(2,311,308)</u>	
		(128,574)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the internal service funds are allocated between governmental and business - type activities.</p>		
		<u>(64,202)</u>
<b>Change in net position - governmental activities</b>	<b>\$</b>	<b><u><u>2,291,167</u></u></b>

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

**CITY OF PENDLETON, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 5,405,100	\$ 5,405,100	\$ 5,196,589	\$ (208,511)
Other taxes	544,600	544,600	588,916	44,316
Franchise fees	2,528,420	2,528,420	2,505,681	(22,739)
Licenses and fees	828,050	1,018,850	1,217,345	198,495
Charges for services	1,315,000	1,315,000	1,556,287	241,287
Intergovernmental	821,000	982,000	876,787	(105,213)
Fines and forfeitures	405,000	405,000	362,424	(42,576)
Contributions	38,350	48,650	51,456	2,806
Interest on investments	20,000	20,000	16,851	(3,149)
Miscellaneous	84,140	84,140	100,601	16,461
<b>TOTAL REVENUES</b>	<u>11,989,660</u>	<u>12,351,760</u>	<u>12,472,937</u>	<u>121,177</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,552,990	1,631,490	1,549,108	82,382
Public safety	7,409,430	7,652,930	7,533,518	119,412
Culture and recreation	2,010,470	2,015,570	1,989,115	26,455
Capital outlay	569,810	619,810	473,211	146,599
Debt service	594,195	594,195	593,529	666
Contingency	3,004,765	2,989,765	-	2,989,765
<b>TOTAL EXPENDITURES</b>	<u>15,141,660</u>	<u>15,503,760</u>	<u>12,138,481</u>	<u>3,365,279</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,152,000)</u>	<u>(3,152,000)</u>	<u>334,456</u>	<u>3,486,456</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	174,240	174,240	173,268	(972)
Transfers out	(170,540)	(170,540)	(170,540)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>3,700</u>	<u>3,700</u>	<u>2,728</u>	<u>(972)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,148,300)	(3,148,300)	337,184	3,485,484
<b>FUND BALANCE, Beginning,</b>	<u>3,183,300</u>	<u>3,183,300</u>	<u>2,472,821</u>	<u>(710,479)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 2,810,005</u>	<u>\$ 2,775,005</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 173,100	\$ 173,100	\$ 184,255	\$ 11,155
Intergovernmental	1,271,700	1,271,700	962,120	(309,580)
Interest on investments	1,500	1,500	3,195	1,695
Miscellaneous	1,000	1,000	50	(950)
<b>TOTAL REVENUES</b>	<u>1,447,300</u>	<u>1,447,300</u>	<u>1,149,620</u>	<u>(297,680)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets:				
Personal services	336,050	336,050	322,655	13,395
Materials and services	737,720	692,720	609,579	83,141
Capital outlay	800,000	800,000	486,852	313,148
Contingency	208,020	446,855	-	446,855
<b>TOTAL EXPENDITURES</b>	<u>2,081,790</u>	<u>2,275,625</u>	<u>1,419,086</u>	<u>856,539</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(634,490)</u>	<u>(828,325)</u>	<u>(269,466)</u>	<u>558,859</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	1,500	1,500	-	(1,500)
Transfers in	-	193,835	193,835	-
Transfers out	(12,010)	(12,010)	(12,010)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(10,510)</u>	<u>183,325</u>	<u>181,825</u>	<u>(1,500)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(645,000)	(645,000)	(87,641)	557,359
<b>FUND BALANCE, Beginning, As restated (See note IV.D)</b>	<u>645,000</u>	<u>645,000</u>	<u>841,252</u>	<u>196,252</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753,611</u>	<u>\$ 753,611</u>

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



## FUND FINANCIAL STATEMENTS

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### Proprietary Funds

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

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

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

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

- **Water Funds**
  - Water Fund
  - Water Capital Reserve Fund
- **Sewer Funds**
  - 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 POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2015**

	<u>Business - type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 125,594	\$ 2,152,141	\$ 929	\$ 2,278,664	\$ 405,616
Receivables:					
Accounts, net	519,493	30,272	159,874	709,639	40,812
Assessments	-	21,421	-	21,421	-
Interest	-	293	-	293	-
Prepaid items	5,200	6,415	3,450	15,065	34,040
Inventories	302,354	36,173	-	338,527	-
Total current assets	<u>952,641</u>	<u>2,246,715</u>	<u>164,253</u>	<u>3,363,609</u>	<u>480,468</u>
Noncurrent assets:					
Restricted cash and cash equivalents	-	139,094	-	139,094	-
Restricted investments	-	811,547	-	811,547	-
Advances to other funds	-	2,155,170	-	2,155,170	152,000
Prepaid bond insurance	-	51,082	-	51,082	-
Net pension asset	47,894	54,019	27,930	129,843	362,490
Capital assets:					
Land	235,477	41,975	21,317	298,769	-
Construction in progress	336,284	670,886	-	1,007,170	-
Depreciable assets, net of depreciation	<u>13,360,488</u>	<u>21,187,500</u>	<u>7,831,412</u>	<u>42,379,400</u>	<u>765,147</u>
Total noncurrent assets	<u>13,980,143</u>	<u>25,111,273</u>	<u>7,880,659</u>	<u>46,972,075</u>	<u>1,279,637</u>
Total assets	<u>14,932,784</u>	<u>27,357,988</u>	<u>8,044,912</u>	<u>50,335,684</u>	<u>1,760,105</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>17,707</u>	<u>19,971</u>	<u>10,326</u>	<u>48,004</u>	<u>134,017</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	98,561	76,632	82,027	257,220	110,669
Retainage payable	8,305	5,814	-	14,119	-
Accrued interest payable	76,333	169,289	-	245,622	-
Deposits	2,871	-	-	2,871	45,842
Compensated absences payable	31,053	24,528	8,820	64,401	156,009
Current portion of long-term debt	<u>318,351</u>	<u>733,027</u>	<u>-</u>	<u>1,051,378</u>	<u>-</u>
Total current liabilities	535,474	1,009,290	90,847	1,635,611	312,520
Long-term debt, net of current portion:					
Advances from other funds	552,470	-	2,270,000	2,822,470	-
Other post employment benefits liability	50,507	64,568	20,280	135,355	260,484
Notes and contracts payable	2,658,475	5,736,491	-	8,394,966	-
Bonds payable	<u>-</u>	<u>6,895,000</u>	<u>-</u>	<u>6,895,000</u>	<u>-</u>
Total liabilities	<u>3,796,926</u>	<u>13,705,349</u>	<u>2,381,127</u>	<u>19,883,402</u>	<u>573,004</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>94,552</u>	<u>106,644</u>	<u>55,138</u>	<u>256,334</u>	<u>715,624</u>
<b>NET POSITION</b>					
Net investment in capital assets	10,955,423	8,586,925	7,852,729	27,395,077	765,147
Restricted for debt service	-	950,641	-	950,641	-
Unrestricted	<u>103,590</u>	<u>4,028,400</u>	<u>(2,233,756)</u>	<u>1,898,234</u>	<u>(159,653)</u>
Total net position	<u>\$ 11,059,013</u>	<u>\$ 13,565,966</u>	<u>\$ 5,618,973</u>	<u>\$ 30,243,952</u>	<u>\$ 605,494</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 POSITION**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2015**

**Net position- total enterprise funds** \$ 30,243,952

Amounts reported for business-type activities in the Statement of Net Position 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 Position as follows:

Cash and cash equivalents	\$ 265,607	
Accounts receivable, net	133	
Prepaid items	11,050	
Internal balances	(295,294)	
Net pension asset	122,243	
Capital assets, net	615,886	
Deferred outflows - pension	45,195	
Accounts payable and accrued expenses	(27,984)	
Compensated absences payable	(44,022)	
Other post employment benefits liability	(88,866)	
Deferred inflows - pension	<u>(241,331)</u>	
		<u>362,617</u>

**Net position of business - type activities** \$ 30,606,569

**CITY OF PENDLETON, OREGON**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Business - type Activities - Enterprise Funds</b>				Governmental Activities - Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Total	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 4,065,319	\$ 3,787,277	\$ 405,986	\$ 8,258,582	\$ 3,846,296
Licenses and fees	-	-	-	-	24,314
Miscellaneous	78,151	736	161	79,048	11,174
<b>TOTAL OPERATING REVENUES</b>	<u>4,143,470</u>	<u>3,788,013</u>	<u>406,147</u>	<u>8,337,630</u>	<u>3,881,784</u>
<b>OPERATING EXPENSES</b>					
Personal services	377,017	434,209	196,705	1,007,931	2,342,218
Materials and services	2,481,188	1,916,242	504,050	4,901,480	1,251,109
Depreciation	547,601	1,330,719	922,517	2,800,837	217,076
<b>TOTAL OPERATING EXPENSES</b>	<u>3,405,806</u>	<u>3,681,170</u>	<u>1,623,272</u>	<u>8,710,248</u>	<u>3,810,403</u>
<b>OPERATING INCOME (LOSS)</b>	<u>737,664</u>	<u>106,843</u>	<u>(1,217,125)</u>	<u>(372,618)</u>	<u>71,381</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>					
Intergovernmental	-	-	25,837	25,837	40,629
Contributions	-	-	43,700	43,700	1,430
Gain (loss) on disposal of capital assets	1,390	1,450	(866)	1,974	(10,257)
Interest on investments	891	46,854	42	47,787	4,334
Interest expense	(148,944)	(453,788)	(23,660)	(626,392)	-
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>(146,663)</u>	<u>(405,484)</u>	<u>45,053</u>	<u>(507,094)</u>	<u>36,136</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	591,001	(298,641)	(1,172,072)	(879,712)	107,517
<b>CAPITAL CONTRIBUTIONS</b>					
Intergovernmental	-	-	180,883	180,883	-
Assessments	-	22,721	-	22,721	-
<b>TRANSFERS</b>					
Transfers in	-	885,992	286,000	1,171,992	-
Transfers out	(11,170)	(901,602)	(8,560)	(921,332)	(292,776)
<b>CHANGE IN NET POSITION</b>	579,831	(291,530)	(713,749)	(425,448)	(185,259)
<b>NET POSITION, Beginning, as restated (see note IV.D)</b>	<u>10,479,182</u>	<u>13,857,496</u>	<u>6,332,722</u>	<u>30,669,400</u>	<u>790,753</u>
<b>NET POSITION, Ending</b>	<u>\$ 11,059,013</u>	<u>\$ 13,565,966</u>	<u>\$ 5,618,973</u>	<u>\$ 30,243,952</u>	<u>\$ 605,494</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 POSITION OF ENTERPRISE FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

**Change in net position - total enterprise funds** \$ (425,448)

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.

(121,059)

**Change in net position of business - type activities** \$ (546,507)

**CITY OF PENDLETON, OREGON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 4,135,659	\$ 3,772,166	\$ 393,541	\$ 8,301,366	\$ 45,088
Receipts from interfund services provided	-	-	-	-	3,798,194
Payments to suppliers	(1,518,937)	(867,047)	(586,767)	(2,972,751)	(2,143,439)
Payments to employees	(292,969)	(334,725)	(176,316)	(804,010)	(1,852,711)
Payments for interfund services used	(1,238,343)	(1,350,780)	(99,900)	(2,689,023)	(22,760)
Net cash provided from (used by) operating activities	<u>1,085,410</u>	<u>1,219,614</u>	<u>(469,442)</u>	<u>1,835,582</u>	<u>(175,628)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	885,992	286,000	1,171,992	-
Transfers out	(11,170)	(901,602)	(8,560)	(921,332)	(289,375)
Net cash provided from (used by) non-capital financing activities	<u>(11,170)</u>	<u>(15,610)</u>	<u>277,440</u>	<u>250,660</u>	<u>(289,375)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from intergovernmental revenue	-	-	206,720	206,720	60,000
Contributions	-	-	43,700	43,700	1,430
Assessments principal collections	-	1,299	-	1,299	-
Notes receivable principal collections	-	-	68,259	68,259	-
Proceeds from sale of capital assets	1,390	1,450	-	2,840	-
Interfund loan proceeds	58,789	201,211	79,000	339,000	-
Interfund loan payments	-	-	-	-	(105,000)
Acquisition of capital assets	(548,657)	(636,952)	(277,687)	(1,463,296)	(168,073)
Principal paid on long-term obligations	(305,255)	(712,789)	-	(1,018,044)	-
Interest paid on long-term obligations	(156,750)	(457,820)	(23,660)	(638,230)	-
Net cash provided from (used by) capital and related financing activities	<u>(950,483)</u>	<u>(1,603,601)</u>	<u>96,332</u>	<u>(2,457,752)</u>	<u>(211,643)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net sales (purchases) of investments	-	(1,621)	-	(1,621)	-
Interest on investments	891	46,854	42	47,787	4,334
Net cash provided (used) by investing activities	<u>891</u>	<u>45,233</u>	<u>42</u>	<u>46,166</u>	<u>4,334</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	124,648	(354,364)	(95,628)	(325,344)	(672,312)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>946</u>	<u>2,645,599</u>	<u>96,577</u>	<u>2,743,122</u>	<u>1,077,928</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u>\$ 125,594</u>	<u>\$ 2,291,235</u>	<u>\$ 949</u>	<u>\$ 2,417,778</u>	<u>\$ 405,616</u>
<b>COMPRISED AS FOLLOWS:</b>					
Cash and cash equivalents	\$ 125,594	\$ 2,152,141	\$ 929	\$ 2,278,664	\$ 405,616
Restricted cash and cash equivalents	-	139,094	-	139,094	-
	<u>\$ 125,594</u>	<u>\$ 2,291,235</u>	<u>\$ 929</u>	<u>\$ 2,417,758</u>	<u>\$ 405,616</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, 2015**

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Totals	
<b>Reconciliation of operating income (loss) to net cash provided from (used by) operating activities</b>					
Operating income (loss)	\$ 737,664	\$ 106,843	\$(1,217,125)	\$ (372,618)	\$ 71,381
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	547,601	1,330,719	922,517	2,800,837	217,076
(Increase) decrease in assets and deferred outflows:					
Receivables	(6,405)	(15,847)	(12,606)	(34,858)	6,194
Prepaid	(300)	2,085	(1,700)	85	(6,015)
Inventories	13,645	2,348	-	15,993	-
Net pension asset	(155,720)	(175,634)	(90,809)	(422,163)	(1,178,580)
Deferred outflows - pension	(800)	(902)	(467)	(2,169)	(6,055)
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued expenses	(166,240)	(133,453)	(123,190)	(422,883)	(37,112)
Deposits	(1,406)	-	-	(1,406)	12,194
Compensated absences payable	7,176	(6,487)	664	1,353	(514)
Other post employment benefits liability	15,643	3,298	(1,884)	17,057	30,179
Deferred inflows - pension	94,552	106,644	55,138	256,334	715,624
Net cash provided from (used by) operating activities	<u>\$ 1,085,410</u>	<u>\$ 1,219,614</u>	<u>\$ (469,462)</u>	<u>\$ 1,835,562</u>	<u>\$ (175,628)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Transfer of non-current assets and liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,401)</u>

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



## **FUND FINANCIAL STATEMENTS**

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### **Fiduciary Funds**

The City of Pendleton uses three 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**

**CITY OF PENDLETON, OREGON**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2015**

	Agency
<b>ASSETS</b>	
Cash and cash equivalents	\$ 110,818
Accounts receivable	10
Total assets	\$ 110,828
<b>LIABILITIES</b>	
Accounts payable	\$ 23,083
Due to other governments	87,745
Total liabilities	\$ 110,828

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

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

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**CITY OF PENDLETON, OREGON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**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 Position 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 35 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.

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 Sewer funds have \$950,641 restricted for debt service. In addition, net position of the library permanent trust fund and the cemetery perpetual care permanent trust fund are permanently restricted.

## **5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost when actual cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, and equipment are 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 position. Bond premiums and discounts 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. Per GASB 65, bond issuance costs are expensed in the period incurred.

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. Pensions**

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

## **9. 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.

## **10. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

## **E. Recently Issued and Adopted Accounting Pronouncements**

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB 27*. GASB 68 revises existing standards of financial reporting for most pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement is effective for fiscal years beginning after June 15, 2014.

The GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are applied simultaneously with the provisions of Statement 68. The City implemented GASB Statement No. 68 and 71 in the year ending June 30, 2015. Additional information can be found in Note IV-C and Note IV-D.

## **F. Pending Accounting Pronouncements**

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The scope of the statement addresses accounting and financial reporting for Other Postemployment Benefits (OPEB) provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement is effective for fiscal years beginning after June 15, 2017 and the effect on the City's financial statements has not yet been determined.

## **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 Convention Center, LID Construction, and Street HB2001 funds and the proprietary funds are adopted on a basis not consistent

with GAAP in order to comply with Oregon Local Budget Law. The individual fund statements for the Sidewalk Repair, Pendleton Convention Center, LID Construction, Street HB2001, Water, and Airport 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 and Sidewalk Repair 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, 2015, 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**

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	<u>\$ 85,000</u>
Street HB2001 Fund	<u>\$ 21,000</u>

The City had other expenditures over appropriations in the following areas:

Water Fund	
Materials and Services	<u>\$ 175,408</u>
Construction and Repair Fund	
Personal Services	<u>\$ 10,559</u>

**C. Deficit fund balances**

Funds having a deficit fund balance on the budgetary basis at June 30, 2015 are as follows:

<u>General Fund sub-funds</u>	
Sidewalk Repair Loan Fund	<u>\$ (56,762)</u>
 <u>Special Revenue Funds</u>	
Pendleton Convention Center Fund	<u>\$ (49,073)</u>
 <u>Capital Project Funds</u>	
LID Construction Fund	<u>\$ (169,545)</u>
Public Safety Capital Reserve Fund	<u>\$ (653)</u>
 <u>Enterprise Funds</u>	
Airport Fund	<u>\$ (2,196,594)</u>

Management expects the deficit fund balances to be reversed in future years by loan collections and charges for services, but the plan to fully reverse the airport deficit has not yet been determined.

**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, 2015. 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, 2015, the carrying amount of the City and Urban Renewal Agency's deposits, including certificates of deposit categorized as investments of \$811,547, was \$2,412,877 and the bank balance was \$2,955,182. All deposits are held in the name of the City or the Pendleton Development Commission (blended component unit). Of the bank balance, \$1,067,684 was covered by federal depository insurance. The remaining \$1,887,498 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, 2015, the amount held in the escrow account for future scheduled payments was \$1.

**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.

**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 14% 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, 2015 include Certificates of Deposit with Banner Bank totaling \$811,547. 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>\$ 735,739</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	\$ 2,195
Cash with Police Department	16,437
Deposits with financial institutions	1,601,330
Local Government Investment Pool	<u>7,660,807</u>
Total cash and cash equivalents	<u><u>\$ 9,280,769</u></u>

Funds:

General	\$ 2,620,839
Street	634,289
LID Construction	155
Non - major Governmental funds	3,091,294
Water	125,594
All Sewer funds (\$139,094 restricted)	2,291,235
Airport	929
Internal Service funds	405,616
Fiduciary funds	<u>110,818</u>
Total cash and cash equivalents	<u><u>\$ 9,280,769</u></u>

## B. Receivables

Uncollected property taxes in governmental funds are shown on the Statement of Net Position 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. Taxes are billed and collected by Umatilla County, and remittance to the City is made at periodic intervals.

For fiscal year 2014-2015, the City levied property taxes in the amount of \$5,290,564. The tax rate was \$6.5771 per \$1,000 of assessed value before compression due to constitutional limits. The assessed value for the City was \$857,971,207. The City also levied \$227,361 for debt service at a tax rate of \$.2792 per \$1,000. The Pendleton Development Commission, a blended component unit of the City, levied taxes at its maximum taxing authority resulting in a net levy of \$744,690.

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	\$ 296,104	\$ -	\$ -	\$ 60,145	\$ -	\$ 356,249
Special assessments	45,411	-	1,864,156	32,466	-	1,942,033
Accounts	980,675	-	-	187,741	-	1,168,416
Intergovernmental	172,612	87,798	-	134,837	40,679	435,926
Notes	333,988	-	-	104,945	-	438,933
Interest	-	-	-	-	-	-
Gross Receivables	1,828,790	87,798	1,864,156	520,134	40,679	4,341,557
Less: Allowance for Uncollectibles	(246,550)	-	-	-	-	(246,550)
Net Total Receivables	<u>\$ 1,582,240</u>	<u>\$ 87,798</u>	<u>\$ 1,864,156</u>	<u>\$ 520,134</u>	<u>\$ 40,679</u>	<u>\$ 4,095,007</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	Internal Service	Total Business-type Activites
Accounts	\$ 561,413	\$ 30,272	\$ -	\$ 133	\$ 591,818
Intergovernmental	-	-	160,319	-	160,319
Assessments	-	21,421	-	-	21,421
Interest	-	293	-	-	293
Gross Receivables	561,413	51,986	160,319	133	773,851
Less: Allowance for Uncollectibles	(41,920)	-	(445)	-	(42,365)
Net Total Receivables	<u>\$ 519,493</u>	<u>\$ 51,986</u>	<u>\$ 159,874</u>	<u>\$ 133</u>	<u>\$ 731,486</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. The lessee exercised the option in the current year and paid off the note receivable balance.

**C. Deferred Outflows of Resources**

The City reports decreases in net assets that related to future period as deferred outflows of resources in a separate section of its government-wide and proprietary statements of net position. Deferred outflows of resources reported in this year’s financial statements are pension contributions made after measurement date due to change in reporting for GASB 68 in the amount of \$751,741 for governmental activities and \$93,199 for business-type activities reported on the government-wide Statement of Net Position. In addition, \$2,374 deferred amount from refunding of debt is reported on the Statement of Net Position for the Governmental Activities.

**D. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the full accrual basis in the government-wide and proprietary funds statement of net position, the City reports deferred inflows related to pensions. On the modified accrual basis of accounting unavailable revenue is reported only in the governmental fund balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The governmental funds report unavailable revenues from the following sources:

	General	LID Construction	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 263,237	\$ -	\$ 53,399	\$ 316,636
Intergovernmental	103,419	-	112,705	216,124
Notes and assessments	379,399	1,864,156	137,411	2,380,966
Other	221,292	-	23,779	245,071
	<u>\$ 967,347</u>	<u>\$ 1,864,156</u>	<u>\$ 327,294</u>	<u>\$ 3,158,797</u>

## E. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2015 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets not being depreciated:					
Land	\$ 3,782,704	\$ -	\$ -	\$ -	\$ 3,782,704
Land available for sale	308,726	-	-	(219)	308,507
Construction in progress	15,099	-	(14,400)	-	699
Total non-depreciable	<u>4,106,529</u>	<u>-</u>	<u>(14,400)</u>	<u>(219)</u>	<u>4,091,910</u>
Capital assets being depreciated:					
Buildings	15,555,578	1,144,850	-	-	16,700,428
Equipment	7,186,275	460,235	-	(217,545)	7,428,965
Improvements	30,326,859	665,072	14,400	-	31,006,331
Infrastructure	20,926,650	-	-	-	20,926,650
Total depreciable	<u>73,995,362</u>	<u>2,270,157</u>	<u>14,400</u>	<u>(217,545)</u>	<u>76,062,374</u>
Accumulated depreciation					
Buildings	(7,206,283)	(480,049)	-	-	(7,686,332)
Equipment	(5,679,869)	(348,456)	-	213,833	(5,814,492)
Improvements	(7,164,722)	(1,022,962)	-	-	(8,187,684)
Infrastructure	(16,741,318)	(523,166)	-	-	(17,264,484)
Total accumulated depreciation	<u>(36,792,192)</u>	<u>(2,374,633)</u>	<u>-</u>	<u>213,833</u>	<u>(38,952,992)</u>
Total capital assets being depreciated, net	<u>37,203,170</u>	<u>(104,476)</u>	<u>14,400</u>	<u>(3,712)</u>	<u>37,109,382</u>
Governmental activities capital assets, net	<u>\$ 41,309,699</u>	<u>\$ (104,476)</u>	<u>\$ -</u>	<u>\$ (3,931)</u>	<u>\$ 41,201,292</u>

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

General government	\$ 254,284
Public safety	273,424
Highways and streets	1,249,744
Culture and recreation	533,856
Internal service - Central Services	<u>63,325</u>
Total depreciation for governmental activities	<u>\$ 2,374,633</u>

Capital asset activity for business-type activities for the year ended June 30, 2015 was as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 298,769	\$ -	\$ -	\$ -	\$ 298,769
Construction in progress	412,802	594,368	-	-	1,007,170
Total non-depreciable	<u>711,571</u>	<u>594,368</u>	<u>-</u>	<u>-</u>	<u>1,305,939</u>
Capital assets being depreciated:					
Buildings	14,580,466	14,976	-	-	14,595,442
Equipment	18,552,578	98,266	-	(209,169)	18,441,675
Improvements	54,329,798	827,278	-	(14,583)	55,142,493
Total depreciable	<u>87,462,842</u>	<u>940,520</u>	<u>-</u>	<u>(223,752)</u>	<u>88,179,610</u>
Accumulated depreciation					
Buildings	(5,657,987)	(393,237)	-	-	(6,051,224)
Equipment	(16,919,828)	(286,462)	-	202,624	(17,003,666)
Improvements	(19,868,262)	(2,274,889)	-	13,717	(22,129,434)
Total accumulated depreciation	<u>(42,446,075)</u>	<u>(2,954,588)</u>	<u>-</u>	<u>216,341</u>	<u>(45,184,324)</u>
Total capital assets being depreciated, net	<u>45,016,767</u>	<u>(2,014,068)</u>	<u>-</u>	<u>(7,411)</u>	<u>42,995,286</u>
Business-type activities capital assets, net	<u>\$45,728,338</u>	<u>\$(1,419,700)</u>	<u>\$ -</u>	<u>\$ (7,411)</u>	<u>\$44,301,225</u>

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

Water	\$ 547,601
Sewer	1,330,719
Airport	922,517
Internal service - Construction and Repair	<u>153,751</u>
Total depreciation for business-type activities	<u>\$ 2,954,588</u>

## F. Advances Receivable/Payable

In the government-wide financial statements, the business-type activities have internal balances payable to the governmental activities in the amount of \$962,594. At June 30, 2015, amounts due from other funds in the fund financial statements are as follows:

General Fund receivable from:			
Sidewalk Repair Loan Fund	\$	57,000	
Fire equipment		1,000	
LID - Other		67,000	
Airport Fund		<u>270,000</u>	\$ 395,000
Construction and Repair Fund receivable from:			
Water Fund			152,000
System Development Fees Fund receivable from:			
Airport Fund			516,000
Sewer Funds receivable from:			
LID Construction Fund	\$	102,700	
Pendleton Convention Center Fund		168,000	
Water Fund		400,470	
Airport Fund		<u>1,484,000</u>	<u>2,155,170</u>
Total Interfund Receivables			<u>\$ 3,218,170</u>

Interfund loans were made for capital purposes in the Water Fund for \$400,470 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 \$27,545. A reconciliation of transfers in the budgetary fund financial statements is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 173,268	\$ 371,540
State Tax Street Fund	193,835	12,010
Non-major governmental funds	85,570	30,408
Capital asset transfer	3,401	
Enterprise Funds:		
Water Fund	-	11,170
Sewer Fund	885,992	901,602
Airport Fund	286,000	8,560
Internal Service Funds:		
Construction and Repair Fund	-	223,115
Central Services Fund	-	<u>69,661</u>
Total all funds	<u>\$ 1,628,066</u>	<u>\$ 1,628,066</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. 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 General Fund; transfers of resources for debt service and transfers for capital expenditures. 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, 2015 are as follows:

Description	Interest rates	Amount
Facilities Refunding Bonds - 2005	3.00% - 4.00%	\$ 230,000

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 deferred outflow of resources 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 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 230,000	\$ 8,625
	\$ 230,000	\$ 8,625

**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
2016	\$ 240,000	\$ 303,990
2017	270,000	292,328
2018	310,000	279,209
2019	345,000	264,146
2020	390,000	247,383
2021-2025	2,670,000	901,721
2025-2028	1,895,000	174,639
	<u>\$ 6,120,000</u>	<u>\$ 2,463,416</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
2016	\$ 440,000	\$ 304,698
2017	455,000	288,923
2018	475,000	266,673
2019	495,000	247,673
2020	515,000	227,873
2021-2025	2,905,000	809,252
2026-2028	2,050,000	177,653
	<u>\$ 7,335,000</u>	<u>\$ 2,322,745</u>

### 4. Urban Renewal Bonds

The Pendleton Development Commission established a non-revolving line of credit with Banner Bank which was negotiated into bonds at 4.75% on March 31, 2013 for the outstanding balance of \$1,821,754 and borrowed an additional \$325,000. The bond is to be repaid by property taxes and the balance at June 30, 2015 was \$1,792,400. There is no prepayment penalty and property tax revenues are pledged to the bonds.

Future maturities are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 189,759	\$ 85,151
2017	198,773	76,138
2018	208,214	66,696
2019	218,105	56,806
2020	228,464	46,446
2021-2023	749,085	72,139
	<u>\$ 1,792,400</u>	<u>\$ 403,376</u>

### 5. 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
2016	\$ 318,352	\$ 130,828
2017	332,620	116,838
2018	347,066	102,222
2019	362,698	86,970
2020	378,522	71,031
2021-2023	1,237,568	112,361
	<u>\$ 2,976,826</u>	<u>\$ 620,250</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, which occurred in the 2013-14 fiscal year. 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. The loan calls for a \$50,000 and \$155,943 reserve in trust for the benefit of the DEQ, respectively.

Future maturities of the outstanding loans are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2016	\$ 293,027	\$ 117,215
2017	298,411	111,831
2018	303,945	106,297
2019	309,633	100,609
2020	315,480	94,762
2021-2025	1,670,978	380,232
2026-2030	1,843,649	207,561
2031-2033	994,395	31,213
	<u>\$ 6,029,518</u>	<u>\$ 1,149,720</u>

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, including interest at 4.88%, are due on the 5<sup>th</sup> day of each month through January, 2030. The loan calls for \$6,934 to be reserved annually until the loan reserve balance reaches \$69,336. The reserve balance at June 30, 2015 was \$41,622.

Future maturities of the note are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 35,048	\$ 34,343
2017	36,738	32,598
2018	38,569	30,767
2019	40,492	28,844
2020	42,511	26,825
2021-2025	246,536	100,143
2026-2030	280,536	32,578
	<u>\$ 720,430</u>	<u>\$ 286,098</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 were initially due over the subsequent 15 years at a rate of 4.9%, with a schedule rate change after five year at an interest rate of 4.0% with payments due over the subsequent ten years. The rate adjusted during the year to 4%. Future payments of the note are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 87,322	\$ 36,980
2017	91,175	33,127
2018	94,858	29,443
2019	98,691	25,611
2020	102,678	21,624
2021-2025	463,334	43,493
	<u>\$ 938,058</u>	<u>\$ 190,278</u>

The City received a Special Public Works Fund loan through the Oregon Infrastructure Authority to finance Tutuilla Road infrastructure improvements as part of LID 438. The total loan award is for \$626,067 and is received on the expense reimbursement basis. Through June 30, 2015, the City has received \$592,580 in loan proceeds and finalized the loan at less than the full amount. The note payable requires interest only payments at 4.56% interest per annum through December 1, 2016 and then principal and interest payments for 20 years starting December 1, 2017 at 4.56% interest. Future maturities are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ -	\$ 43,619
2017	-	27,021
2018	18,771	27,021
2019	19,627	26,166
2020	20,522	25,271
2021-2025	117,528	111,433
2026-2030	146,882	82,079
2031-2035	183,570	45,394
2036-2037	85,680	5,904
	<u>\$ 592,580</u>	<u>\$ 393,908</u>

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%. The loan is paid from property tax revenue. Future maturities are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 216,679	\$ 64,073
2017	231,043	49,709
2018	246,639	34,113
2019	263,142	17,609
	<u>\$ 957,503</u>	<u>\$ 165,504</u>

The City received a \$825,000 loan for the convention center expansion (Eastside expansion) TPAC revenues and the full faith and credit of the City are pledged for payment. The City is required to collect TPAC revenues in an amount equal to 115% or more of the annual debt service under this agreement. Semiannual Installment payments of \$ 37,617.33 are due for fifteen years, including interest at 4.35%, with the final payment due July 15, 2029. Future maturities are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 40,419	\$ 34,816
2017	42,128	33,108
2018	44,100	31,135
2019	46,067	29,169
2020	48,120	27,114
2021-2025	274,636	101,537
2026-2030	304,075	34,480
	<u>\$ 799,545</u>	<u>\$ 291,359</u>

## 6. Changes Long-Term Liabilities

Long-term liability activity for the year ending June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Bonds	\$ 445,000	\$ -	\$ 215,000	\$ 230,000	\$ 230,000
Urban Renewal Bonds	1,973,815	-	181,415	1,792,400	189,759
Limited Tax Pension Bonds	6,330,000	-	210,000	6,120,000	240,000
Contracts, Loans and Notes	3,498,515	854,629	345,028	4,008,116	379,468
OPEB Liability	786,670	59,321	-	845,991	-
Compensated Absences	497,814	557,595	497,814	557,595	557,595
	<u>\$13,531,814</u>	<u>\$1,471,545</u>	<u>\$1,449,257</u>	<u>\$13,554,102</u>	<u>\$1,596,822</u>
Governmental activity Long-term liabilities					
<b>Business-type activities:</b>					
Revenue Bonds	\$ 7,760,000	\$ -	\$ 425,000	\$ 7,335,000	\$ 440,000
Contracts, Loans and Notes	9,599,387	-	593,043	9,006,344	611,378
OPEB Liability	200,016	24,205	-	224,221	-
Compensated Absences	120,769	108,423	120,769	108,423	108,423
	<u>\$17,680,172</u>	<u>\$ 132,628</u>	<u>\$1,138,812</u>	<u>\$16,673,988</u>	<u>\$1,159,801</u>
Business-type activity Long-term liabilities					

The central services internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for compensated absences in the amount of \$111,987 are included in the above amounts. The construction and repair internal service fund predominantly serves the business-type activities and \$44,022 of long-term liabilities for compensated absences have been included in the totals for business-type activities.

## I. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2015 were as follows:

Fund Balances:	Combined General	Street	LID Construction	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepays/Contracts	\$ 44,060	\$ 133,895	\$ -	\$ 12,858	\$ 190,813
Permanent Trust	-	-	-	749,423	749,423
Interfund loans	395,000	-	-	516,000	911,000
Restricted					
Debt service	41,622	-	-	1,022,488	1,064,110
Highways and streets	-	-	-	9,007	9,007
Library services	-	-	-	152,837	152,837
Public safety	-	-	-	71,905	71,905
Program grants	-	-	-	26,387	26,387
Urban renewal	-	-	-	434,094	434,094
Committed					
Community enhancement	72,168	-	-	-	72,168
Economic development	77,799	-	-	-	77,799
Public safety	-	-	-	76,893	76,893
Highways and streets	-	-	-	375,543	375,543
Capital projects	-	-	-	245,383	245,383
Library services	-	-	-	73,278	73,278
Assigned					
Program operations	-	619,716	-	378,219	997,935
Park improvements	-	-	-	110,565	110,565
Economic development	403,554	-	-	-	403,554
Unassigned	2,122,594	-	(169,545)	(51,526)	1,901,523
 Total Fund Balances	 <u>\$ 3,156,797</u>	 <u>\$ 753,611</u>	 <u>\$ (169,545)</u>	 <u>\$ 4,203,354</u>	 <u>\$ 7,944,217</u>

## 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 10 retired members and 121 active members in its plan on August 1, 2014, 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 \$84,895 and amortization of the UAAL of \$148,516. 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 2014-15, the City's implicit benefit payments were estimated to be \$66,049.

Normal cost at year end	\$ 84,895
Interest on net OPEB obligation	34,544
One year's amortization of UAAL	148,516
Adjustment to annual required contribution	<u>(118,676)</u>
Annual OPEB cost (expense)	149,279
Contributions made (Implicit benefit payments)	<u>(66,049)</u>
Increase in net OPEB obligation	83,230
Net OPEB obligation - beginning of year	<u>986,982</u>
Net OPEB obligation - end of year	<u><u>\$ 1,070,212</u></u>

**Funding Policy.** The City has elected to not prefund the actuarially determined future cost amount of \$1,070,212. 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 Position.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014, and 2015 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Cost Contributions</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 149,279	44%	\$1,070,212
6/30/2014	\$ 143,832	43%	\$ 986,986
6/30/2013	\$ 223,252	35%	\$ 905,100

**Funded Status and Funding Progress.** As of August 1, 2014, the most recent alternative valuation date, the plan was considered unfunded. The actuarial accrued liability for benefits was \$1,116,141, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,116,141. The covered payroll (annual payroll of active employees covered by the plan) was \$8,844,512 and the ratio of UAAL to the covered payroll was 12.6%.

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 plan include a general inflation rate of 2.75%, a 3.5% investment return and discount rate; and retirement rates used by Oregon PERS for its December 31, 2013 actuarial valuation. Health care cost trends assume an increase in health costs of 5.75% in the first year. In future years the medical and vision cost trend varies between 6.75% and 5% due to the timing of the excise tax scheduled to affect health care benefits beginning in 2018. The trend then settles to an ultimate rate of 4.75%. Dental costs are assumed to increase 4.5% in all future years. 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 dollar amount over an open period of 10 years. "Open" means the amortization amount is recalculated at each valuation date using the current UAAL.

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 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)
8/1/2014	\$ -	\$ 1,116,141	\$ 1,116,141	0%	\$ 8,844,512	12.6%
8/1/2012	\$ -	\$ 1,136,574	\$ 1,136,574	0%	\$ 7,957,749	14.3%
8/1/2010	\$ -	\$ 1,562,920	\$ 1,562,920	0%	\$ 7,732,756	20.2%

GASB has issued new statements related to OPEB plans that will have an effect on the assumptions, method of calculation, and reporting for OPEB liabilities. The requirements that effect the calculations at the plan level will be effective for fiscal years beginning after June 15, 2016 and the requirements that effect reporting at the City's level will be effective for fiscal years beginning after June 15, 2017. The effect has not yet been determined, but the OPEB liability reported will increase upon implementation of the new statements.

### C. Defined Benefit Pension Plan – Public Employees Retirement System

#### Plan Description

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

#### Benefits Provided

##### 1. Tier one/Tier Two Retirement Benefit ORS Chapter 238

###### Pension Benefits

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if

retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

### **Death Benefits**

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

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

### **Disability Benefits**

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire) when determining the monthly benefit.

### **Benefit Changes**

After Retirement, members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

## **2. OPSRP Pension Program (OPSRP DB)**

### **Pension Benefits**

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

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

#### **Death Benefits**

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

#### **Disability Benefits**

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

#### **Benefit Changes After Retirement**

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

### **3. OPSRP Individual Account Program (OPSRP IAP)**

#### **Pension Benefits**

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

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

#### **Death Benefits**

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

#### **Recordkeeping**

OPERS contracts with VOYA Financial to maintain IAP participant records.

## Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Employer contributions for the year ended June 30, 2015 were \$968,667, excluding amounts to fund employer specific liabilities. The net rates in effect for the fiscal year ended June 30, 2015 were 13.45% for Tier One/Tier Two General Service Member, 21.02% for Tier One/Tier Two Police and Fire Members, 14.83% for OPSRP Police and Fire, 12.10% for OPSRP Pension Program General Service Members, and 6% for the OPSRP Individual Account Program. The City has a large side account balance resulting from prepaid pension costs funded with Pension Bonds, which reduced the rates above by 3.41% as the side account balance is utilized.

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

At June 30, 2015, the City reported an asset of \$2,285,397 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 rolled forward to June 30, 2014. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was 0.10082423 percent, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City's recognized pension expense (income) of (\$2,120,088). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on investments	\$ -	\$4,409,892
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	101,910
Contributions subsequent to the measurement date	<u>844,940</u>	<u>-</u>
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 844,940</u>	<u>\$4,511,802</u>

\$844,940 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$(1,124,627)
2017	(1,124,627)
2018	(1,124,627)
2019	(1,124,627)
2020	<u>(13,294)</u>
Total	<u><u>\$(4,511,802)</u></u>

### Actuarial assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market Value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth
Mortality	Health retirees and beneficiaries; PF-2000 Sex-distinct, generational per Scall AA, with collar adjustments and set-backs as described in the valuation.  Active Members; Mortality rates are a percentage of healthy retiree rates, that vary by group, as described in the valuation.  Disabled retirees: Mortality rates are a percentage of the RP-2000 statistic combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study, which reviewed experience for the four-year period ending on December 31, 2012.

## Long-term expected rate of return

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

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Total	100.00%	
Assumed Inflation - Mean		2.75%

## Discount rate

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

**Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate**

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

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
City's proportionate share of the net pension liability (asset)	\$ 4,839,647	\$(2,285,398)	\$ (8,311,514)

**Pension plan fiduciary net position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**Changes in Plan Provisions Subsequent to Measurement Date**

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

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

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by OPERS. Certain aspects of how the court decision will be implemented administratively were not yet finalized by PERS, but it is estimated that the City will have a net pension liability of \$2,600,000 to \$2,700,000 as a result of the decision, instead of the asset reported above.

**D. Prior Period Adjustments**

The City implanted GASB Statement No. 68 and 71 and restated beginning net position for the Governmental Activities and Business-Type Activities. In addition, beginning equity was restated in the Street Fund / Governmental Activities and in the Water Fund / Business-Type Activities to utility charges between years. Net position has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position - beginning (as originally reported)	\$ 43,072,443	\$ 31,657,337	\$ 74,729,780
Utility expense reclassification	30,761	(25,716)	5,045
Cumulative effect of change in accounting principle - GAS 68	<u>(7,477,185)</u>	<u>(478,545)</u>	<u>(7,955,730)</u>
Net position - beginning (as restated)	<u>\$ 35,626,019</u>	<u>\$ 31,153,076</u>	<u>\$ 66,779,095</u>

## **E. Commitments and Contingencies**

An airport industrial site has been determined by DEQ to be a contaminated site and the City ordered to address remediation. As the property owner, the City has potential liability for the cleanup, despite the contamination being committed by the City's tenant. No cleanup has yet occurred. The potential cost of cleanup has been revised to anywhere from \$150,000 to \$1,000,000. The City initiated suite in Circuit Court against the tenant's estate for responsibility for cleanup costs. As settlement has been reached with the tenant who has occupied the property for approximately the last 50 years. The settlement agreement includes payment to the City of \$150,000 in the next 18 months, if feasible for the estate, or a longer time with interest. The estate is also transferring personal property in the form of buildings to the City which has attractive rental value. Along with the settlement payment the City will take responsibility for cleanup of the site, with the intention of not spending more than that amount, after seeking grant funding. There is also funding for a no interest loan for the City to have interim financing of the project.

Local developers have developed infrastructure on SW 9<sup>th</sup> Street and near Olney Cemetery financed through local improvement districts. The developers were assessed local improvement district charges of \$888,563 in the current year and upon City acceptance, will contribute the public portion of the constructed infrastructure to the City. The contribution is expected to occur in the 2016 fiscal year.

The City ordered a street sweeper prior to year end for \$193,832, but the sweeper did not arrive until after year end and will be a 2016 purchase.

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

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

## **F. Construction in Progress**

The City is committed under various construction contracts at June 30, 2015. Major projects in progress at June 30, 2015 are as follows:

The City has incurred \$336,284 for water master planning services and \$670,886 for a sewer master planning service.

The City is also in the design stage and has spent \$699 towards street projects.

## **G. Related Party Transactions**

The Pendleton Development Commission owed the City of Pendleton \$40,629 for administrative services during the year.

## **H. Subsequent Events**

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

The City Council authorized Phase II and Phase III of the Pendleton Heights Subdivision with estimated costs of \$296,000 for public roads and infrastructure.

The City also approved a \$5 per month Street Utility Fee expected to raise \$481,000 per year for street maintenance and adopted a two year list of projects. Water and Sewer utility rates were also approved to increase approximately 10% per year for the next five years.

The City approved a 30 year ground lease at the airport on 11.89 acres. The lessee intends to build a co-location data center on the site, which at full build out would employ an estimated 45 people. The rental rate is approximately \$29,500 per year with annual CPI increases and the lease includes several special conditions including two years free rent, waiving certain connection fees, reduced permitting and assistance with infrastructure.

The City also approved a 12 year lease with a local company in for land in the Pendleton Industrial Park at \$1,825 per month with annual CPI increases.

The City declared the old police department building as surplus and will list it for sale with an estimated value of \$236,000 to \$345,000.

The Pendleton Development Commission awarded a grant for second story improvements for 25% of costs up to \$73,000 and a small demolition grant after year end. In addition, the Commission approved a minor amendment to purchase property on SW Byers for up to \$31,500.

The City Council approved a \$300,000 grant from SOAR Oregon to hire a UAS Range Manager. The grant is to be disbursed evenly over two years and to access the second year of funds, the City must meet a series of benchmarks.



**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF PENDLETON, OREGON**

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION  
LIABILITY (ASSET)  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.10082423%	0.10082423%
City's proportionate share of the net pension liability (asset)	\$ (2,285,398)	\$ 5,145,208
City's covered-employee payroll	\$ 8,844,512	\$ 8,357,553
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-25.84%	61.56%

**CITY OF PENDLETON, OREGON**

**SCHEDULE OF CITY'S CONTRIBUTIONS TO THE  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Fiscal Years\***

	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 968,667	\$ 907,640
Contributions in relation to the contractually required contributions	<u>(968,667)</u>	<u>(907,640)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$8,844,512	\$8,357,553
Contributions as a percentage of covered-employee payroll	10.95%	10.86%

\* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

**CITY OF PENDLETON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2015**

**Changes in Plan Provisions**

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

**Changes of assumptions**

A summary of key changes implemented since the December 31, 2011 valuation are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:

[http://www.oregon.gov/pers.EMP/docs/er\\_general\\_information/opers\\_GASB\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers.EMP/docs/er_general_information/opers_GASB_68_disclosure_information_revised.pdf)

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at:

<http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>



## **SUPPLEMENTAL INFORMATION**

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# COMBINING STATEMENTS

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## Non-Major Governmental Funds

### Special Revenue Funds

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

**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.

**HORNE TRUST FUND** – accounts for monies donated by David Horne to provide flowers on his relatives’ graves on Memorial weekend.

**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.

#### **Debt Service Funds**

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

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

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

#### **Permanent Funds**

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

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

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

#### **Capital Project Funds**

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

**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.

**PUBLIC SAFETY CAPITAL RESERVE FUND** – accounts for monies set aside for future replacement of fire equipment.

**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, 2015**

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,618,448	\$ 402,274	\$ 1,052,058	\$ 18,514	\$ 3,091,294
Investments	-	-	-	735,739	735,739
Receivables:					
Property taxes	-	-	60,145	-	60,145
Accounts	319,378	-	-	3,200	322,578
Assessments	-	32,466	-	-	32,466
Notes	104,945	-	-	-	104,945
Advances to other funds	-	516,000	-	-	516,000
Prepaid items	12,858	-	4,313	-	17,171
	<u>2,055,629</u>	<u>950,740</u>	<u>1,116,516</u>	<u>757,453</u>	<u>4,880,338</u>
Total assets	<u>\$ 2,055,629</u>	<u>\$ 950,740</u>	<u>\$ 1,116,516</u>	<u>\$ 757,453</u>	<u>\$ 4,880,338</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 91,929	\$ -	\$ 40,629	\$ -	\$ 132,558
Deposits	48,132	-	-	-	48,132
Advances from other funds	168,000	1,000	-	-	169,000
	<u>308,061</u>	<u>1,000</u>	<u>40,629</u>	<u>-</u>	<u>349,690</u>
Total liabilities	<u>308,061</u>	<u>1,000</u>	<u>40,629</u>	<u>-</u>	<u>349,690</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	239,489	32,466	53,399	1,940	327,294
	<u>239,489</u>	<u>32,466</u>	<u>53,399</u>	<u>1,940</u>	<u>327,294</u>
Total deferred inflows of resources	<u>239,489</u>	<u>32,466</u>	<u>53,399</u>	<u>1,940</u>	<u>327,294</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	12,858	516,000	-	749,423	1,278,281
Restricted	688,140	-	1,022,488	6,090	1,716,718
Committed	369,170	401,927	-	-	771,097
Assigned	488,784	-	-	-	488,784
Unassigned	(50,873)	(653)	-	-	(51,526)
	<u>1,508,079</u>	<u>917,274</u>	<u>1,022,488</u>	<u>755,513</u>	<u>4,203,354</u>
Total fund balances	<u>1,508,079</u>	<u>917,274</u>	<u>1,022,488</u>	<u>755,513</u>	<u>4,203,354</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,055,629</u>	<u>\$ 950,740</u>	<u>\$ 1,116,516</u>	<u>\$ 757,453</u>	<u>\$ 4,880,338</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SUB-COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2015**

	Bike Fund	Library Fund	Library Trust Fund	Transportation Services Fund	Community Development Block Grant Fund	Pendleton Convention Center Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,110	\$ 152,652	\$ 73,327	\$ 377,140	\$ 2,639	\$ 566
Receivables:						
Accounts	897	5,069	-	122,014	-	157,580
Notes	-	-	-	-	-	-
Prepaid items	-	6,350	-	-	-	1,800
 Total assets	 <u>\$ 9,007</u>	 <u>\$ 164,071</u>	 <u>\$ 73,327</u>	 <u>\$ 499,154</u>	 <u>\$ 2,639</u>	 <u>\$ 159,946</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ -	\$ 4,884	\$ 49	\$ 18,509	\$ -	\$ 21,471
Deposits	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	168,000
 Total liabilities	 <u>-</u>	 <u>4,884</u>	 <u>49</u>	 <u>18,509</u>	 <u>-</u>	 <u>189,471</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	105,065	-	19,548
 Total deferred inflows of resources	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>105,065</u>	 <u>-</u>	 <u>19,548</u>
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable	-	6,350	-	-	-	1,800
Restricted	9,007	152,837	-	-	-	-
Committed	-	-	73,278	-	-	-
Assigned	-	-	-	375,580	2,639	-
Unassigned	-	-	-	-	-	(50,873)
 Total fund balances	 <u>9,007</u>	 <u>159,187</u>	 <u>73,278</u>	 <u>375,580</u>	 <u>2,639</u>	 <u>(49,073)</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 9,007</u>	 <u>\$ 164,071</u>	 <u>\$ 73,327</u>	 <u>\$ 499,154</u>	 <u>\$ 2,639</u>	 <u>\$ 159,946</u>

See auditor's report.

PCC TPAC Fund	Police Interagency Special Revolving Fund	Parks Trust Fund	City/County Public Safety Fund	Home Trust Fund	Urban Renewal District Operating Fund	Totals
\$236,537	\$ 123,675	\$ 110,565	\$ 76,893	\$ 20,297	\$ 436,047	\$1,618,448
25,778	8,040	-	-	-	-	319,378
-	-	-	-	-	104,945	104,945
-	4,708	-	-	-	-	12,858
<u>\$262,315</u>	<u>\$ 136,423</u>	<u>\$ 110,565</u>	<u>\$ 76,893</u>	<u>\$ 20,297</u>	<u>\$ 540,992</u>	<u>\$2,055,629</u>
\$ 41,025	\$ 4,038	\$ -	\$ -	\$ -	\$ 1,953	\$ 91,929
-	48,132	-	-	-	-	48,132
-	-	-	-	-	-	168,000
<u>41,025</u>	<u>52,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,953</u>	<u>308,061</u>
<u>2,291</u>	<u>7,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,945</u>	<u>239,489</u>
<u>2,291</u>	<u>7,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,945</u>	<u>239,489</u>
-	4,708	-	-	-	-	12,858
-	71,905	-	-	20,297	434,094	688,140
218,999	-	-	76,893	-	-	369,170
-	-	110,565	-	-	-	488,784
-	-	-	-	-	-	(50,873)
<u>218,999</u>	<u>76,613</u>	<u>110,565</u>	<u>76,893</u>	<u>20,297</u>	<u>434,094</u>	<u>1,508,079</u>
<u>\$262,315</u>	<u>\$ 136,423</u>	<u>\$ 110,565</u>	<u>\$ 76,893</u>	<u>\$ 20,297</u>	<u>\$ 540,992</u>	<u>\$2,055,629</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SUB-COMBINING BALANCE SHEET**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**June 30, 2015**

	System Development Fees Fund	Parks Capital Reserve Fund	Public Safety Capital Reserve Fund	Street HB2001 Fund	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 362,024	\$ 26,384	\$ 347	\$ 13,519	\$ 402,274
Receivables:					
Assessments	32,466	-	-	-	32,466
Advances to other funds	516,000	-	-	-	516,000
 Total assets	<u>\$ 910,490</u>	<u>\$ 26,384</u>	<u>\$ 347</u>	<u>\$ 13,519</u>	<u>\$ 950,740</u>
<b>LIABILITIES</b>					
Advances from other funds	-	-	1,000	-	1,000
 Total liabilities	-	-	1,000	-	1,000
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	32,466	-	-	-	32,466
 Total deferred inflows of resources	32,466	-	-	-	32,466
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable	516,000	-	-	-	516,000
Committed	362,024	26,384	-	13,519	401,927
Unassigned	-	-	(653)	-	(653)
 Total fund balances	<u>878,024</u>	<u>26,384</u>	<u>(653)</u>	<u>13,519</u>	<u>917,274</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 910,490</u>	<u>\$ 26,384</u>	<u>\$ 347</u>	<u>\$ 13,519</u>	<u>\$ 950,740</u>

See auditor's report.

**CITY OF PENDLETON, OREGON  
SUB-COMBINING BALANCE SHEET  
NON-MAJOR DEBT SERVICE FUNDS  
June 30, 2015**

	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,276	\$ 1,040,782	\$ 1,052,058
Receivables:			
Property taxes	20,972	39,173	60,145
Prepaid items	4,313	-	4,313
 Total assets	 \$ 36,561	 \$ 1,079,955	 \$ 1,116,516
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ -	\$ 40,629	\$ 40,629
 Total liabilities	 -	 40,629	 40,629
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	18,347	35,052	53,399
 Total deferred inflows of resources	 18,347	 35,052	 53,399
<b>FUND BALANCES</b>			
Restricted	18,214	1,004,274	1,022,488
 Total fund balances	 18,214	 1,004,274	 1,022,488
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 36,561	 \$ 1,079,955	 \$ 1,116,516

See auditor's report.

**CITY OF PENDLETON, OREGON  
SUB-COMBINING BALANCE SHEET  
NON-MAJOR PERMANENT TRUST FUNDS  
June 30, 2015**

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,090	\$ 12,424	\$ 18,514
Investments	-	735,739	735,739
Receivables:			
Accounts	-	3,200	3,200
 Total assets	<u>\$ 6,090</u>	<u>\$ 751,363</u>	<u>\$ 757,453</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	\$ -	\$ 1,940	\$ 1,940
 Total deferred inflows of resources	<u>-</u>	<u>1,940</u>	<u>1,940</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ -	\$ 749,423	\$ 749,423
Restricted	6,090	-	6,090
 Total fund balances	<u>6,090</u>	<u>749,423</u>	<u>755,513</u>
 Total deferred inflows of resources and fund balances	<u>\$ 6,090</u>	<u>\$ 751,363</u>	<u>\$ 757,453</u>

See auditor's report.

**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, 2015**

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ 962,737	\$ -	\$ 962,737
Other taxes	535,697	-	-	-	535,697
Licenses and fees	65,127	164,986	-	3,179	233,292
Charges for services	326,530	57,889	-	-	384,419
Intergovernmental	870,905	297	-	-	871,202
Assessments	-	6,018	-	-	6,018
Loan repayments	65,947	-	-	-	65,947
Contributions	56,936	-	-	-	56,936
Interest on investments	13,489	7,365	3,648	(8,255)	16,247
Miscellaneous	29,136	-	-	-	29,136
<b>TOTAL REVENUES</b>	<u>1,963,767</u>	<u>236,555</u>	<u>966,385</u>	<u>(5,076)</u>	<u>3,161,631</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,021,717	-	40,629	-	1,062,346
Public safety	142,111	-	-	-	142,111
Culture and recreation	481,099	-	-	-	481,099
Capital outlay	941,854	245,054	-	-	1,186,908
Debt service	39,190	34	789,189	-	828,413
<b>TOTAL EXPENDITURES</b>	<u>2,625,971</u>	<u>245,088</u>	<u>829,818</u>	<u>-</u>	<u>3,700,877</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(662,204)</u>	<u>(8,533)</u>	<u>136,567</u>	<u>(5,076)</u>	<u>(539,246)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of property	-	99	-	-	99
Issuance of debt	825,000	-	-	-	825,000
Transfers in	80,570	5,000	-	-	85,570
Transfers out	(18,350)	-	-	(12,058)	(30,408)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>887,220</u>	<u>5,099</u>	<u>-</u>	<u>(12,058)</u>	<u>880,261</u>
<b>NET CHANGE IN FUND BALANCE</b>	225,016	(3,434)	136,567	(17,134)	341,015
<b>FUND BALANCE, Beginning</b>	<u>1,283,063</u>	<u>920,708</u>	<u>885,921</u>	<u>772,647</u>	<u>3,862,339</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 1,508,079</u>	<u>\$ 917,274</u>	<u>\$ 1,022,488</u>	<u>\$ 755,513</u>	<u>\$ 4,203,354</u>

See auditor's report.

**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, 2015**

	Bike Fund	Library Fund	Library Trust Fund	Transpor- tation Services Fund	Community Development Block Grant Fund	Pendleton Convention Center Fund
<b>REVENUES</b>						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 440,657
Licenses and fees	-	14,941	-	-	-	47,978
Charges for services	-	-	-	22,413	-	238,917
Intergovernmental	9,664	428,622	-	292,807	-	-
Loan repayments	-	-	-	-	-	-
Contributions	-	21,286	32,363	-	-	-
Interest on investments	61	790	4,968	1,896	13	5
Miscellaneous	-	272	-	5,577	-	21,117
<b>TOTAL REVENUES</b>	<u>9,725</u>	<u>465,911</u>	<u>37,331</u>	<u>322,693</u>	<u>13</u>	<u>748,674</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	259,946	-	660,101
Public safety	-	-	-	-	-	-
Culture and recreation	9,500	443,014	28,585	-	-	-
Capital outlay	-	-	-	107,031	-	-
Debt service	-	8	-	-	-	1,565
<b>TOTAL EXPENDITURES</b>	<u>9,500</u>	<u>443,022</u>	<u>28,585</u>	<u>366,977</u>	<u>-</u>	<u>661,666</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>225</u>	<u>22,889</u>	<u>8,746</u>	<u>(44,284)</u>	<u>13</u>	<u>87,008</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	-	-	-	-
Transfers in	-	58,040	30	22,500	-	-
Transfers out	-	(11,830)	-	-	-	(6,520)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>46,210</u>	<u>30</u>	<u>22,500</u>	<u>-</u>	<u>(6,520)</u>
<b>NET CHANGE IN FUND BALANCE</b>	225	69,099	8,776	(21,784)	13	80,488
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>8,782</u>	<u>90,088</u>	<u>64,502</u>	<u>397,364</u>	<u>2,626</u>	<u>(129,561)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ 9,007</u>	<u>\$ 159,187</u>	<u>\$ 73,278</u>	<u>\$ 375,580</u>	<u>\$ 2,639</u>	<u>\$ (49,073)</u>

See auditor's report.

PCC TPAC Fund	Police Interagency Special Revolving Fund	Parks Trust Fund	City/County Public Safety Fund	Horne Trust Fund	Urban Renewal District Operating Fund	Totals
\$ 95,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 535,697
-	-	2,208	-	-	-	65,127
-	5,200	-	60,000	-	-	326,530
-	139,812	-	-	-	-	870,905
-	-	-	-	-	65,947	65,947
-	-	3,287	-	-	-	56,936
2,287	653	572	541	100	1,603	13,489
-	437	-	-	-	1,733	29,136
<u>97,327</u>	<u>146,102</u>	<u>6,067</u>	<u>60,541</u>	<u>100</u>	<u>69,283</u>	<u>1,963,767</u>
-	-	-	-	60	101,610	1,021,717
-	142,111	-	-	-	-	142,111
-	-	-	-	-	-	481,099
793,413	-	23,910	17,500	-	-	941,854
<u>37,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,190</u>
<u>831,030</u>	<u>142,111</u>	<u>23,910</u>	<u>17,500</u>	<u>60</u>	<u>101,610</u>	<u>2,625,971</u>
<u>(733,703)</u>	<u>3,991</u>	<u>(17,843)</u>	<u>43,041</u>	<u>40</u>	<u>(32,327)</u>	<u>(662,204)</u>
825,000	-	-	-	-	-	825,000
-	-	-	-	-	-	80,570
-	-	-	-	-	-	18,350
<u>825,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>887,220</u>
91,297	3,991	(17,843)	43,041	40	(32,327)	225,016
<u>127,702</u>	<u>72,622</u>	<u>128,408</u>	<u>33,852</u>	<u>20,257</u>	<u>466,421</u>	<u>1,283,063</u>
<u>\$ 218,999</u>	<u>\$ 76,613</u>	<u>\$110,565</u>	<u>\$ 76,893</u>	<u>\$ 20,297</u>	<u>\$434,094</u>	<u>\$ 1,508,079</u>

See auditor's report.

**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, 2015**

	System Development Fees Fund	Parks Capital Reserve Fund	Public Safety Capital Reserve Fund	Street HB2001 Fund	Totals
<b>REVENUES</b>					
Licenses and fees	\$ -	\$ -	\$ 164,986	\$ -	\$ 164,986
Charges for services	57,889	-	-	-	57,889
Intergovernmental	-	-	-	297	297
Assessments	6,018	-	-	-	6,018
Interest on investments	6,744	117	440	64	7,365
<b>TOTAL REVENUES</b>	<u>70,651</u>	<u>117</u>	<u>165,426</u>	<u>361</u>	<u>236,555</u>
<b>EXPENDITURES</b>					
Capital outlay	12,384	-	232,670	-	245,054
Debt service	-	-	16	18	34
<b>TOTAL EXPENDITURES</b>	<u>12,384</u>	<u>-</u>	<u>232,686</u>	<u>18</u>	<u>245,088</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>58,267</u>	<u>117</u>	<u>(67,260)</u>	<u>343</u>	<u>(8,533)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of property	-	99	-	-	99
Transfers in	-	5,000	-	-	5,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>5,099</u>	<u>-</u>	<u>-</u>	<u>5,099</u>
<b>NET CHANGE IN FUND BALANCE</b>	58,267	5,216	(67,260)	343	(3,434)
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>819,757</u>	<u>21,168</u>	<u>66,607</u>	<u>13,176</u>	<u>920,708</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ 878,024</u>	<u>\$ 26,384</u>	<u>\$ (653)</u>	<u>\$ 13,519</u>	<u>\$ 917,274</u>

See auditor's report.

**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, 2015**

	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
<b>REVENUES</b>			
Property taxes	\$ 235,198	\$ 727,539	\$ 962,737
Interest on investments	<u>136</u>	<u>3,512</u>	<u>3,648</u>
<b>TOTAL REVENUES</b>	<u>235,334</u>	<u>731,051</u>	<u>966,385</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	40,629	40,629
Debt service	<u>232,225</u>	<u>556,964</u>	<u>789,189</u>
<b>TOTAL EXPENDITURES</b>	<u>232,225</u>	<u>597,593</u>	<u>829,818</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,109</u>	<u>133,458</u>	<u>136,567</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,109	133,458	136,567
<b>FUND BALANCE, Beginning</b>	<u>15,105</u>	<u>870,816</u>	<u>885,921</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 18,214</u>	<u>\$ 1,004,274</u>	<u>\$ 1,022,488</u>

See auditor's report.

**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, 2015**

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
<b>REVENUES</b>			
Licenses and fees	\$ -	\$ 3,179	\$ 3,179
Interest on investments	<u>30</u>	<u>(8,285)</u>	<u>(8,255)</u>
<b>TOTAL REVENUES</b>	<u>30</u>	<u>(5,106)</u>	<u>(5,076)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(30)</u>	<u>(12,028)</u>	<u>(12,058)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(30)</u>	<u>(12,028)</u>	<u>(12,058)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(17,134)	(17,134)
<b>FUND BALANCE, Beginning</b>	<u>6,090</u>	<u>766,557</u>	<u>772,647</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 6,090</u>	<u>\$ 749,423</u>	<u>\$ 755,513</u>

**CITY OF PENDLETON, OREGON  
COMBINING BALANCE SHEET  
COMBINED GENERAL FUND  
June 30, 2015**

	General Fund	Community Rehabilitation Fund	Sidewalk Repair Fund	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,214,547	\$ 406,054	\$ 238	\$ 2,620,839
Receivables:				
Property taxes	296,104	-	-	296,104
Accounts	906,737	-	-	906,737
Assessments	-	-	45,411	45,411
Notes	-	333,988	-	333,988
Advances to other funds	395,000	-	-	395,000
Prepaid items	44,060	-	-	44,060
	<u>3,856,448</u>	<u>740,042</u>	<u>45,649</u>	<u>4,642,139</u>
Total assets	<u>\$ 3,856,448</u>	<u>\$ 740,042</u>	<u>\$ 45,649</u>	<u>\$ 4,642,139</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 458,495	\$ 2,500	\$ -	\$ 460,995
Advances from other funds	-	-	57,000	57,000
	<u>458,495</u>	<u>2,500</u>	<u>57,000</u>	<u>517,995</u>
Total liabilities	<u>458,495</u>	<u>2,500</u>	<u>57,000</u>	<u>517,995</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	587,948	333,988	45,411	967,347
	<u>587,948</u>	<u>333,988</u>	<u>45,411</u>	<u>967,347</u>
Total deferred inflows of resources	<u>587,948</u>	<u>333,988</u>	<u>45,411</u>	<u>967,347</u>
<b>FUND BALANCES</b>				
Nonspendable	439,060	-	-	439,060
Restricted	41,622	-	-	41,622
Committed	149,967	-	-	149,967
Assigned	-	403,554	-	403,554
Unassigned	2,179,356	-	(56,762)	2,122,594
	<u>2,810,005</u>	<u>403,554</u>	<u>(56,762)</u>	<u>3,156,797</u>
Total fund balances	<u>2,810,005</u>	<u>403,554</u>	<u>(56,762)</u>	<u>3,156,797</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,856,448</u>	<u>\$ 740,042</u>	<u>\$ 45,649</u>	<u>\$ 4,642,139</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**COMBINED GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2015**

	General Fund	Community Rehabilitation Fund	Sidewalk Repair Fund	Totals
<b>REVENUES</b>				
Property taxes	\$ 5,196,589	\$ -	\$ -	\$ 5,196,589
Other taxes	588,916	-	-	588,916
Franchise fees	2,505,681	-	-	2,505,681
Licenses and fees	1,217,345	-	-	1,217,345
Charges for services	1,556,287	-	-	1,556,287
Intergovernmental	876,787	-	-	876,787
Fines and forfeitures	362,424	-	-	362,424
Assessments	-	-	13,022	13,022
Loan repayments	-	133,775	-	133,775
Contributions	51,456	-	-	51,456
Interest on investments	16,851	2,485	4	19,340
Miscellaneous	100,601	-	15	100,616
<b>TOTAL REVENUES</b>	<u>12,472,937</u>	<u>136,260</u>	<u>13,041</u>	<u>12,622,238</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,549,108	119,315	36	1,668,459
Public safety	7,533,518	-	-	7,533,518
Culture and recreation	1,989,115	-	-	1,989,115
Capital outlay	473,211	-	-	473,211
Debt service	593,529	-	642	594,171
<b>TOTAL EXPENDITURES</b>	<u>12,138,481</u>	<u>119,315</u>	<u>678</u>	<u>12,258,474</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>334,456</u>	<u>16,945</u>	<u>12,363</u>	<u>363,764</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	173,268	-	-	173,268
Transfers out	(170,540)	(201,000)	-	(371,540)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,728</u>	<u>(201,000)</u>	<u>-</u>	<u>(198,272)</u>
<b>NET CHANGE IN FUND BALANCE</b>	337,184	(184,055)	12,363	165,492
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>2,472,821</u>	<u>587,609</u>	<u>(69,125)</u>	<u>2,991,305</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ 2,810,005</u>	<u>\$ 403,554</u>	<u>\$ (56,762)</u>	<u>\$ 3,156,797</u>

See auditor's report.

## COMBINING STATEMENTS

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### Internal Service Funds

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

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

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

**CITY OF PENDLETON, OREGON  
COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
June 30, 2015**

	Construction and Repair Fund	Central Services Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 265,607	\$ 140,009	\$ 405,616
Receivables:			
Accounts	133	40,679	40,812
Prepaid items	<u>11,050</u>	<u>22,990</u>	<u>34,040</u>
Total current assets	<u>276,790</u>	<u>203,678</u>	<u>480,468</u>
Noncurrent assets:			
Advances to other funds	-	152,000	152,000
Net pension asset	122,243	240,247	362,490
Capital assets:			
Depreciable assets, net of depreciation	<u>615,886</u>	<u>149,261</u>	<u>765,147</u>
Total noncurrent assets	<u>738,129</u>	<u>541,508</u>	<u>1,279,637</u>
Total assets	<u>1,014,919</u>	<u>745,186</u>	<u>1,760,105</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<u>45,195</u>	<u>88,822</u>	<u>134,017</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	27,984	82,685	110,669
Deposits	-	45,842	45,842
Compensated absences payable	<u>44,022</u>	<u>111,987</u>	<u>156,009</u>
Total current liabilities	72,006	240,514	312,520
Long-term debt, net of current portion			
Other post employment benefits liability	<u>88,866</u>	<u>171,618</u>	<u>260,484</u>
Total liabilities	<u>160,872</u>	<u>412,132</u>	<u>573,004</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>241,331</u>	<u>474,293</u>	<u>715,624</u>
<b>NET POSITION</b>			
Net investment in capital assets	615,886	149,261	765,147
Unrestricted	<u>42,025</u>	<u>(201,678)</u>	<u>159,653</u>
Total net position	<u>\$ 657,911</u>	<u>\$ (52,417)</u>	<u>\$ 605,494</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Construction and Repair Fund	Central Services Fund	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,370,462	\$ 2,475,834	\$ 3,846,296
Licenses and fees	-	24,314	24,314
Miscellaneous	50	11,124	11,174
<b>TOTAL OPERATING REVENUES</b>	<u>1,370,512</u>	<u>2,511,272</u>	<u>3,881,784</u>
<b>OPERATING EXPENSES</b>			
Personal services	807,721	1,534,497	2,342,218
Materials and services	218,549	1,032,560	1,251,109
Depreciation	153,751	63,325	217,076
<b>TOTAL OPERATING EXPENSES</b>	<u>1,180,021</u>	<u>2,630,382</u>	<u>3,810,403</u>
<b>OPERATING INCOME (LOSS)</b>	<u>190,491</u>	<u>(119,110)</u>	<u>71,381</u>
<b>NON-OPERATING INCOME (EXPENSES)</b>			
Intergovernmental	-	40,629	40,629
Contributions	-	1,430	1,430
Gain (loss) on disposal of capital assets	(6,545)	(3,712)	(10,257)
Interest on investments	2,427	1,907	4,334
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<u>(4,118)</u>	<u>40,254</u>	<u>36,136</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<u>186,373</u>	<u>(78,856)</u>	<u>107,517</u>
<b>TRANSFERS</b>			
Transfers out	<u>(223,115)</u>	<u>(69,661)</u>	<u>(292,776)</u>
<b>TOTAL TRANSFERS</b>	<u>(223,115)</u>	<u>(69,661)</u>	<u>(292,776)</u>
<b>CHANGE IN NET POSITION</b>	(36,742)	(148,517)	(185,259)
<b>NET POSITION, Beginning</b>	<u>694,653</u>	<u>96,100</u>	<u>790,753</u>
<b>NET POSITION, Ending</b>	<u>\$ 657,911</u>	<u>\$ (52,417)</u>	<u>\$ 605,494</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Construction and Repair Fund	Central Services Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 4,784	\$ 40,304	\$ 45,088
Receipts from interfund services provided	1,322,360	2,475,834	3,798,194
Payments to suppliers	(608,390)	(1,535,049)	(2,143,439)
Payments to employees	(523,339)	(1,329,372)	(1,852,711)
Payments for interfund services used	<u>(22,760)</u>	<u>-</u>	<u>(22,760)</u>
Net cash provided from (used by) operating activities	<u>172,655</u>	<u>(348,283)</u>	<u>(175,628)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	<u>(223,115)</u>	<u>(66,260)</u>	<u>(289,375)</u>
Net cash provided from (used by) non-capital financing activities	<u>(223,115)</u>	<u>(66,260)</u>	<u>(289,375)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from intergovernmental revenue	-	60,000	60,000
Contributions	-	1,430	1,430
Interfund loan payments	-	(105,000)	(105,000)
Acquisition of capital assets	<u>(77,473)</u>	<u>(90,600)</u>	<u>(168,073)</u>
Net cash provided from (used by) capital and related financing activities	<u>(77,473)</u>	<u>(134,170)</u>	<u>(211,643)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	<u>2,427</u>	<u>1,907</u>	<u>4,334</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	(125,506)	(546,806)	(672,312)
<b>CASH AND CASH EQUIVALENTS, Beginning</b>			
	<u>391,113</u>	<u>686,815</u>	<u>1,077,928</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>			
	<u>\$ 265,607</u>	<u>\$ 140,009</u>	<u>\$ 405,616</u>

**CITY OF PENDLETON, OREGON**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended June 30, 2015**

	Construction and Repair Fund	Central Services Fund	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 190,491	\$ (119,110)	\$ 71,381
Adjustments to reconcile operating income (loss) to net cash provided (used in) operating activities			
Depreciation	153,751	63,325	217,076
(Increase) decrease in assets and deferred outflows:			
Receivables	1,327	4,867	6,194
Prepaid Items	(900)	(5,115)	(6,015)
Net pension asset	(397,455)	(781,125)	(1,178,580)
Deferred outflows - pension	(2,042)	(4,013)	(6,055)
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued expenses	(7,297)	(29,815)	(37,112)
Deposits	-	12,194	12,194
Compensated absences payable	(13,699)	13,185	(514)
Other post employment benefits liability	7,148	23,031	30,179
Deferred inflows - pension	<u>241,331</u>	<u>474,293</u>	<u>715,624</u>
Net cash provided from (used by) operating activities	<u>\$ 172,655</u>	<u>\$ (348,283)</u>	<u>\$ (175,628)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Transfer of capital assets between funds	<u>\$ -</u>	<u>\$ (3,401)</u>	<u>\$ (3,401)</u>



## COMBINING STATEMENTS

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### Agency Funds

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

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

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

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

**CITY OF PENDLETON, OREGON**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**June 30, 2015**

	Northeast Oregon Air Task Force Fund	Bail Fund	Pendleton Foundation Trust Fund	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,058	\$ 31,909	\$ 77,851	\$ 110,818
Accounts receivable	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>
Total assets	<u>\$ 1,058</u>	<u>\$ 31,919</u>	<u>\$ 77,851</u>	<u>\$ 110,828</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 23,083	\$ -	\$ 23,083
Due to other governments	<u>1,058</u>	<u>8,836</u>	<u>77,851</u>	<u>87,745</u>
Total liabilities	<u>\$ 1,058</u>	<u>\$ 31,919</u>	<u>\$ 77,851</u>	<u>\$ 110,828</u>

See auditor's report.

## **BUDGETARY COMPARISON SCHEDULES**

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

In accordance with GASB Statement No. 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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>EXPENDITURES AND TRANSFERS</b>				
Planning and building	\$ 530,200	\$ 584,700	\$ 559,801	\$ 24,899
Municipal court	356,450	356,450	322,291	34,159
Economic development	77,700	77,700	35,273	42,427
Police	4,080,225	4,080,225	3,989,283	90,942
Fire / Ambulance	3,639,230	3,882,730	3,854,260	28,470
Parks and recreation	1,994,200	1,999,300	1,975,358	23,942
Non-departmental	1,393,900	1,467,900	1,337,891	130,009
Debt service	235,530	235,530	234,864	666
Contingency	3,004,765	2,989,765	-	2,989,765
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<b>\$ 15,312,200</b>	<b>\$ 15,674,300</b>	<b>\$ 12,309,021</b>	<b>\$ 3,365,279</b>

See auditor's report.

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

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## Governmental Funds

### Special Revenue Funds

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

### Debt Service Fund

- Debt Service
- Urban Renewal District Debt Service

### Permanent Trust Funds

- Library Permanent Trust
- Cemetery Perpetual Care Trust

### Capital Projects Funds

- L.I.D. Construction
- System Development Fees
- Parks Capital Reserve
- Public Safety Capital Reserve
- Street HB2001

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 9,600	\$ 9,600	\$ 9,664	\$ 64
Interest on investments	<u>50</u>	<u>50</u>	<u>61</u>	<u>11</u>
<b>TOTAL REVENUES</b>	<u>9,650</u>	<u>9,650</u>	<u>9,725</u>	<u>75</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Materials and services	<u>9,500</u>	<u>9,500</u>	<u>9,500</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>9,500</u>	<u>9,500</u>	<u>9,500</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>150</u>	<u>150</u>	<u>225</u>	<u>75</u>
<b>NET CHANGE IN FUND BALANCE</b>	150	150	225	75
<b>FUND BALANCE, Beginning</b>	<u>8,400</u>	<u>8,400</u>	<u>8,782</u>	<u>382</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 8,550</u>	<u>\$ 8,550</u>	<u>\$ 9,007</u>	<u>\$ 457</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**LIBRARY FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 18,000	\$ 18,000	\$ 14,941	\$ (3,059)
Intergovernmental	396,185	396,185	428,622	32,437
Contributions	46,000	46,000	21,286	(24,714)
Interest on investments	95	95	790	695
Miscellaneous	-	-	272	272
<b>TOTAL REVENUES</b>	<u>460,280</u>	<u>460,280</u>	<u>465,911</u>	<u>5,631</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Personal services	360,620	360,620	332,470	28,150
Materials and services	118,040	118,040	110,544	7,496
Capital outlay	26,000	26,000	-	26,000
Debt service	1,000	1,000	8	992
Contingency	59,830	59,830	-	59,830
<b>TOTAL EXPENDITURES</b>	<u>565,490</u>	<u>565,490</u>	<u>443,022</u>	<u>122,468</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(105,210)</u>	<u>(105,210)</u>	<u>22,889</u>	<u>128,099</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	58,040	58,040	58,040	-
Transfers out	(11,830)	(11,830)	(11,830)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>46,210</u>	<u>46,210</u>	<u>46,210</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(59,000)	(59,000)	69,099	128,099
<b>FUND BALANCE, Beginning</b>	59,000	59,000	90,088	31,088
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,187</u>	<u>\$ 159,187</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**LIBRARY TRUST FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Contributions	\$ 30,000	\$ 30,000	\$ 32,363	\$ 2,363
Interest on investments	<u>270</u>	<u>270</u>	<u>4,968</u>	<u>4,698</u>
<b>TOTAL REVENUES</b>	<u>30,270</u>	<u>30,270</u>	<u>37,331</u>	<u>7,061</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Materials and services	<u>30,000</u>	<u>30,000</u>	<u>28,585</u>	<u>1,415</u>
<b>TOTAL EXPENDITURES</b>	<u>30,000</u>	<u>30,000</u>	<u>28,585</u>	<u>1,415</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>270</u>	<u>270</u>	<u>8,746</u>	<u>8,476</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>30</u>	<u>30</u>	<u>30</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>30</u>	<u>30</u>	<u>30</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	300	300	8,776	8,476
<b>FUND BALANCE, Beginning</b>	<u>53,970</u>	<u>53,970</u>	<u>64,502</u>	<u>10,532</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 54,270</u>	<u>\$ 54,270</u>	<u>\$ 73,278</u>	<u>\$ 19,008</u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 15,000	\$ 15,000	\$ 22,413	\$ 7,413
Intergovernmental	302,450	340,250	292,807	(47,443)
Interest on investments	2,500	2,500	1,896	(604)
Miscellaneous	2,500	2,500	5,577	3,077
<b>TOTAL REVENUES</b>	<u>322,450</u>	<u>360,250</u>	<u>322,693</u>	<u>(37,557)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	282,000	282,000	259,946	22,054
Capital outlay	94,750	136,750	107,031	29,719
Contingency	28,000	28,000	-	28,000
<b>TOTAL EXPENDITURES</b>	<u>404,750</u>	<u>446,750</u>	<u>366,977</u>	<u>79,773</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(82,300)</u>	<u>(86,500)</u>	<u>(44,284)</u>	<u>42,216</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	22,500	22,500	22,500	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(59,800)	(64,000)	(21,784)	42,216
<b>FUND BALANCE, Beginning</b>	59,800	64,000	397,364	333,364
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,580</u>	<u>\$ 375,580</u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ -	\$ -	\$ 13	\$ 13
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>13</u>	<u>13</u>
<b>EXPENDITURES</b>				
Contingency	<u>2,600</u>	<u>2,600</u>	<u>-</u>	<u>2,600</u>
<b>TOTAL EXPENDITURES</b>	<u>2,600</u>	<u>2,600</u>	<u>-</u>	<u>2,600</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(2,600)</u>	<u>(2,600)</u>	<u>13</u>	<u>2,613</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,600)	(2,600)	13	2,613
<b>FUND BALANCE, Beginning</b>	<u>2,600</u>	<u>2,600</u>	<u>2,626</u>	<u>26</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,639</u>	<u>\$ 2,639</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)**  
**COMMUNITY REHABILITATION FUND**  
**(SUB-FUND OF THE GENERAL FUND)**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Loan repayments	\$ 64,100	\$ 64,100	\$ 133,775	\$ 69,675
Interest on investments	<u>3,000</u>	<u>3,000</u>	<u>2,485</u>	<u>(515)</u>
<b>TOTAL REVENUES</b>	<u>67,100</u>	<u>67,100</u>	<u>136,260</u>	<u>69,160</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	90,000	178,000	119,315	58,685
Contingency	<u>100,000</u>	<u>47,900</u>	<u>-</u>	<u>47,900</u>
<b>TOTAL EXPENDITURES</b>	<u>190,000</u>	<u>225,900</u>	<u>119,315</u>	<u>106,585</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(122,900)</u>	<u>(158,800)</u>	<u>16,945</u>	<u>175,745</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>(272,000)</u>	<u>(201,000)</u>	<u>71,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(272,000)</u>	<u>(201,000)</u>	<u>71,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	(122,900)	(430,800)	(184,055)	246,745
<b>FUND BALANCE, Beginning</b>	<u>575,300</u>	<u>575,300</u>	<u>587,609</u>	<u>12,309</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 452,400</u>	<u>\$ 144,500</u>	<u>\$ 403,554</u>	<u>\$ 259,054</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)**  
**SIDEWALK REPAIR LOAN FUND**  
**(SUB-FUND OF THE GENERAL FUND)**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Assessments	\$ 13,500	\$ 13,500	\$ 13,022	\$ (478)
Interest on investments	-	-	4	4
Miscellaneous	-	-	15	15
<b>TOTAL REVENUES</b>	<u>13,500</u>	<u>13,500</u>	<u>13,041</u>	<u>(459)</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	300	300	36	264
Debt service	<u>2,200</u>	<u>2,200</u>	<u>642</u>	<u>1,558</u>
<b>TOTAL EXPENDITURES</b>	<u>2,500</u>	<u>2,500</u>	<u>678</u>	<u>1,822</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>11,000</u>	<u>11,000</u>	<u>12,363</u>	<u>1,363</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan proceeds	64,000	64,000	57,000	(7,000)
Interfund loan repayment	<u>(75,000)</u>	<u>(75,000)</u>	<u>(70,000)</u>	<u>5,000</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(11,000)</u>	<u>(11,000)</u>	<u>(13,000)</u>	<u>(2,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(637)	(637)
Budgetary basis adjustment	-	-	13,000	13,000
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>-</u>	<u>-</u>	<u>(69,125)</u>	<u>(69,125)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,762)</u>	<u>\$ (56,762)</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)**  
**PENDLETON CONVENTION CENTER FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Other taxes	\$ 390,000	\$ 390,000	\$ 440,657	\$ 50,657
Licenses and fees	50,000	50,000	47,978	(2,022)
Charges for services	262,000	262,000	238,917	(23,083)
Interest on investments	-	-	5	5
Miscellaneous	12,000	12,000	21,117	9,117
<b>TOTAL REVENUES</b>	<u>714,000</u>	<u>714,000</u>	<u>748,674</u>	<u>34,674</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Personal services	263,220	278,220	276,395	1,825
Materials and services	404,510	389,510	383,706	5,804
Debt service	2,000	2,000	1,565	435
<b>TOTAL EXPENDITURES</b>	<u>669,730</u>	<u>669,730</u>	<u>661,666</u>	<u>8,064</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>44,270</u>	<u>44,270</u>	<u>87,008</u>	<u>42,738</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan proceeds	132,250	132,250	168,000	35,750
Interfund loan repayment	(170,000)	(170,000)	(255,000)	(85,000)
Transfers out	(6,520)	(6,520)	(6,520)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(44,270)</u>	<u>(44,270)</u>	<u>(93,520)</u>	<u>(49,250)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(6,512)	(6,512)
Budgetary basis adjustment	-	-	87,000	87,000
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>-</u>	<u>-</u>	<u>(129,561)</u>	<u>(129,561)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,073)</u>	<u>\$ (49,073)</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**PCC TPAC FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Other taxes	\$ 90,000	\$ 90,000	\$ 95,040	\$ 5,040
Interest on investments	500	500	2,287	1,787
<b>TOTAL REVENUES</b>	<u>90,500</u>	<u>90,500</u>	<u>97,327</u>	<u>6,827</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	2,000	2,000	-	2,000
Capital outlay	648,000	961,000	793,413	167,587
Debt service	66,000	41,000	37,617	3,383
<b>TOTAL EXPENDITURES</b>	<u>716,000</u>	<u>1,004,000</u>	<u>831,030</u>	<u>172,970</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(625,500)</u>	<u>(913,500)</u>	<u>(733,703)</u>	<u>179,797</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	825,000	825,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>825,000</u>	<u>825,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(625,500)	(88,500)	91,297	179,797
<b>FUND BALANCE, Beginning</b>	<u>662,000</u>	<u>125,000</u>	<u>127,702</u>	<u>2,702</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 36,500</u>	<u>\$ 36,500</u>	<u>\$ 218,999</u>	<u>\$ 182,499</u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 4,800	\$ 4,800	\$ 5,200	\$ 400
Intergovernmental	117,000	117,000	139,812	22,812
Interest on investments	500	500	653	153
Miscellaneous	100	100	437	337
<b>TOTAL REVENUES</b>	<u>122,400</u>	<u>122,400</u>	<u>146,102</u>	<u>23,702</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Materials and services	<u>170,400</u>	<u>170,400</u>	<u>142,111</u>	<u>28,289</u>
<b>TOTAL EXPENDITURES</b>	<u>170,400</u>	<u>170,400</u>	<u>142,111</u>	<u>28,289</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(48,000)</u>	<u>(48,000)</u>	<u>3,991</u>	<u>51,991</u>
<b>NET CHANGE IN FUND BALANCE</b>	(48,000)	(48,000)	3,991	51,991
<b>FUND BALANCE, Beginning</b>	<u>48,000</u>	<u>48,000</u>	<u>72,622</u>	<u>24,622</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,613</u>	<u>\$ 76,613</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**PARKS TRUST FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 4,500	\$ 4,500	\$ 2,208	\$ (2,292)
Contributions	2,000	2,000	3,287	1,287
Interest on investments	500	500	572	72
<b>TOTAL REVENUES</b>	<u>7,000</u>	<u>7,000</u>	<u>6,067</u>	<u>(933)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>25,000</u>	<u>40,000</u>	<u>23,910</u>	<u>16,090</u>
<b>TOTAL EXPENDITURES</b>	<u>25,000</u>	<u>40,000</u>	<u>23,910</u>	<u>16,090</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(18,000)</u>	<u>(33,000)</u>	<u>(17,843)</u>	<u>15,157</u>
<b>NET CHANGE IN FUND BALANCE</b>	(18,000)	(33,000)	(17,843)	15,157
<b>FUND BALANCE, Beginning</b>	<u>113,500</u>	<u>113,500</u>	<u>128,408</u>	<u>14,908</u>
<b>FUND BALANCE, Ending</b>	<u><u>\$ 95,500</u></u>	<u><u>\$ 80,500</u></u>	<u><u>\$ 110,565</u></u>	<u><u>\$ 30,065</u></u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Interest on investments	<u>300</u>	<u>300</u>	<u>541</u>	<u>241</u>
<b>TOTAL REVENUES</b>	<u>60,300</u>	<u>60,300</u>	<u>60,541</u>	<u>241</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	5,000	5,000	-	5,000
Capital outlay	<u>65,100</u>	<u>65,100</u>	<u>17,500</u>	<u>47,600</u>
<b>TOTAL EXPENDITURES</b>	<u>70,100</u>	<u>70,100</u>	<u>17,500</u>	<u>52,600</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(9,800)</u>	<u>(9,800)</u>	<u>43,041</u>	<u>52,841</u>
<b>NET CHANGE IN FUND BALANCE</b>	(9,800)	(9,800)	43,041	52,841
<b>FUND BALANCE, Beginning</b>	<u>9,800</u>	<u>9,800</u>	<u>33,852</u>	<u>24,052</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,893</u>	<u>\$ 76,893</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**HORNE TRUST FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 100	\$ 100	\$ 100	\$ -
<b>TOTAL REVENUES</b>	<u>100</u>	<u>100</u>	<u>100</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	<u>200</u>	<u>200</u>	<u>60</u>	<u>140</u>
<b>TOTAL EXPENDITURES</b>	<u>200</u>	<u>200</u>	<u>60</u>	<u>140</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(100)</u>	<u>(100)</u>	<u>40</u>	<u>140</u>
<b>NET CHANGE IN FUND BALANCE</b>	(100)	(100)	40	140
<b>FUND BALANCE, Beginning</b>	<u>20,175</u>	<u>20,175</u>	<u>20,257</u>	<u>82</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 20,075</u>	<u>\$ 20,075</u>	<u>\$ 20,297</u>	<u>\$ 222</u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Loan repayments	\$ 28,000	\$ 28,000	\$ 65,947	\$ 37,947
Interest on investments	2,000	2,000	1,603	(397)
Miscellaneous	-	-	1,733	1,733
<b>TOTAL REVENUES</b>	<u>30,000</u>	<u>30,000</u>	<u>69,283</u>	<u>39,283</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	255,600	255,600	101,610	153,990
Contingency	<u>244,400</u>	<u>244,400</u>	-	<u>244,400</u>
<b>TOTAL EXPENDITURES</b>	<u>500,000</u>	<u>500,000</u>	<u>101,610</u>	<u>398,390</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(470,000)</u>	<u>(470,000)</u>	<u>(32,327)</u>	<u>437,673</u>
<b>NET CHANGE IN FUND BALANCE</b>	(470,000)	(470,000)	(32,327)	437,673
<b>FUND BALANCE, Beginning</b>	<u>470,000</u>	<u>470,000</u>	<u>466,421</u>	<u>(3,579)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,094</u>	<u>\$ 434,094</u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 232,340	\$ 232,340	\$ 235,198	\$ 2,858
Interest on investments	<u>200</u>	<u>200</u>	<u>136</u>	<u>(64)</u>
<b>TOTAL REVENUES</b>	<u>232,540</u>	<u>232,540</u>	<u>235,334</u>	<u>2,794</u>
<b>EXPENDITURES</b>				
Debt service	<u>232,225</u>	<u>232,225</u>	<u>232,225</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>232,225</u>	<u>232,225</u>	<u>232,225</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>315</u>	<u>315</u>	<u>3,109</u>	<u>2,794</u>
<b>NET CHANGE IN FUND BALANCE</b>	315	315	3,109	2,794
<b>FUND BALANCE, Beginning</b>	<u>4,000</u>	<u>4,000</u>	<u>15,105</u>	<u>11,105</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 4,315</u>	<u>\$ 4,315</u>	<u>\$ 18,214</u>	<u>\$ 13,899</u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Property taxes	\$ 725,000	\$ 725,000	\$ 727,539	\$ 2,539
Interest on investments	<u>4,700</u>	<u>4,700</u>	<u>3,512</u>	<u>(1,188)</u>
<b>TOTAL REVENUES</b>	<u>729,700</u>	<u>729,700</u>	<u>731,051</u>	<u>1,351</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	60,500	60,500	40,629	19,871
Debt service	<u>557,817</u>	<u>557,817</u>	<u>556,964</u>	<u>853</u>
<b>TOTAL EXPENDITURES</b>	<u>618,317</u>	<u>618,317</u>	<u>597,593</u>	<u>20,724</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>111,383</u>	<u>111,383</u>	<u>133,458</u>	<u>22,075</u>
<b>NET CHANGE IN FUND BALANCE</b>	111,383	111,383	133,458	22,075
<b>FUND BALANCE, Beginning</b>	<u>931,000</u>	<u>931,000</u>	<u>870,816</u>	<u>(60,184)</u>
<b>FUND BALANCE, Ending</b>	<u><u>\$ 1,042,383</u></u>	<u><u>\$ 1,042,383</u></u>	<u><u>\$ 1,004,274</u></u>	<u><u>\$ (38,109)</u></u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 30	\$ 30	\$ 30	\$ -
<b>TOTAL REVENUES</b>	<u>30</u>	<u>30</u>	<u>30</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(30)	(30)	(30)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(30)</u>	<u>(30)</u>	<u>(30)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, Beginning</b>	<u>6,090</u>	<u>6,090</u>	<u>6,090</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 6,090</u>	<u>\$ 6,090</u>	<u>\$ 6,090</u>	<u>\$ -</u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and fees	\$ 3,150	\$ 3,150	\$ 3,179	\$ 29
Interest on investments	<u>13,000</u>	<u>13,000</u>	<u>(8,285)</u>	<u>(21,285)</u>
<b>TOTAL REVENUES</b>	<u>16,150</u>	<u>16,150</u>	<u>(5,106)</u>	<u>(21,256)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(12,028)</u>	<u>972</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(13,000)</u>	<u>(13,000)</u>	<u>(12,028)</u>	<u>972</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,150	3,150	(17,134)	(20,284)
<b>FUND BALANCE, Beginning</b>	<u>732,600</u>	<u>732,600</u>	<u>766,557</u>	<u>33,957</u>
<b>FUND BALANCE, Ending</b>	<u><u>\$ 735,750</u></u>	<u><u>\$ 735,750</u></u>	<u><u>\$ 749,423</u></u>	<u><u>\$ 13,673</u></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)**  
**L.I.D. CONSTRUCTION FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Assessments	\$ 176,000	\$ 176,000	\$ 186,761	\$ 10,761
Interest on investments	-	-	9	9
Miscellaneous	-	-	47,372	47,372
<b>TOTAL REVENUES</b>	<u>176,000</u>	<u>176,000</u>	<u>234,142</u>	<u>58,142</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Materials and services	500	500	108	392
Capital outlay	250,000	250,000	93,161	156,839
Debt service	<u>162,225</u>	<u>162,225</u>	<u>130,902</u>	<u>31,323</u>
<b>TOTAL EXPENDITURES</b>	<u>412,725</u>	<u>412,725</u>	<u>224,171</u>	<u>188,554</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(236,725)</u>	<u>(236,725)</u>	<u>9,971</u>	<u>246,696</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	509,725	509,725	29,629	(480,096)
Interfund loan proceeds	-	-	169,700	169,700
Interfund loan repayment	<u>(180,000)</u>	<u>(180,000)</u>	<u>(177,700)</u>	<u>2,300</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>329,725</u>	<u>329,725</u>	<u>21,629</u>	<u>(308,096)</u>
<b>NET CHANGE IN FUND BALANCE</b>	93,000	93,000	31,600	(61,400)
Budgetary basis adjustment	-	-	8,000	8,000
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>(93,000)</u>	<u>(93,000)</u>	<u>(209,145)</u>	<u>(116,145)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (169,545)</u>	<u>\$ (169,545)</u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 200,000	\$ 200,000	\$ 57,889	\$ (142,111)
Assessments	550	550	6,018	5,468
Interest on investments	<u>7,500</u>	<u>7,500</u>	<u>6,744</u>	<u>(756)</u>
<b>TOTAL REVENUES</b>	<u>208,050</u>	<u>208,050</u>	<u>70,651</u>	<u>(137,399)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>959,550</u>	<u>959,550</u>	<u>12,384</u>	<u>947,166</u>
<b>TOTAL EXPENDITURES</b>	<u>959,550</u>	<u>959,550</u>	<u>12,384</u>	<u>947,166</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(751,500)</u>	<u>(751,500)</u>	<u>58,267</u>	<u>809,767</u>
<b>NET CHANGE IN FUND BALANCE</b>	(751,500)	(751,500)	58,267	809,767
<b>FUND BALANCE, Beginning</b>	<u>751,500</u>	<u>751,500</u>	<u>819,757</u>	<u>68,257</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 878,024</u>	<u>\$ 878,024</u>

See auditor's report.

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 200	\$ 200	\$ 117	\$ (83)
<b>TOTAL REVENUES</b>	<u>200</u>	<u>200</u>	<u>117</u>	<u>(83)</u>
<b>EXPENDITURES</b>				
Capital outlay	25,550	25,550	-	25,550
<b>TOTAL EXPENDITURES</b>	<u>25,550</u>	<u>25,550</u>	<u>-</u>	<u>25,550</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(25,350)</u>	<u>(25,350)</u>	<u>117</u>	<u>25,467</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	-	-	99	99
Transfers in	5,000	5,000	5,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>5,000</u>	<u>5,000</u>	<u>5,099</u>	<u>99</u>
<b>NET CHANGE IN FUND BALANCE</b>	(20,350)	(20,350)	5,216	25,566
<b>FUND BALANCE, Beginning</b>	<u>20,350</u>	<u>20,350</u>	<u>21,168</u>	<u>818</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,384</u>	<u>\$ 26,384</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)**  
**PUBLIC SAFETY CAPITAL RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 170,000	\$ 170,000	\$ 164,986	\$ (5,014)
Interest on investments	-	-	440	440
<b>TOTAL REVENUES</b>	<u>170,000</u>	<u>170,000</u>	<u>165,426</u>	<u>(4,574)</u>
<b>EXPENDITURES</b>				
Capital outlay	237,300	237,300	232,670	4,630
Debt service	<u>1,000</u>	<u>1,000</u>	<u>16</u>	<u>984</u>
<b>TOTAL EXPENDITURES</b>	<u>238,300</u>	<u>238,300</u>	<u>232,686</u>	<u>5,614</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(68,300)</u>	<u>(68,300)</u>	<u>(67,260)</u>	<u>1,040</u>
<b>NET CHANGE IN FUND BALANCE</b>	(68,300)	(68,300)	(67,260)	1,040
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>68,300</u>	<u>68,300</u>	<u>66,607</u>	<u>(1,693)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (653)</u>	<u>\$ (653)</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)**  
**STREET HB2001 FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 876,580	\$ 876,580	\$ 297	\$ (876,283)
Interest on investments	-	-	64	64
<b>TOTAL REVENUES</b>	<u>876,580</u>	<u>876,580</u>	<u>361</u>	<u>(876,219)</u>
<b>EXPENDITURES</b>				
Capital outlay	888,080	888,080	-	888,080
Debt service	500	500	18	482
<b>TOTAL EXPENDITURES</b>	<u>888,580</u>	<u>888,580</u>	<u>18</u>	<u>888,562</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(12,000)</u>	<u>(12,000)</u>	<u>343</u>	<u>12,343</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund loan repayment	-	-	(21,000)	(21,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(21,000)</u>	<u>(21,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(12,000)	(12,000)	(20,657)	(8,657)
Budgetary basis adjustment	-	-	21,000	21,000
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>12,000</u>	<u>12,000</u>	<u>13,176</u>	<u>1,176</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,519</u>	<u>\$ 13,519</u>

See auditor's report.

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

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**Proprietary Funds**

**Enterprise Funds**

- All Water Funds
  - Water
  - Water Capital Reserve
- 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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 3,790,050	\$ 3,790,050	\$ 4,065,319	\$ 275,269
Interest on investments	500	500	891	391
Miscellaneous	42,000	42,000	78,151	36,151
<b>TOTAL REVENUES</b>	<u>3,832,550</u>	<u>3,832,550</u>	<u>4,144,361</u>	<u>311,811</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	443,030	468,830	423,343	45,487
Materials and services	2,111,980	2,086,180	2,261,588	(175,408)
Capital outlay	1,880,000	1,880,000	776,561	1,103,439
Debt service	462,005	462,005	462,005	-
Contingency	67,150	67,150	-	67,150
<b>TOTAL EXPENDITURES</b>	<u>4,964,165</u>	<u>4,964,165</u>	<u>3,923,497</u>	<u>1,040,668</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,131,615)</u>	<u>(1,131,615)</u>	<u>220,864</u>	<u>1,352,479</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	1,500	1,500	1,390	(110)
Issuance of debt	1,500,000	1,500,000	-	(1,500,000)
Interfund loan proceeds	-	200,000	152,000	(48,000)
Interfund loan repayment	(111,215)	(311,215)	(93,211)	218,004
Transfers out	(261,170)	(261,170)	(11,170)	250,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,129,115</u>	<u>1,129,115</u>	<u>49,009</u>	<u>(1,080,106)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,500)	(2,500)	269,873	272,373
Budgetary basis adjustment	-	-	(58,789)	(58,789)
<b>FUND BALANCE, Beginning, As restated (See note IV.D)</b>	<u>2,500</u>	<u>2,500</u>	<u>48,297</u>	<u>45,797</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>259,381</u>	<u>\$ 259,381</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			13,932,249	
Net pension asset			47,894	
Deferred outflow of resources			17,707	
Accrued interest payable			(76,333)	
Other post employment benefits liability			(50,507)	
Long-term debt			(2,976,826)	
Deferred inflow of resources			<u>(94,552)</u>	
<b>NET POSITION, Ending</b>			<u>\$ 11,059,013</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)**  
**WATER CAPITAL RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 500	\$ 500	\$ -	\$ (500)
<b>TOTAL REVENUES</b>	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>(250,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	250,500	250,500	-	(250,500)
<b>FUND BALANCE, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 250,500</u>	<u>\$ 250,500</u>	<u>\$ -</u>	<u>\$ (250,500)</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 3,694,500	\$ 3,694,500	\$ 3,787,277	\$ 92,777
Assessments	-	-	22,721	22,721
Interest on investments	30,000	30,000	9,051	(20,949)
Miscellaneous	65,700	65,700	736	(64,964)
<b>TOTAL REVENUES</b>	<u>3,790,200</u>	<u>3,790,200</u>	<u>3,819,785</u>	<u>29,585</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	590,290	590,290	500,803	89,487
Materials and services	1,878,585	1,923,585	1,863,703	59,882
Capital outlay	875,000	875,000	695,305	179,695
Debt service	426,036	426,036	426,036	-
Contingency	73,206	28,206	-	28,206
<b>TOTAL EXPENDITURES</b>	<u>3,843,117</u>	<u>3,843,117</u>	<u>3,485,847</u>	<u>357,270</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(52,917)</u>	<u>(52,917)</u>	<u>333,938</u>	<u>386,855</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	-	-	1,450	1,450
Transfers out	(1,160,183)	(1,160,183)	(760,183)	400,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,160,183)</u>	<u>(1,160,183)</u>	<u>(758,733)</u>	<u>401,450</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,213,100)	(1,213,100)	(424,795)	788,305
<b>FUND BALANCE, Beginning</b>	<u>1,213,100</u>	<u>1,213,100</u>	<u>1,119,815</u>	<u>(93,285)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 695,020</u>	<u>\$ 695,020</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 CAPITAL RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest on investments	\$ 15,000	\$ 15,000	\$ 37,803	\$ 22,803
<b>TOTAL REVENUES</b>	<u>15,000</u>	<u>15,000</u>	<u>37,803</u>	<u>22,803</u>
<b>EXPENDITURES</b>				
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>15,000</u>	<u>15,000</u>	<u>37,803</u>	<u>22,803</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>541,500</u>	<u>541,500</u>	<u>141,419</u>	<u>(400,081)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>541,500</u>	<u>541,500</u>	<u>141,419</u>	<u>(400,081)</u>
<b>NET CHANGE IN FUND BALANCE</b>	556,500	556,500	179,222	(377,278)
<b>FUND BALANCE, Beginning</b>	<u>3,157,700</u>	<u>3,157,700</u>	<u>3,176,612</u>	<u>18,912</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 3,714,200</u>	<u>\$ 3,714,200</u>	<u>\$ 3,355,834</u>	<u>\$ (358,366)</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**WASTEWATER CAPITAL PROJECT FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (141,500)	\$ (141,500)	\$ (141,419)	\$ 81
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(141,500)	(141,500)	(141,419)	81
<b>NET CHANGE IN FUND BALANCE</b>	(141,500)	(141,500)	(141,419)	81
<b>FUND BALANCE, Beginning</b>	\$ 141,500	\$ 141,500	\$ 141,419	\$ (81)
<b>FUND BALANCE, Ending</b>	\$ -	\$ -	\$ -	\$ -

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**WASTEWATER RATE RESERVE FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>FUND BALANCE, Beginning</b>	\$ 744,700	\$ 744,700	\$ 744,698	\$ (2)
<b>FUND BALANCE, Ending</b>	<u>\$ 744,700</u>	<u>\$ 744,700</u>	<u>\$ 744,698</u>	<u>\$ (2)</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**WASTEWATER DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Debt service	\$ 744,573	\$ 744,573	\$ 744,573	\$ -
<b>TOTAL EXPENDITURES</b>	<u>744,573</u>	<u>744,573</u>	<u>744,573</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>744,573</u>	<u>744,573</u>	<u>744,573</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>744,573</u>	<u>744,573</u>	<u>744,573</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**WASTEWATER RATE STABILIZATION FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>FUND BALANCE, Beginning</b>	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
<b>FUND BALANCE, Ending</b>	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ -</u>

See auditor's report.

**CITY OF PENDLETON, OREGON  
RECONCILIATION TO GENERALLY ACCEPTED  
ACCOUNTING PRINCIPLES  
ALL SEWER FUNDS  
For the Fiscal Year Ended June 30, 2015**

**BUDGETARY BASIS FUND BALANCE (NON-GAAP):**

Sewer	\$ 695,020
Sewer Capital Reserve	3,355,834
Wastewater Rate Reserve	744,698
Wastewater Rate Stabilization	<u>450,000</u>
	5,245,552

Adjustments:

Capital assets, net of depreciation	21,900,361
Net pension asset	54,019
Prepaid bond insurance	51,082
Deferred outflow of resources	19,971
Accrued interest payable	(169,289)
Other post employment benefits liability	(64,568)
Long-term debt	(13,364,518)
Deferred inflow of resources	<u>(106,644)</u>

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

\$ 13,565,966

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 754,000	\$ 754,000	\$ 405,986	\$ (348,014)
Intergovernmental	705,000	720,000	206,720	(513,280)
Contributions	-	26,800	43,700	16,900
Interest on investments	-	-	42	42
Miscellaneous	21,000	1,000	161	(839)
<b>TOTAL REVENUES</b>	<u>1,480,000</u>	<u>1,501,800</u>	<u>656,609</u>	<u>(845,191)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	255,600	255,600	234,726	20,874
Materials and services	648,040	654,840	478,696	176,144
Capital outlay	515,000	605,000	283,042	321,958
Debt service	24,000	24,000	23,660	340
<b>TOTAL EXPENDITURES</b>	<u>1,442,640</u>	<u>1,539,440</u>	<u>1,020,124</u>	<u>519,316</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>37,360</u>	<u>(37,640)</u>	<u>(363,515)</u>	<u>(325,875)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	60,000	60,000	68,259	8,259
Transfers in	85,000	355,000	286,000	(69,000)
Interfund loan proceeds	2,125,200	1,930,200	2,270,000	339,800
Interfund loan repayment	(2,299,000)	(2,299,000)	(2,191,000)	108,000
Transfers out	(8,560)	(8,560)	(8,560)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(37,360)</u>	<u>37,640</u>	<u>424,699</u>	<u>387,059</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	61,184	61,184
Budgetary basis adjustment	-	-	(79,000)	(79,000)
<b>FUND BALANCE (DEFICIT), Beginning</b>	<u>-</u>	<u>-</u>	<u>(2,178,778)</u>	<u>(2,178,778)</u>
<b>FUND BALANCE (DEFICIT), Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,196,594)</u>	<u>\$ (2,196,594)</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			7,852,729	
Net pension asset			27,930	
Deferred outflow of resources			10,326	
Other post employment benefits liability			(20,280)	
Deferred inflow of resources			(55,138)	
<b>NET POSITION Ending</b>			<u>\$ 5,618,973</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Charges for services	\$ 1,365,695	\$ 1,365,695	\$ 1,370,462	\$ 4,767
Interest on investments	2,000	2,000	2,427	427
Miscellaneous	2,600	2,600	50	(2,550)
<b>TOTAL REVENUES</b>	<u>1,370,295</u>	<u>1,370,295</u>	<u>1,372,939</u>	<u>2,644</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	948,180	948,180	958,739	(10,559)
Materials and services	221,710	221,710	218,549	3,161
Capital outlay	306,000	112,165	77,473	34,692
Contingency	56,000	56,000	-	56,000
<b>TOTAL EXPENDITURES</b>	<u>1,531,890</u>	<u>1,338,055</u>	<u>1,254,761</u>	<u>83,294</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(161,595)</u>	<u>32,240</u>	<u>118,178</u>	<u>85,938</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of property	1,500	1,500	-	(1,500)
Transfers out	(29,280)	(223,115)	(223,115)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(27,780)</u>	<u>(221,615)</u>	<u>(223,115)</u>	<u>(1,500)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(189,375)	(189,375)	(104,937)	84,438
<b>FUND BALANCE, Beginning</b>	<u>265,205</u>	<u>265,205</u>	<u>309,721</u>	<u>44,516</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 75,830</u>	<u>\$ 75,830</u>	204,784	<u>\$ 128,954</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			615,886	
Net pension asset			122,243	
Deferred outflow of resources			45,195	
Other post employment benefits liability			(88,866)	
Deferred inflow of resources			(241,331)	
<b>NET POSITION, Ending</b>			<u>\$ 657,911</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>REVENUES</b>				
Licenses and fees	\$ 98,100	\$ 98,100	\$ 24,314	\$ (73,786)
Charges for services	2,481,090	2,481,090	2,475,834	(5,256)
Intergovernmental	58,170	58,170	40,629	(17,541)
Contributions	-	-	1,430	1,430
Interest on investments	2,500	2,500	1,907	(593)
Miscellaneous	5,090	8,440	11,124	2,684
<b>TOTAL REVENUES</b>	<u>2,644,950</u>	<u>2,648,300</u>	<u>2,555,238</u>	<u>(93,062)</u>
<b>EXPENDITURES</b>				
Current:				
Personal services	1,826,250	1,836,750	1,822,309	14,441
Materials and services	948,550	1,051,900	1,032,560	19,340
Capital outlay	256,800	256,800	90,605	166,195
Contingency	172,580	62,080	-	62,080
<b>TOTAL EXPENDITURES</b>	<u>3,204,180</u>	<u>3,207,530</u>	<u>2,945,474</u>	<u>262,056</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(559,230)</u>	<u>(559,230)</u>	<u>(390,236)</u>	<u>168,994</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(66,260)	(66,260)	(66,260)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(66,260)</u>	<u>(66,260)</u>	<u>(66,260)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(625,490)	(625,490)	(456,496)	168,994
<b>FUND BALANCE, Beginning</b>	<u>625,490</u>	<u>625,490</u>	<u>571,660</u>	<u>(53,830)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	115,164	<u>\$ 115,164</u>
<b>RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>				
Capital assets, net of depreciation			149,261	
Net pension asset			240,247	
Deferred outflow of resources			88,822	
Other post employment benefits liability			(171,618)	
Deferred inflow of resources			<u>(474,293)</u>	
<b>NET POSITION, Ending</b>			<u>\$ (52,417)</u>	

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF EXPENDITURES AND TRANSFERS**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS), BY DEPARTMENT**  
**CENTRAL SERVICES FUND**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
<b>EXPENDITURES AND TRANSFERS</b>				
City manager's office	\$ 402,750	\$ 402,750	\$ 394,843	\$ 7,907
Insurance	279,500	382,850	375,908	6,942
Mayor and City Council	52,950	52,950	44,209	8,741
PDC administration	35,000	35,000	17,459	17,541
Legal	305,800	305,800	301,985	3,815
Finance	793,900	793,900	674,756	119,144
Engineering	446,300	446,300	427,260	19,040
Facilities	530,900	541,400	537,768	3,632
Information technology	184,500	184,500	171,286	13,214
Contingency	<u>172,580</u>	<u>62,080</u>	<u>-</u>	<u>62,080</u>
Total expenditures	3,204,180	3,207,530	2,945,474	262,056
Transfers	<u>66,260</u>	<u>66,260</u>	<u>66,260</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND TRANSFERS</b>	<u><u>\$ 3,270,440</u></u>	<u><u>\$ 3,273,790</u></u>	<u><u>\$ 3,011,734</u></u>	<u><u>\$ 262,056</u></u>

See auditor's report.

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

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**Fiduciary Funds**

**Agency Fund**

- Pendleton Foundation Trust

**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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
<b>REVENUES</b>				
Contributions	\$ 232,500	\$ 232,500	\$ 215,627	\$ (16,873)
Interest on investments	<u>2,500</u>	<u>2,500</u>	<u>146</u>	<u>(2,354)</u>
<b>TOTAL REVENUES</b>	<u>235,000</u>	<u>235,000</u>	<u>215,773</u>	<u>(19,227)</u>
<b>EXPENDITURES</b>				
Current:				
Materials and services	<u>240,000</u>	<u>240,000</u>	<u>187,303</u>	<u>52,697</u>
<b>TOTAL EXPENDITURES</b>	<u>240,000</u>	<u>240,000</u>	<u>187,303</u>	<u>52,697</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(5,000)</u>	<u>(5,000)</u>	<u>28,470</u>	<u>33,470</u>
<b>NET CHANGE IN FUND BALANCE</b>	(5,000)	(5,000)	28,470	33,470
<b>FUND BALANCE, Beginning</b>	<u>5,000</u>	<u>5,000</u>	<u>49,381</u>	<u>44,381</u>
<b>FUND BALANCE, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,851</u>	<u>\$ 77,851</u>

See auditor's report.

## **OTHER FINANCIAL SCHEDULES**

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**CITY OF PENDLETON, OREGON**  
**ALL AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**For the fiscal year ended June 30, 2015**

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<hr/> <b>Northeast Oregon Air Task Force Agency</b> <hr/>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,053	\$ 5	\$ -	\$ 1,058
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Due to other governments	\$ 1,053	\$ 5	\$ -	\$ 1,058
<hr/> <b>Bail Fund</b> <hr/>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 29,486	\$ 2,423	\$ -	\$ 31,909
Accounts receivable	-	10	-	10
	<u>\$ 29,486</u>	<u>\$ 2,433</u>	<u>\$ -</u>	<u>\$ 31,919</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 8,883	\$ 14,200	\$ -	\$ 23,083
Due to other governments	20,603	-	11,767	8,836
Total liabilities	<u>\$ 29,486</u>	<u>\$ 14,200</u>	<u>\$ 11,767</u>	<u>\$ 31,919</u>
<hr/> <b>Pendleton Foundation Trust</b> <hr/>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 49,381	\$ 215,773	\$ 187,303	\$ 77,851
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Due to other governments	<u>\$ 49,381</u>	<u>\$ 215,773</u>	<u>\$ 187,303</u>	<u>\$ 77,851</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF OUTSTANDING DEBT PRINCIPAL AND INTEREST TRANSACTIONS**  
**For the fiscal year ended June 30, 2015**

	Terms				Outstanding June 30, 2014
	Date of Issue	Interest Rate	Maturity Date	Original Amount	
<b>Governmental Funds:</b>					
General Obligation Bonds:					
2005 Facilities Refunding	01/10/05	3.00% - 4.00%	01/01/16	\$ 1,945,000	\$ 445,000
Total General Obligation Bonds					445,000
Limited Tax Pension Bonds:					
Series 2005	09/23/05	4.21% - 5.004%	06/01/28	\$ 7,160,000	6,330,000
Urban Renewal Bonds:					
Series 2013	03/31/13	4.75%	01/15/23	\$ 2,150,000	1,973,815
Notes payable:					
Community Bank - Pendleton Development Commission	01/28/09	6.60%	01/28/19	\$ 2,000,000	1,160,592
USDA- Pendlton Academies	03/05/98	4.88%	03/05/38	\$ 889,533	753,711
Sunridge LID	07/29/09	4.00%	07/29/24	\$ 1,300,000	1,021,261
OR IFA Olney Project	01/02/14	4.56%	01/02/17	\$ 626,067	562,951
Eastside Expansion	09/15/14	4.35%	07/15/29	\$ 825,000	-
Total General Long Term Debt					<u>\$ 12,247,330</u>
<b>Enterprise Funds:</b>					
Water Fund:					
Notes payable:					
Safe Drinking Water State Revolving Loan Fund	06/30/03	4.50%	12/01/22	\$ 4,000,000	\$ 2,235,000
Safe Drinking Water State Revolving Loan Fund	06/30/03	4.17%	12/01/22	\$ 1,900,000	1,047,080
Total Water Fund					3,282,080
Sewer Fund:					
Clean Water State Revolving Fund	09/22/09	0.00%	04/01/31	\$ 4,000,000	1,850,000
Clean Water State Revolving Fund	04/15/10	2.77%	04/01/31	\$ 4,650,000	4,467,307
Waste Water Revenue Bonds	12/11/07	3.00% - 4.30%	01/15/28	\$ 9,980,000	7,760,000
Total Sewer Fund					<u>14,077,307</u>
Total Enterprise Funds					<u>\$ 17,359,387</u>

Debt Principal				Matured Interest Payable			
Issued During Year	Transfers and Adjustments	Paid During Year	Outstanding June 30, 2015	Outstanding June 30, 2014	Matured During Year	Paid During Year	Outstanding June 30, 2015
-	-	215,000	\$ 230,000	-	\$ 17,225	\$ 17,225	-
-	-	215,000	230,000	-	17,225	17,225	-
-	-	210,000	6,120,000	-	314,194	314,194	-
-	-	181,415	1,792,400	-	94,798	94,798	-
-	-	203,089	957,503	-	77,663	77,663	-
-	-	33,281	720,430	-	36,053	36,053	-
-	-	83,203	938,058	-	41,098	41,098	-
29,629	-	-	592,580	-	-	-	-
825,000	-	25,455	799,545	-	12,162	12,162	-
<u>\$ 854,629</u>	<u>\$ -</u>	<u>\$ 951,443</u>	<u>\$ 12,150,516</u>	<u>\$ -</u>	<u>\$ 593,193</u>	<u>\$ 593,193</u>	<u>\$ -</u>
\$ -	\$ -	\$ 207,000	\$ 2,028,000	\$ -	\$ 100,575	\$ 100,575	\$ -
-	-	98,254	948,826	-	43,663	43,663	-
-	-	305,254	2,976,826	-	144,238	144,238	-
-	-	100,000	1,750,000	-	4,625	4,625	-
-	-	187,789	4,279,518	-	133,622	133,622	-
-	-	425,000	7,335,000	-	319,573	319,573	-
-	-	712,789	13,364,518	-	457,820	457,820	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,018,043</u>	<u>\$ 16,341,344</u>	<u>\$ -</u>	<u>\$ 602,058</u>	<u>\$ 602,058</u>	<u>\$ -</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FUTURE GENERAL OBLIGATION BONDED DEBT**  
**REQUIREMENTS- GOVERNMENTAL FUNDS**  
**June 30, 2015**

<u>Year of Maturity</u>	<u>Facilities Refunding</u>	
	<u>Principal</u>	<u>Interest</u>
2015-16	<u>\$ 230,000</u>	<u>\$ 8,625</u>
	<u>\$ 230,000</u>	<u>\$ 8,625</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FUTURE LIMITED TAX PENSION**  
**BONDED DEBT REQUIREMENTS - GOVERNMENTAL FUNDS**  
**June 30, 2015**

Year of Maturity	Limited Tax Pension Bonds	
	Principal	Interest
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>\$ 6,120,000</u>	<u>\$ 2,463,416</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FUTURE URBAN RENEWAL**  
**BONDED DEBT REQUIREMENTS - GOVERNMENTAL FUNDS**  
**June 30, 2015**

Year of Maturity	Urban Renewal Bond	
	Principal	Interest
2015-16	\$ 189,759	\$ 85,151
2016-17	198,773	76,138
2017-18	208,214	66,696
2018-19	218,105	56,806
2019-20	228,464	46,446
2020-21	239,316	35,594
2021-22	250,684	24,226
2022-23	259,085	12,319
	<u>\$ 1,792,400</u>	<u>\$ 403,376</u>

See auditor's report.



CITY OF PENDLETON, OREGON  
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS  
GOVERNMENTAL FUNDS  
June 30, 2015

Year of Maturity	Notes Payable		Community Bank - Pendleton Development Commission		USDA- Pendleton Academies	
	Totals		Principal	Interest	Principal	Interest
	Principal	Interest				
2015-16	\$ 379,468	\$ 213,831	\$ 216,679	\$ 64,073	\$ 35,048	\$ 34,343
2016-17	401,084	175,563	231,043	49,709	36,738	32,598
2017-18	442,937	152,479	246,639	34,113	38,569	30,767
2018-19	468,019	127,399	263,142	17,609	40,492	28,844
2019-20	213,831	100,834	-	-	42,511	26,825
2020-21	223,107	91,557	-	-	44,630	24,706
2021-22	232,937	81,727	-	-	46,855	22,481
2022-23	243,127	71,538	-	-	49,190	20,145
2023-24	253,766	60,898	-	-	51,643	17,693
2024-25	149,097	50,886	-	-	54,218	15,118
2025-26	146,249	44,113	-	-	56,921	12,415
2026-27	153,097	37,266	-	-	59,758	9,578
2027-28	160,267	30,095	-	-	62,738	6,598
2028-29	167,759	22,603	-	-	65,865	3,471
2029-30	104,121	15,060	-	-	35,254	516
2030-31	33,515	12,278	-	-	-	-
3031-32	35,043	10,749	-	-	-	-
3032-33	36,641	9,152	-	-	-	-
3033-34	38,312	7,481	-	-	-	-
3034-35	40,059	5,734	-	-	-	-
3035-36	41,885	3,907	-	-	-	-
3036-37	43,795	1,997	-	-	-	-
	<u>\$ 4,008,116</u>	<u>1,327,147</u>	<u>\$ 957,503</u>	<u>\$ 165,504</u>	<u>\$ 720,430</u>	<u>\$ 286,098</u>

Sunridge LID		OR IFA Olney Peroject		PCC Eastside Expansion	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 87,322	\$ 36,980	\$ -	\$ 43,619	\$ 40,419	\$ 34,816
91,175	33,127	-	27,021	42,128	33,108
94,858	29,443	18,771	27,021	44,100	31,135
98,691	25,611	19,627	26,166	46,067	29,169
102,678	21,624	20,522	25,271	48,120	27,114
106,826	17,476	21,457	24,335	50,194	25,040
111,142	13,160	22,436	23,356	52,504	22,730
115,632	8,670	23,459	22,333	54,846	20,390
120,303	3,998	24,529	21,264	57,291	17,943
9,431	189	25,647	20,145	59,801	15,434
-	-	26,816	18,976	62,512	12,722
-	-	28,040	17,753	65,299	9,935
-	-	29,318	16,474	68,211	7,023
-	-	30,655	15,137	71,239	3,995
-	-	32,053	13,739	36,814	805
-	-	33,515	12,278	-	-
-	-	35,043	10,749	-	-
-	-	36,641	9,152	-	-
-	-	38,312	7,481	-	-
-	-	40,059	5,734	-	-
-	-	41,885	3,907	-	-
-	-	43,795	1,997	-	-
<u>\$ 938,058</u>	<u>\$ 190,278</u>	<u>\$ 592,580</u>	<u>\$ 393,908</u>	<u>\$ 799,545</u>	<u>\$ 291,359</u>

See auditor's report.

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS**  
**WATER FUND**  
**June 30, 2015**

Year of Maturity	Notes Payable Totals		Safe Drinking Water State Revolving Loan Fund			
	Principal	Interest	Principal	Interest	Principal	Interest
2015-16	\$ 318,352	\$ 130,828	\$ 216,000	\$ 91,260	\$ 102,352	\$ 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	430,237	18,911	294,000	13,230	136,237	5,681
	<u>\$ 2,976,826</u>	<u>\$ 620,250</u>	<u>\$ 2,028,000</u>	<u>\$ 431,730</u>	<u>\$ 948,826</u>	<u>\$ 188,520</u>

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS**  
**SEWER FUND**  
**June 30, 2015**

Year of Maturity	Totals		Waste Water Revenue Bonds	
	Principal	Interest	Principal	Interest
	2015-16	\$ 733,027	\$ 421,913	\$ 440,000
2016-17	753,411	400,754	455,000	288,923
2017-18	778,945	372,970	475,000	266,673
2018-19	804,633	348,282	495,000	247,673
2019-20	830,480	322,635	515,000	227,873
2020-21	856,491	296,024	535,000	207,273
2021-22	882,668	268,447	555,000	185,873
2022-23	914,018	239,342	580,000	163,118
2023-24	945,546	208,744	605,000	139,048
2024-25	977,255	176,927	630,000	113,940
2025-26	1,009,151	143,571	655,000	87,480
2026-27	1,046,240	108,645	685,000	59,643
2027-28	1,078,527	72,245	710,000	30,530
2028-29	376,016	34,226	-	-
2029-30	383,715	26,527	-	-
2030-31	391,628	18,614	-	-
2031-32	399,762	10,480	-	-
2032-33	203,005	2,119	-	-
	<u>\$ 13,364,518</u>	<u>\$ 3,472,465</u>	<u>\$ 7,335,000</u>	<u>\$ 2,322,745</u>

Year of Maturity	Clean Water State Revolving Fund			
	Principal	Interest	Principal	Interest
	2015-16	\$ 193,027	\$ 117,215	\$ 100,000
2016-17	198,411	111,831	100,000	-
2017-18	203,945	106,297	100,000	-
2018-19	209,633	100,609	100,000	-
2019-20	215,480	94,762	100,000	-
2020-21	221,491	88,751	100,000	-
2021-22	227,668	82,574	100,000	-
2022-23	234,018	76,224	100,000	-
2023-24	240,546	69,696	100,000	-
2024-25	247,255	62,987	100,000	-
2025-26	254,151	56,091	100,000	-
2026-27	261,240	49,002	100,000	-
2027-28	268,527	41,715	100,000	-
2028-29	276,016	34,226	100,000	-
2029-30	283,715	26,527	100,000	-
2030-31	291,628	18,614	100,000	-
2031-32	299,762	10,480	100,000	-
2032-33	153,005	2,119	50,000	-
	<u>\$ 4,279,518</u>	<u>\$ 1,149,720</u>	<u>\$ 1,750,000</u>	<u>\$ -</u>

See auditor's report.



## **STATISTICAL SECTION**

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**City of Pendleton**  
**Major Wastewater Accounts FY15**

ACCOUNT	TOTAL ANNUAL REVENUE FY15	% OF TOTAL ANNUAL REV FY15
EOCI	\$364,685	10.09%
TRIBES/WILDHORSE	144,555	4.00%
RED LION	48,166	1.33%
RON MORRIS	28,056	0.78%
CRAIG NEUBO	27,372	0.76%
WILLIAM SMITH	24,017	0.66%
RIETH SANITARY	23,315	0.65%
HILL MEAT	20,646	0.57%
OREGON TRAIL MANOR	17,108	0.47%
INDIAN HILLS APARTMENTS	15,182	0.42%
TOTAL	\$713,102	19.73%
ALL OTHER CUSTOMERS	2,901,256	80.27%
TOTAL SEWER REVENUE	\$3,614,358	100.00%

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

	Actual									Projections	Projections
	2007	2008	2009	2010	2011	2012	2013	2014	2015	Revenue 5.25% Expenses 5%	Revenue 10.5% Expenses 5%
<b>Operating Revenues:</b>											
Transfers from Other Funds - IN	\$301,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Revenues:	0	0	0	0	0	0	0	0	0	0	0
Enterprise Revenues:	1,754,055	2,649,142	3,656,158	3,707,262	3,839,656	3,736,322	3,821,177	3,906,275	3,809,996	4,010,021	4,431,073
Intergovernmental revenues:	1,142	6,013	1,487	11,722	9,341	16,547	283,499	588,030	0	0	0
<b>Total Operating Revenues</b>	<b>2,056,297</b>	<b>2,655,155</b>	<b>3,657,645</b>	<b>3,718,984</b>	<b>3,848,997</b>	<b>3,752,869</b>	<b>4,104,676</b>	<b>4,494,305</b>	<b>3,809,996</b>	<b>4,010,021</b>	<b>4,431,073</b>
<b>Operating Expenses:</b>											
Personal Services	316,595	331,780	385,723	450,321	427,970	437,313	463,542	475,763	500,801	525,841	552,133
Materials & Services	1,016,103	1,069,572	1,372,440	1,448,569	1,510,552	1,586,004	1,721,507	1,848,631	1,863,703	1,956,888	2,054,733
Transfers to other fund- OUT	12,100	9,870	10,100	9,090	9,730	12,730	13,000	14,690	15,610	16,391	17,210
Contingency	0	0	0	0	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>1,344,798</b>	<b>1,411,222</b>	<b>1,768,263</b>	<b>1,907,980</b>	<b>1,948,252</b>	<b>2,036,047</b>	<b>2,198,049</b>	<b>2,339,084</b>	<b>2,380,114</b>	<b>2,499,120</b>	<b>2,624,076</b>
<b>Net Operating Income</b>	<b>711,499</b>	<b>1,243,933</b>	<b>1,889,382</b>	<b>1,811,004</b>	<b>1,900,745</b>	<b>1,716,822</b>	<b>1,906,627</b>	<b>2,155,221</b>	<b>1,429,882</b>	<b>1,510,901</b>	<b>1,806,997</b>
<b>Non-operating Income (Expenses):</b>											
Sale of Equipment/land	10,000	10,377	3,727	3,727	3,727	3,727	0	0	1,450	2,000	2,000
Other miscellaneous	0			8,616	0	0	2	1,667		0	0
Reimbursement of expense	919	868	13,108	17,500	0	0	0	259	736	1,000	1,000
Investment Income											
Sewer Fund	35,209	42,883	43,774	11,782	30,671	32,598	26,464	24,160	9,052	20,000	20,000
Sewer Capital Reserve Fund	13,481	11,802	5,814	9,323	9,485	4,906	25,507	31,418	37,803	25,000	25,000
<b>Total Non-operating Income (Expense)</b>	<b>59,609</b>	<b>65,930</b>	<b>66,423</b>	<b>50,948</b>	<b>43,883</b>	<b>41,231</b>	<b>51,973</b>	<b>57,504</b>	<b>49,041</b>	<b>48,000</b>	<b>48,000</b>
<b>Net Revenues Avail. For Debt Service</b>	<b>771,108</b>	<b>1,309,863</b>	<b>1,955,805</b>	<b>1,861,952</b>	<b>1,944,628</b>	<b>1,758,053</b>	<b>1,958,600</b>	<b>2,212,725</b>	<b>1,478,923</b>	<b>1,558,901</b>	<b>1,854,997</b>
<b>Senior Lien Debt Service:</b>											
OCEDD Special Public Works Fund Loan	3,836	10,387	0	0	0	0	0	0	0	0	0
Sewer System Revenue Bonds 2007			742,471	743,198	743,998	742,898	744,598	740,773	744,573	744,698	743,923
CWSRF \$4 million, \$2 million Debt Forgiveness	0	0	0	0	0	0	50,000	104,875	104,625	108,750	108,250
CWSRF \$4.650 million	0	0	0	0	0	0	239,387	321,867	321,411	331,640	330,674
<b>Total Senior Lien Debt Service</b>	<b>3,836</b>	<b>10,387</b>	<b>742,471</b>	<b>743,198</b>	<b>743,998</b>	<b>742,898</b>	<b>1,033,985</b>	<b>1,167,515</b>	<b>1,170,609</b>	<b>1,185,088</b>	<b>1,182,847</b>
<b>Net Revenues Avail for Other purposes</b>	<b>\$767,272</b>	<b>\$1,299,476</b>	<b>\$1,213,334</b>	<b>\$1,118,754</b>	<b>\$1,200,630</b>	<b>\$1,015,155</b>	<b>\$924,615</b>	<b>1,045,210</b>	<b>308,314</b>	<b>\$373,813</b>	<b>\$672,150</b>
<b>Debt Service Coverage</b>	<b>201.02</b>	<b>126.11</b>	<b>2.63</b>	<b>2.51</b>	<b>2.61</b>	<b>2.37</b>	<b>1.89</b>	<b>1.90</b>	<b>1.26</b>	<b>1.32</b>	<b>1.57</b>

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

Fiscal Year	2007 Bonds		CWSRF Loan 1		CWSRF Loan 2		Total Debt Service
	Principal	Interest	Principal	Loan Fee	Principal	Interest & Fees	
2016	440,000	304,698	100,000	8,750	193,027	138,613	1,185,088
2017	455,000	288,923	100,000	8,250	198,411	132,263	1,182,847
2018	475,000	266,673	100,000	7,750	203,945	125,737	1,179,105
2019	495,000	247,673	100,000	7,250	209,633	119,030	1,178,586
2020	515,000	227,873	100,000	6,750	215,480	112,135	1,177,238
2021	535,000	207,273	100,000	6,250	221,491	105,046	1,175,060
2022	555,000	185,873	100,000	5,750	227,668	97,762	1,172,053
2023	580,000	163,118	100,000	5,250	234,018	90,273	1,172,659
2024	605,000	139,048	100,000	4,750	240,546	82,575	1,171,919
2025	630,000	113,940	100,000	4,250	247,255	74,663	1,170,108
2026	655,000	87,480	100,000	3,750	254,151	66,531	1,166,912
2027	685,000	59,643	100,000	3,250	261,240	58,171	1,167,304
2028	710,000	30,536	100,000	2,750	268,527	49,578	1,161,391
2029	0	0	100,000	2,250	276,016	40,747	419,013
2030	0	0	100,000	1,750	283,715	31,668	417,133
2031	0	0	100,000	1,250	291,628	22,336	415,214
2032	0	0	100,000	750	299,762	12,744	413,256
2033	0	0	50,000	250	153,005	2,884	206,139
<b>Total</b>	<b>\$7,335,000</b>	<b>\$2,322,746</b>	<b>\$1,750,000</b>	<b>\$81,000</b>	<b>\$4,279,518</b>	<b>\$1,362,756</b>	<b>\$17,131,020</b>

## **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, 2015, and have issued our report thereon dated January 8, 2016. 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:

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 two funds that the City did not fully budget for the repayment as follows:

Pendleton Convention Center Fund	\$ <u>85,000</u>
Street HB2001 Fund	\$ <u>21,000</u>

The City had other expenditures over appropriations in the following areas:

Water Fund	
Materials and Services	\$ <u>175,408</u>
Construction and Repair Fund	
Personal Services	\$ <u>10,559</u>

In our review of interfund charges for services and transfers, we found budget errors where the budgeted resources did not equal the budgeted requirements. Interfund activity budgets are required to balance by Oregon budget law, so estimated resources and requirements are not distorted. Actual amounts balanced between funds.

#### **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 January 8, 2016.

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



January 8, 2016



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**INDEPENDENT AUDITOR'S 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**

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

We have audited, in accordance with the 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, 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, 2015, and the related notes to the financial statements, which collectively comprise the City of Pendleton, Oregon's basic financial statements, and have issued our report thereon dated January 8, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Pendleton, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pendleton, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pendleton, Oregon's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as 2015-001, to be a material weakness.

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, Oregon'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*.

### **City of Pendleton, Oregon's Response to Findings**

The City of Pendleton's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Pendleton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dickey and Tremper, LLP*

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

**Pendleton, Oregon**  
**January 8, 2016**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Pendleton, Oregon's compliance with the types of 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, 2015. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and passenger facility charges.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Pendleton's major federal programs and passenger facility charges based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program and on its passenger facility charge program. However, our audit does not provide a legal determination of the City of Pendleton, Oregon's compliance.

**Opinion on Each Major Federal Programs and on Passenger Facility Charge Program**

In our opinion, the City of Pendleton, Oregon, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and passenger facility charges for the year ended June 30, 2015.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the PFC guide and which is described in the accompanying schedule of findings and questioned costs as item 2015-002. Our opinion on the PFC program was not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of the City of Pendleton, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Pendleton, Oregon's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Passenger Facility Charges. Accordingly, this report is not suitable for any other purpose.



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

January 8, 2016

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Fiscal Year Ended June 30, 2015**

<b>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</b>	<b>Pass-Through Entity Identification Number</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
U.S. Department of Transportation:			
Direct programs:			
Airport Improvement Program		20.106	\$ 182,153 **
Small Community Air Service Development Program		20.930	25,837
Passed through the Oregon Department of Transportation:			
Formula Grants for Other than Urbanized Areas	27414	20.509	109,481
Enhanced Mobility of Seniors and Individuals with Disabilities	22704/22705	20.513	<u>174,821</u> **
Total U.S. Department of Transportation			<u>492,292</u>
U.S. Department of Justice:			
Direct programs:			
Bulletproof Vest Partnership Grant		16.607	<u>1,556</u>
Executive Office of the President			
Office of the National Drug Control Policy			
Direct programs:			
High Intensity Drug Trafficking Areas Program	DOJ-HIDTA	16.AAC	128,339
Passed through Oregon State Police:			
High Intensity Drug Trafficking Areas Program	DOJ-HIDTA	16.AAC	<u>5,056</u>
Total Executive Office of the President Office of the National Drug Control Policy			<u>133,395</u>
Total expenditures of Federal Funds			<u>\$ 627,243</u>

\*\* Signifies Major Program

**CITY OF PENDLETON, OREGON**  
**SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES**  
**For The Fiscal Year Ended June 30, 2015**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Passenger Facility Charges (PFC's)	N/A	<u>\$ 20,055</u>

**CITY OF PENDLETON, OREGON**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Fiscal Year Ended June 30, 2015**

**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.

**CITY OF PENDLETON, OREGON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For The Fiscal Year Ended June 30, 2015**

There were no prior year audit findings to report.

**CITY OF PENDLETON, OREGON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Fiscal Year Ended June 30, 2015**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

- 01 The auditor's report expresses an unqualified opinion on the basic financial statements of the City of Pendleton.
- 02 One deficiency in internal control was discovered by the audit of the basic financial statements of the City of Pendleton, Oregon. The deficiency described below as 2015-01 is reported as a material weakness.
- 03 No instances of noncompliance material to the financial statements of the City of Pendleton, Oregon, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

**Federal Awards**

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

Airport Improvement Program (AIP)	CFDA # 20.106
Enhanced Mobility of Seniors and Individuals With Disabilities	CFDA # 20.513
- 08 The threshold for distinguishing Types A and B programs was \$300,000.
- 09 The City of Pendleton was not determined to be a low-risk auditee.

**Passenger Facility Charge Program (PFC)**

- 10 No material weaknesses or significant deficiencies in internal control over the PFC program were disclosed by the audit.
- 11 The auditor's report on compliance expresses an unqualified opinion for the Passenger Facilities Charge Program.
- 12 There was one audit finding required to be reported in other matters, which is described below as 2015-002.

## **SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT**

### **MATERIAL WEAKNESS**

2015-001

*Condition and criteria:* The City's controls over the fiscal year-end financial reporting process rely largely on manual entries to record activity on the modified accrual basis of accounting. There were several journal entries required to correct year-end balances and activity between years and funds. Adjustments were required to correct deferred inflows and revenues between years, transfers between funds, correct the reporting of electricity expenditures between years, and reverse voided checks still in the system.

*Effect:* Adjustments were required to correct the accounting records for the affected areas and some of the adjustments were material, resulting in a material weakness to be reported.

*Cause:* Year-end entries are done each year through a manual process, which increases the risk of human error.

*Auditor's recommendation:* We recommend that management review its year-end journal entry processes to incorporate additional oversight and review of staff work.

*Management's response:* Management concurs with the findings. The Finance Director will split the electric bills with multiple accounts and multiple ending service dates for the fiscal year end check run between fiscal years. Finance is in the midst of a major conversion to a new software financial system and has a .625 FTE supervisor whose priority is being the project manager of the conversion and is tasked with its success. Prior to this past year, we had a full-time supervisor working more than 40 hours per week who was dedicated to accounting. The City and the Finance staff knew that staff would be overloaded and stressed during the conversion. Normally the incorrectly system voided checks would have been found during the bank reconciliation while reviewing why the checks were still outstanding, but due to lack of time, they were not found. (The City has numerous outstanding checks each month.) Finance staff and management have also spent exhausting hours to keep the ambulance receivables in balance after the transfer to a new processing company. The Finance Director overlooked one adjustment of a debit and credit at year end but none of them were critical to the operations of the City or affected customers. Subsidiary customer accounts were in balance. This was a year-end adjustment. When the new software system is complete and staff is fully trained and comfortable with the software, it is hoped that management will have more time to review year end entries. There was no time this year.

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

None

**SECTION IV - FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY  
CHARGE PROGRAM AUDIT**

Type of Finding: Air Carrier Noncompliance – Reporting and Payments

2015-002

*Condition and criteria:* Airlines are required to submit PFC payments to the City's airport by the end of the following month after they are collected from passengers and quarterly reports shall be provided to the airport on or before the last day of the calendar month following the calendar quarter. SeaPort Airlines was late in submitting both payments and quarterly reports to the City's airport and was out of compliance for most of the fiscal year.

*Cause:* The City has processes in place to monitor the payments and reporting requirements and reminded the airlines multiple times regarding their responsibilities. The cause appears to relate to the airline's processes and procedures.

*Auditor's recommendation:* We recommend that management continue to monitor the situation and remind the airline of their payment and reporting responsibilities.

*Management's response:* Airport and Finance performed all duties and tasks that could have been expected but the City can't make the airline write the check. Airport will continue to monitor them and remind the airline of the payments due.