

CITY OF PENDLETON, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2013





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ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2013**

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**CITY OF PENDLETON, OREGON
OFFICIALS OF THE CITY
AS OF JUNE 30, 2013**

MAYOR AND CITY COUNCIL

<u>Name and Address</u>	<u>Term Expires December 31,</u>
Phillip Houk, Mayor 707 NW 3 rd Street Pendleton, OR 97801	2016
Keith May, Council President 5 NE Despain Avenue Pendleton, OR 97801	2014
John Brenne, Council Member PO Box 1404 Pendleton, OR 97801	2014
Becky Marks, Council Member PO Box 494 Pendleton, OR 97801	2016
Chuck Woods, Council Member 414 NW 4th Pendleton, OR 97801	2016
Neil Brown, Council Member 3305 SW Hailey Avenue Pendleton, OR 97801	2014
Jane Hill, Council Member PO Box 339 Pendleton, OR 97801	2016
Al Plute, Council Member 15 SE Emigrant Avenue Pendleton, OR 97801	2014
Tom Young, Council Member 3304 SW Ladow Avenue Pendleton, OR 97801	2016

CITY STAFF

<u>Name</u>	<u>Position</u>
Robb Corbett	City Manager
Linda Carter	Finance Director
Nancy Kerns	City Attorney
Stuart Roberts	Police Chief
Gary Woodson	Fire Chief
Pete Wells	Municipal Judge
Bob Patterson	Public Works Director
Larry Dalrymple	Airport Manager
Tim Simmons	City Engineer
Evan MacKenzie	Planning and Building Director
Dave Byrd	Parks and Recreation Director
Andrea Denton	City Recorder

CITY ADDRESS

Administrative Offices
500 SW Dorion Avenue
Pendleton, Oregon 97801



FINANCIAL SECTION



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, 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 statement.

INDEPENDENT AUDITOR'S REPORT (Continued)

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

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, 2013, 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.D.10, during the year ended June 30, 2013, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting and Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 20 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 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 14, 2014, 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 14, 2014, 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 14, 2014

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, 2013. This Management's Discussion and Analysis (MD&A) is based on currently know facts, decisions, and conditions that existed as of the date of the independent auditor's report. Please read it in conjunction with the City's basic financial statements (beginning on page 20).

Financial Highlights

- Governmental activities revenue increased by \$285,844 or two percent. The majority of the increase came from earnings on the PERS pension assets. Expenditures decreased by \$167,699, with the largest decrease in general government public spending.
- Business-type activities revenue increased by \$1,980,962. Expenditures increased overall by a total of \$1,729,139, 24 percent for the year. This included forgiveness of a \$2 million Clean Water State Revolving loan for revenues and expenditures.
- The unassigned fund balance for the General Fund was \$1,707,700 and the total fund balance was \$3,099,190 or approximately 26% of total general fund expenditures & transfers out. The ending fund balance increased by 15% from the previous year.
- The City's governmental activities total debt decreased by \$1.0 million or 7% over FY2011-12. The bonded debt consists of two General Obligation Bonds approved by the voters and the PERS limited tax pension obligation bonds. The Pendleton Development Commission increased their notes payable by additional borrowing of \$325,000. The Airport Connector Road debt of \$500,000 was paid off with fuel tax revenues. The City borrowed \$50,000 for the Olney Housing Project for pre-development costs.
- Enterprise fund debt decreased to a total of \$18.34 million. The Sewer Fund had a \$2 million Clean Water State Revolving Fund note forgiven as mentioned above.

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, Airport, and Cemetery.

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

The government-wide financial statements can be found on pages 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 25 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, State Tax Street Fund, and LID Construction Fund, which are considered to be *major funds*. Three of these funds are combined with the General Fund as sub-funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *nonmajor* governmental funds is provided in the form of *combining statements* in the supplemental information section of this report.

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

The basic governmental fund financial statements can be found on pages 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 39-68 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 \$68,857,006 at the close of the FY2012-13 year. Restricted net assets in the governmental funds include \$847,127 for debt service, and \$7,157 street tax monies reserved for street operations and construction, \$870,117 of restricted funds for Library and the Cemetery Perpetual Care funds. Proprietary Funds have a restricted balance of \$951,926 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 \$62,210,323 or 91 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

	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>Change</u>
Assets			
Current and other assets	\$14,761,616	\$15,411,533	\$649,917
Capital assets	37,913,982	37,211,295	(702,687)
Total assets	<u>\$52,675,598</u>	<u>\$52,622,828</u>	<u>(52,770)</u>
Liabilities			
Long-term liabilities outstanding	\$14,956,990	\$14,015,253	(\$941,737)
Other liabilities	879,677	823,300	(56,377)
Total liabilities	<u>\$15,836,667</u>	<u>\$14,838,553</u>	<u>(998,114)</u>
Net Position			
Invested in capital assets, net of related debt	\$33,552,411	\$34,037,647	\$485,236
Restricted	2,011,242	2,428,660	417,418
Unrestricted (deficit)	1,275,278	1,317,968	42,690
Total Net Position	<u>\$36,838,931</u>	<u>\$37,784,275</u>	<u>\$945,344</u>

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

Business-type Activities			
	FY 2011-12	FY 2012-13	Change
Assets			
Current and other assets	\$4,556,174	\$3,714,483	(\$841,691)
Capital assets	47,350,000	46,512,078	-837,922
Total assets	\$51,906,174	\$50,226,561	-\$1,679,613
Liabilities			
Long-term liabilities outstanding	\$21,369,342	\$18,664,026	-\$2,705,316
Other liabilities	1,012,088	489,804	(522,284)
Total liabilities	\$22,381,430	\$19,153,830	-\$3,227,600
Net Position			
Invested in capital assets, net of related debt	\$26,286,053	\$28,172,676	\$1,886,623
Restricted	744,698	951,926	207,228
Unrestricted (deficit)	2,493,993	1,948,129	(545,864)
Total Net Position	\$29,524,744	\$31,072,731	\$1,547,987

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

Total Net Position			
	FY 2011-12	FY 2012-13	Change
Assets			
Current and other assets	\$19,317,790	\$19,126,016	(\$191,774)
Capital assets	85,263,982	83,723,373	(1,540,609)
Total assets	\$104,581,772	\$102,849,389	-\$1,732,383
Liabilities			
Long-term liabilities outstanding	36,326,332	\$32,679,279	(\$3,647,053)
Other liabilities	1,891,765	1,313,104	(578,661)
Total liabilities	\$38,218,097	\$33,992,383	(\$4,225,714)
Net Positions			
Invested in capital assets, net of related debt	\$59,838,464	\$62,210,323	\$2,371,859
Restricted	2,755,940	3,380,586	624,646
Unrestricted (deficit)	3,769,271	3,266,097	(503,174)
Total Net Positions	\$66,363,675	\$68,857,006	\$2,493,331

An additional portion of the City's net position \$3,380,586 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 \$3,266,097 or approximately five percent. Unrestricted net position decreased from the previous year by \$503,174.

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

B. Analysis of Changes in Net Position

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

Governmental Activities			
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$3,240,789	\$3,374,965	\$134,176
Operating grants & contributions	2,230,843	2,375,489	144,646
Capital grants & contributions	2,036,067	1,688,831	(347,236)
<i>General revenues:</i>			
Property taxes	5,796,678	5,978,126	181,448
Franchise fees	3,887,579	3,671,436	(216,143)
Investment earnings	137,599	518,728	381,129
Other	229,124	157,172	(71,952)
Total revenues	<u>\$17,558,679</u>	<u>\$17,764,747</u>	<u>\$206,068</u>
Expenditures			
General government	\$2,695,345	\$2,550,139	(\$145,206)
Public safety	7,881,841	7,793,092	(88,749)
Highways & streets	2,165,266	2,419,298	254,032
Culture & recreation	3,099,377	3,017,728	(81,649)
Amortization of PERS prepayment	319,809	271,125	(48,684)
Interest on long-term debt	762,420	704,977	(57,443)
Total expenses	<u>\$16,924,058</u>	<u>\$16,756,359</u>	<u>(\$167,699)</u>
Change in net position	\$634,621	\$1,008,388	\$373,767
Extraordinary	0	79,776	79,776
Transfers	(50,955)	(142,820)	(91,865)
Change in net position	583,666	945,344	361,678
Net Position -- beginning	<u>\$36,255,265</u>	<u>\$36,838,931</u>	<u>\$583,666</u>
Net Position -- ending	<u><u>\$36,838,931</u></u>	<u><u>\$37,784,275</u></u>	<u><u>\$945,344</u></u>

Table 2-B

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

Business-type Activities

	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$7,454,513	\$7,763,644	\$309,131
Operating grants & contributions	153,604	9,000	(144,604)
Capital grants & contributions	606,486	2,427,316	1,820,830
<i>General revenues:</i>			
Investment earnings	50,236	56,260	6,024
Other	30,129	19,710	(10,419)
Total revenues	<u>\$8,294,968</u>	<u>\$10,275,930</u>	<u>\$1,980,962</u>
Expenses			
Water	\$3,064,938	\$3,200,306	\$135,368
Sewer	2,457,892	4,047,568	1,589,676
Airport	1,342,683	1,377,561	34,878
Cemetery	276,111	245,328	(30,783)
Total expenses	<u>\$7,141,624</u>	<u>\$8,870,763</u>	<u>\$1,729,139</u>
Change in net position	\$1,153,344	\$1,405,167	\$251,823
Transfers	50,955	142,820	91,865
Change in net position	1,204,299	1,547,987	343,688
Net position -- beginning	<u>\$28,320,445</u>	<u>\$29,524,744</u>	<u>\$1,204,299</u>
Net position -- ending	<u>\$29,524,744</u>	<u>\$31,072,731</u>	<u>\$1,547,987</u>

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

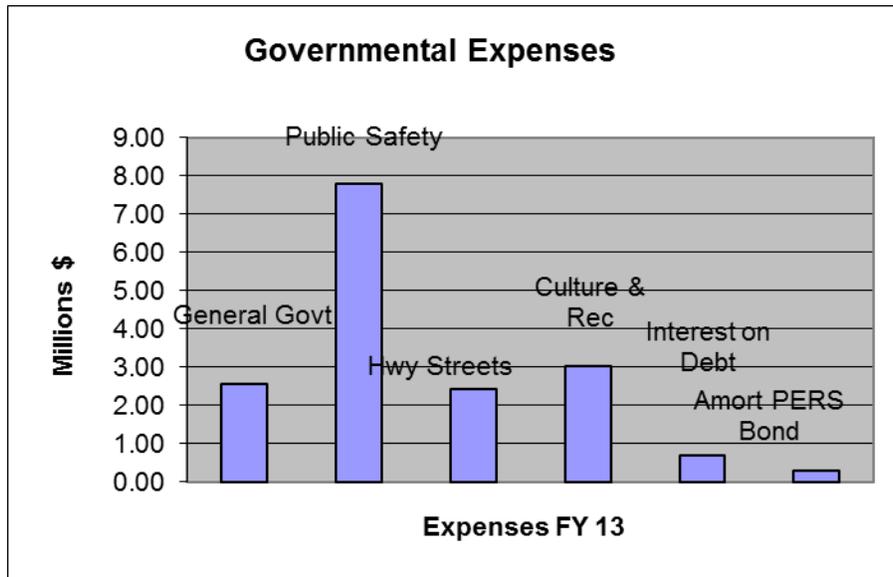
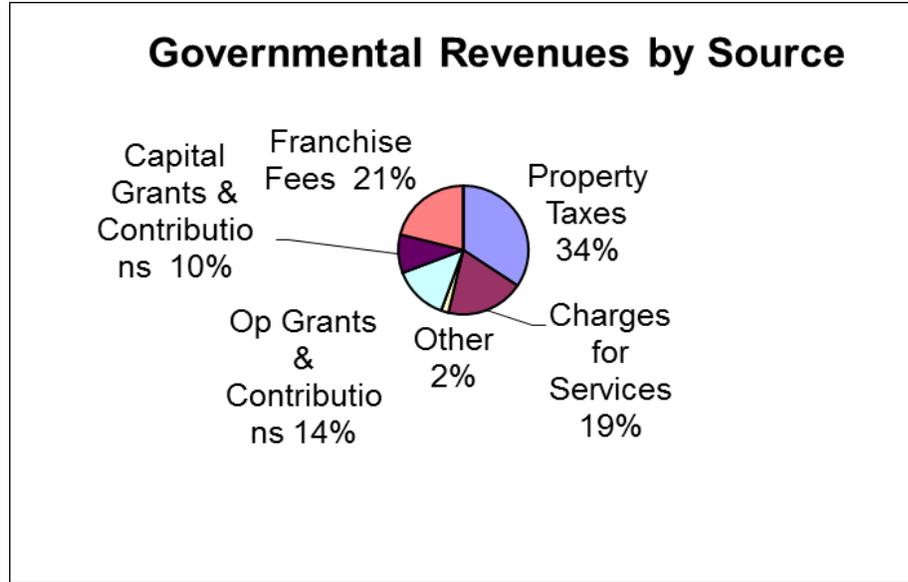
Total Net Assets

	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$10,695,302	\$11,138,609	\$443,307
Operating grants & contributions	2,384,447	2,384,489	42
Capital grants & contributions	2,642,553	4,116,147	1,473,594
<i>General revenues:</i>			
Property taxes	5,796,678	5,978,126	181,448
Franchise fees	3,887,579	3,671,436	(216,143)
Investment earnings	187,835	574,988	387,153
Other	259,253	176,882	(82,371)
Total revenues	<u>\$25,853,647</u>	<u>\$28,040,677</u>	<u>\$2,187,030</u>
Expenses			
General government	\$2,695,345	\$2,550,139	(\$145,206)
Public safety	7,881,841	7,793,092	(88,749)
Highways & streets	2,165,266	2,419,298	254,032
Culture & recreation	3,099,377	3,017,728	(81,649)
Amortization of PERS prepayment	319,809	271,125	(48,684)
Interest on long-term debt	762,420	704,977	(57,443)
Water	3,064,938	3,200,306	135,368
Sewer	2,457,892	4,047,568	1,589,676
Airport	1,342,683	1,377,561	34,878
Cemetery	276,111	245,328	(30,783)
Total expenses	<u>\$24,065,682</u>	<u>\$25,627,122</u>	<u>\$1,561,440</u>
Change in net position	\$1,787,965	\$2,413,555	\$625,590
Extraordinary	0	79,776	79,776
Transfers	0	0	0
Change in net position	1,787,965	2,493,331	705,366
Net position -- beginning	<u>\$64,575,710</u>	<u>\$66,363,675</u>	<u>\$1,787,965</u>
Net position -- ending	<u>\$66,363,675</u>	<u>\$68,857,006</u>	<u>\$2,493,331</u>

As noted above, the City of Pendleton's overall net assets increased by \$2,493,331 during FY2012-13. This increase is explained in the government and business-type activities discussion below.

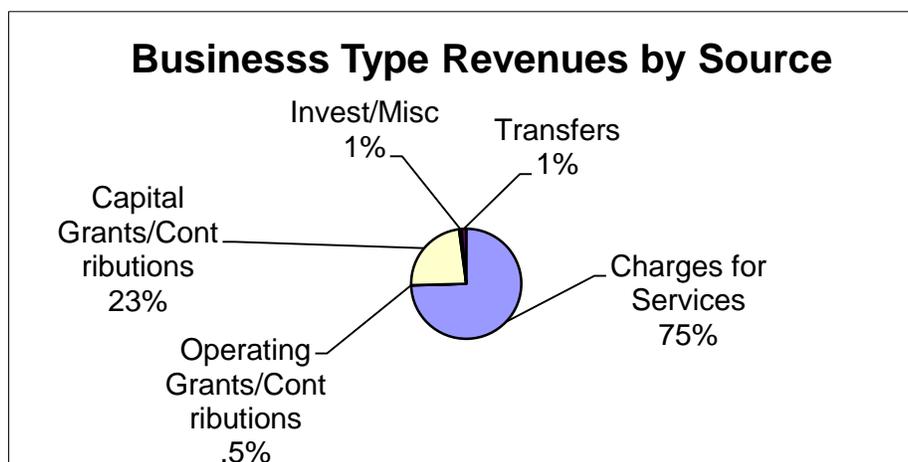
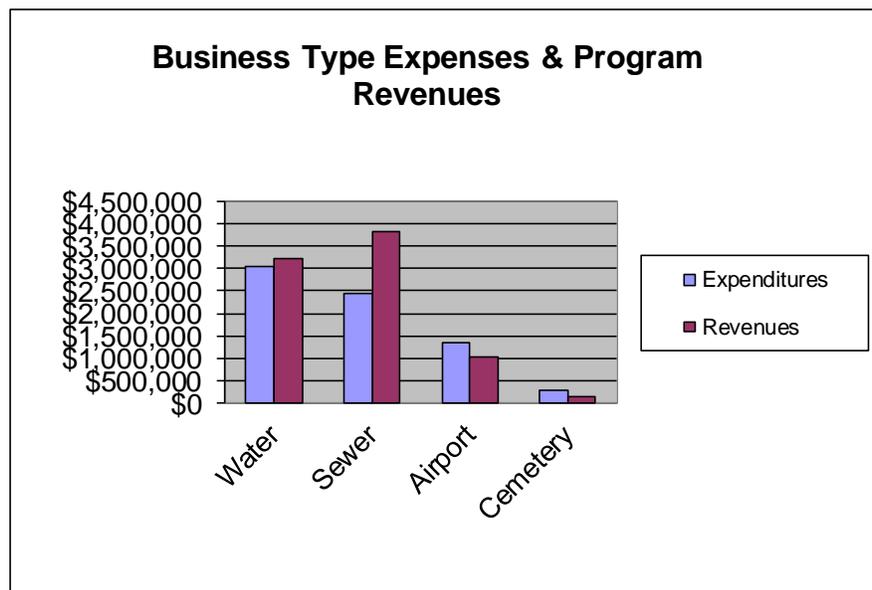
Governmental activities. The major factors for the governmental activities net asset increase included increased receipts of operating grants and contributions, PERS return on assets, and overall expenses were maintained at less than prior year's. Capital expenditures were kept to a minimum if there were not capital grant receipts offsetting the costs of construction. Expenditures also decreased overall by approximately \$167,699. The net affect was net assets ending balance of \$37,784,275, a three percent increase.

The following graphs provide visual representation of the expenses and revenues for governmental activities for FY2012-13.



Business-type activities. Business-type activities increased the City's net assets by \$1,547,987, up from FY12. Charges for services increased by \$309,131 overall with increase in two of the four enterprise funds, water and sewer which received more revenues than in FY12. Capital grants and contributions increased by \$1,820,830. This increase was mainly due to the loan forgiveness for the Sewer treatment plant upgrade. Airport Improvement Projects (AIPS) FAA dollars for airport improvements declined as the Airport was between two projects. Total revenues taken in were more than total expenses by \$1,405,167 for FY13. Two of the four business-type funds had positive net revenues over expenditures, water and sewer.

The following graphs provide visual representation of the expenses and revenues for business-type activities for FY2012-13.



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 \$7,971,404, an increase of \$892,492. Of the combined ending fund balances, \$1,494,106 or 19 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 \$506,892 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 \$870,117, 3) to pay for future debt service payments of \$847,127, 4) advances to other funds of \$1,511,000 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 \$1,707,700.

As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total fund balance represents 19 percent of total General Fund expenditures and transfers.

The General Fund balance increased by \$404,304 during FY2012-13 as compared to an increase of \$720,652 in FY12. Key factors in that affected fund balance are as follows:

- Revenues received by the General Fund increased by 3%, taking in \$11,778,889 for the year. Charges for Services increased by \$226,249 or 21%, which is directly related to ambulance related income. Contributions increased over \$100,000 due to the Pioneer playground reconstruction and statue fundraising.
- Expenditures & transfers decreased by 3% for a total of \$11,717,171. All other categories beside capital outlay had similar expenditures as the prior years. Those expenditures include general government, public safety, culture and recreation.
- Capital Outlay of \$258,550 was substantially reduced as compared to \$711,209 for the prior year for governmental projects. Pioneer Park reconstruction from an arson fire was the only major project for the General Fund.

See pages 69-82 for greater detail on Combining Statements for governmental funds.

B. Proprietary funds

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

Unrestricted net assets of the Water Fund, Sewer Fund, Airport Fund and Cemetery Fund at the end of the year amounted to (\$263,531), \$4,263,108, (\$2,094,503) and (\$23,396) respectively. The Water Fund owed \$3.57 million to the State for the water treatment plant at the end of the fiscal year. The Sewer Fund has borrowed \$6.6 million from the Clean Water State Revolving Loan Fund (CWSRF) for the wastewater treatment plant upgrades required by the DEQ along with the remaining \$8.16 million in sewer revenue bonds. Two million dollars of the CWSRF loans were forgiven during the year. The Airport Fund owes approximately \$2.248 million to other City funds for AIP capital improvements and operating expenses. Total net position for business-type activities increased by \$1,558,020, due to the two million sewer debt forgiveness.

See Combining Statements on pages 83-87 for the internal service funds, and pages 118-131 for the proprietary funds budgetary schedules.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- A determination was made that a vacation benefit was subject to PERS rates. The budget was adjusted to the affected funds, Police and Fire Department to increase their personnel budgets by a total of \$12,300 and decrease contingency by the same amount. Resolution #2511.
- Increased appropriations to accommodate memorial park bench purchase. Increased donations by \$3,500 for bench donations. Increased capital outlay in Non-Departmental for AAUW Pioneer Park playground reconstruction. Revenues were increased \$500,000 for donations and insurance payments to cover the cost. Increased Non-Departmental to provide for RARE student program. Increased in miscellaneous revenues for donations received for the RARE program for \$22,000. Resolution #2514.
- Increased transfers to Cemetery for operations support for FY13 by \$50,000. Contingency was reduced to balance fund. Resolution #2519.
- Increased fuel expenditures for Fire Department for the amount of increased revenues earned for out-of district fire suppression support revenue received of \$5,000. Resolution #2526.

The net change in budgeted fund balance during the year was an increase of \$530,500.

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, 2013, amounts to \$83,723,373 (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 \$1,540,609 or two percent (a two percent decrease 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:

- Pioneer playground structure was partially destroyed by an arson fire. With insurance proceeds and community support, the playground structure was rebuilt for approximately \$214,000.
- The Airport fund closed out the year with \$267,137 in FAA improvements due to the rehabilitation of a taxiway.
- The NW Carden Avenue road and utilities reconstruction was completed with \$132,144 contribution from the State.
- The Sewer Fund expended approximately \$406,000 on the Wastewater Treatment Plant upgrade.
- The Water Fund expended approximately \$200,000 in capital improvements related to the ASR project (Aquifer Storage and Recovery).
- Two bronze statues were built and erected at the entrance gateways of Pendleton for approximately \$66,300 with the majority of funding coming from grants and the ARTS funding.

- Depreciation for governmental activities expense for FY13 was \$2,247,806 versus capital outlay expenditures of \$987,547. Depreciation for business-type activities expense for FY13 was \$2,855,457 versus capital outlay expenditures of \$2,017,536.

The following table provides comparative information on the City's capital assets for FY2011-12 and FY2012-13.

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

Governmental Activities

Asset Category	FY 2011-12	FY 2012-13	Change
Land	\$2,796,554	\$3,761,554	\$965,000
Assets available for sale	308,726	308,726	0
Buildings	15,335,352	15,383,937	48,585
Equipment	7,066,186	7,050,757	(15,429)
Improvements	23,461,799	24,105,987	644,188
Infrastructure	20,926,650	20,926,650	0
Work in progress	309,496	30,444	(279,052)
Accumulated depreciation & amort.	<u>(32,290,781)</u>	<u>(34,356,760)</u>	<u>(2,065,979)</u>
Total	<u>\$37,913,982</u>	<u>\$37,211,295</u>	<u>(\$702,687)</u>

Business-type Activities

Asset Category	FY 2011-12	FY 2012-13	Change
Land	\$319,919	\$319,919	\$0
Buildings	14,450,374	14,516,339	\$65,965
Equipment	18,326,550	18,387,786	61,236
Improvements	31,626,844	53,046,276	21,419,432
Work in progress	19,555,296	26,197	(19,529,099)
Accumulated depreciation & amort.	<u>(36,928,983)</u>	<u>(39,784,439)</u>	<u>(2,855,456)</u>
Total	<u>\$47,350,000</u>	<u>\$46,512,078</u>	<u>(\$837,922)</u>

Total Net Capital Assets

Asset Category	FY 2011-12	FY 2012-13	Change
Land	\$3,116,473	\$4,081,473	\$965,000
Assets available for sale	308,726	308,726	0
Buildings	29,785,726	29,900,276	114,550
Equipment	25,392,736	25,438,543	45,807
Improvements	55,088,643	77,152,263	22,063,620
Infrastructure	20,926,650	20,926,650	0
Work in progress	19,864,792	56,641	(19,808,151)
Accumulated depreciation & amort.	<u>(69,219,764)</u>	<u>(74,141,199)</u>	<u>(4,921,435)</u>
Total	<u>\$85,263,982</u>	<u>\$83,723,373</u>	<u>(\$1,540,609)</u>

Additional information on the City of Pendleton's capital assets can be found in footnote III.E. on pages 54-55 of this report.

B. Debt Administration

As of June 30, 2013, the City had General Obligation Bond debt outstanding of \$910,000. The general obligation debt outstanding is backed by the full faith and credit and taxing power of the City. Debt payments of \$445,000 were made on scheduled for FY13. 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, 2013, the City had PERS debt outstanding of \$6,510,000.

A construction loan with Oregon Transportation Investment Bank (OTIP) for the construction of the Airport Connector Road and improvements was paid in full by June 30th. A construction loan for the local improvement district (LID) construction at Sunridge Estates was received for \$1.3 million and had a balance of \$1,094,736 at June 30th. This loan will be paid back from the contractor on a loan payment schedule along with prepayments from sold lots. The City also assumed a USDA loan in the purchase of the Airport Road police station. The balance of the USDA loan at June 30th was \$785,458. The City took out a development loan from Horizon Project, Inc., for startup costs on the Olney Housing Project for \$50,000.

The Pendleton Development Commission (PDC) was advanced \$325,000 in loan proceeds for the PDC projects including façade restoration and Jump Start loans. Total PDC loan balance outstanding at June 30th was \$3,496,411.

In addition, the Water Fund owed \$3,574,401 to the State of Oregon, Safe Drinking Water State Revolving Loan Fund for the construction of the water treatment plant and intake facility. This debt is funded by Water Fund revenue.

The City sold Wastewater Revenue Bonds to finance costs of improvements to the City’s sanitary sewerage facilities for \$9,980,000 in December 07. Sewer rates were increased to cover the debt service required in the future. The balance of the outstanding bonds as of June 30th was \$8,165,000. The City has also obtained Clean Water Revolving Loan funds for the wastewater treatment plan upgrades. The loan balance as of June 30th was \$6,600,000. \$2 million of this debt had a loan forgiveness clause observed this year.

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

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

Governmental Activities			
Debt Category	FY 2011-12	FY 2012-13	Change
General Obligation Bonds	\$1,355,000	\$910,000	(\$445,000)
Less Deferred Refunding	(18,060)	(12,831)	5,229
Limited Tax Pension Obligation Bonds	6,665,000	6,510,000	(155,000)
Notes Payable	2,481,209	1,930,195	(551,014)
Notes Payable - PDC	3,353,676	3,496,411	142,735
Total	\$13,836,825	\$12,833,775	(\$1,003,050)

Business-type Activities

Debt Category	FY 2011-12	FY 2012-13	Change
Revenue Bonds Payable	\$8,560,000	\$8,165,000	(\$395,000)
Notes Payable	12,503,948	10,174,403	(2,329,545)
Total	\$21,063,948	\$18,339,403	(\$2,724,545)

Total Outstanding Debt

Debt Category	FY 2011-12	FY 2012-13	Change
General Obligation Bonds	\$1,355,000	\$910,000	(\$445,000)
Less Deferred Refunding	(18,060)	(12,831)	5,229
Limited Tax Pension Obligation Bonds	6,665,000	6,510,000	(155,000)
Revenue Bonds Payable	8,560,000	8,165,000	(395,000)
Notes Payable	18,338,833	15,601,009	(2,737,824)
Total	\$34,900,773	\$31,173,178	(\$3,727,595)

The City's total debt decreased by \$3,727,595 (eleven percent) during the current fiscal year. Debt for governmental activities decreased by \$1,003,050 while debt for business-type activities decreased by \$2,724,545. Business-type activities debt decreased by 13% due to the \$2 million debt forgiveness for the wastewater treatment plant upgrade through the Clean Water State Revolving Fund.

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 FY2012-13 real market value, this debt limitation is \$31,847,918. The amount of outstanding City debt subject to this limitation is \$7,420,000.

Additional information on the City of Pendleton's bonded debt can be found in the notes to the basic financial statements on pages 57-62.

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 FY2014 budget:

- Assessed values, the basis of property tax revenues, will grow by 2%.
- Property tax rate is set at 6.5771 as a permanent rate due to Measure 50.
- Health insurance rates expected a 2% increase and Workers Comp rates would raise by 16%.
- Fire salaries would increase by 2% in July.
- OPEU would increase by 2.5% in July.
- Exempt salaries would increase by 2% in July.
- Police salaries would increase by 1.8% in July.
- General Fund capital improvements would be minimal due to lack of funds available except for donation/grant funded construction.

- Water residential rates would increase by the 5% .
- Sewer rates would increase by CPI to maintain operations and provide for revenue bond payments.
- House Bill 2001 would provide funding for airport road improvements for over \$1.2 million.

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

CITY OF PENDLETON, OREGON
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,098,155	\$ 2,942,332	\$ 8,040,487
Receivables:			
Accounts, net	1,361,464	564,387	1,925,851
Property taxes	489,357	-	489,357
Assessments	1,378,471	-	1,378,471
Notes	557,036	139,095	696,131
Interest	9	292	301
Internal balances	1,317,748	(1,317,748)	-
Prepaid items	80,038	25,425	105,463
Inventories	-	305,670	305,670
Bond discounts and issuance costs	70,888	103,104	173,992
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	847,126	143,618	990,744
Investments	-	808,308	808,308
Pension asset	3,341,023	-	3,341,023
Permanently restricted:			
Cash and cash equivalents	155,589	-	155,589
Investments	714,629	-	714,629
Capital assets:			
Land	3,761,554	319,919	4,081,473
Assets available for sale	308,726	-	308,726
Construction in progress	30,444	26,197	56,641
Depreciable assets, net of depreciation	33,110,571	46,165,962	79,276,533
Total assets	<u>52,622,828</u>	<u>50,226,561</u>	<u>102,849,389</u>
DEFERRED OUTFLOW OF RESOURCES	-	-	-
LIABILITIES			
Accounts payable and accrued expenses	624,964	211,477	836,441
Deposits	84,594	599	85,193
Accrued interest payable	113,742	277,728	391,470
Long-term obligations:			
Due within one year	1,669,668	1,095,392	2,765,060
Due in more than one year	12,345,585	17,568,634	29,914,219
Total liabilities	<u>14,838,553</u>	<u>19,153,830</u>	<u>33,992,383</u>
DEFERRED INFLOW OF RESOURCES	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	34,037,647	28,172,676	62,210,323
Restricted for:			
Debt service	847,126	951,926	1,799,052
Highways and streets	7,157	-	7,157
Program services and grants	145,042	-	145,042
Urban renewal	559,218	-	559,218
Library permanent trust	140,578	-	140,578
Cemetery perpetual care permanent trust	729,539	-	729,539
Unrestricted	1,317,968	1,948,129	3,266,097
Total net position	<u>\$ 37,784,275</u>	<u>\$ 31,072,731</u>	<u>\$ 68,857,006</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, 2013

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
Governmental activities:							
General government	\$ 2,550,139	\$ 1,122,604	\$ 488,303	\$ 47,243	\$ (891,989)	\$ -	\$ (891,989)
Public safety	7,793,092	1,640,694	184,887	141,984	(5,825,527)	-	(5,825,527)
Highways and streets	2,419,298	236,390	1,174,928	1,493,039	485,059	-	485,059
Culture and recreation	3,017,728	375,277	527,371	6,565	(2,108,515)	-	(2,108,515)
Amortiation of PERS prepayment	271,125	-	-	-	(271,125)	-	(271,125)
Interest on long-term obligations	704,977	-	-	-	(704,977)	-	(704,977)
Total governmental activities	16,756,359	3,374,965	2,375,489	1,688,831	(9,317,074)	-	(9,317,074)
Business-type activities:							
Water	3,200,306	3,442,534	-	21,155	-	263,383	263,383
Sewer	4,047,568	3,847,533	-	2,257,146	-	2,057,111	2,057,111
Airport	1,377,561	374,870	5,000	149,015	-	(848,676)	(848,676)
Cemetery	245,328	98,707	4,000	-	-	(142,621)	(142,621)
Total business-type activities	8,870,763	7,763,644	9,000	2,427,316	-	1,329,197	1,329,197
Total primary government	\$25,627,122	\$11,138,609	\$2,384,489	\$4,116,147	(9,317,074)	1,329,197	(7,987,877)
General revenues:							
Property taxes levied for:							
General purposes					4,919,500	-	4,919,500
Debt service					1,058,626	-	1,058,626
Franchise and public services taxes					3,671,436	-	3,671,436
Interest and investment earnings					81,852	56,260	138,112
Investment earnings (loss) on pension asset					436,876	-	436,876
Miscellaneous					157,172	11,018	168,190
Gain (loss) on sale of property					-	8,692	8,692
Extraordinary Item							
Pioneer Park gain on impairment					79,776	-	79,776
Transfers					(142,820)	142,820	-
Total general revenues, special items, and transfers					10,262,418	218,790	10,481,208
Change in net position					945,344	1,547,987	2,493,331
Net Position, beginning					36,838,931	29,524,744	66,363,675
Net Position, ending					\$ 37,784,275	\$ 31,072,731	\$ 68,857,006

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



FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

The General Fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. Expenditures are primarily for Police, Fire, Planning, and General Operations. The activities for the Community Rehabilitation Fund, 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, 2013

	Combined General Fund	Street Fund	LID Construction Fund	Other Governmental Funds	Totals
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,312,993	\$ 491,322	\$ 143	\$ 2,691,969	\$ 5,496,427
Investments	-	-	-	714,629	714,629
Receivables:					
Property taxes	404,537	-	-	84,820	489,357
Accounts, net	873,135	223,212	-	252,080	1,348,427
Interest	9	-	-	-	9
Assessments	79,601	-	1,297,458	1,412	1,378,471
Notes	418,719	-	-	138,317	557,036
Advances to other funds	348,000	13,000	-	1,150,000	1,511,000
Prepaid items	43,677	8,625	-	9,827	62,129
	<u>4,480,671</u>	<u>736,159</u>	<u>1,297,601</u>	<u>5,043,054</u>	<u>11,557,485</u>
Total assets	<u>\$ 4,480,671</u>	<u>\$ 736,159</u>	<u>\$ 1,297,601</u>	<u>\$ 5,043,054</u>	<u>\$ 11,557,485</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 423,762	\$ 68,971	\$ 123	\$ 84,524	\$ 577,380
Deposits	75	-	-	48,064	48,139
Deferred revenue	859,644	138,671	1,297,459	254,288	2,550,062
Advances from other funds	98,000	-	13,000	299,500	410,500
	<u>1,381,481</u>	<u>207,642</u>	<u>1,310,582</u>	<u>686,376</u>	<u>3,586,081</u>
Total liabilities	<u>1,381,481</u>	<u>207,642</u>	<u>1,310,582</u>	<u>686,376</u>	<u>3,586,081</u>
FUND BALANCES (DEFICIT)					
Nonspendable	391,677	21,625	-	2,028,627	2,441,929
Restricted	27,735	-	-	1,532,126	1,559,861
Committed	197,761	-	-	485,804	683,565
Assigned	774,317	506,892	-	510,734	1,791,943
Unassigned	1,707,700	-	(12,981)	(200,613)	1,494,106
	<u>3,099,190</u>	<u>528,517</u>	<u>(12,981)</u>	<u>4,356,678</u>	<u>7,971,404</u>
Total fund balances	<u>3,099,190</u>	<u>528,517</u>	<u>(12,981)</u>	<u>4,356,678</u>	<u>7,971,404</u>
Total liabilities and fund balances	<u>\$ 4,480,671</u>	<u>\$ 736,159</u>	<u>\$ 1,297,601</u>	<u>\$ 5,043,054</u>	<u>\$ 11,557,485</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, 2013

Fund balances - total governmental funds \$ 7,971,404

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 37,059,987

Pension assets resulting from contributions in excess of the annual required contribution and bond issuance costs are not financial resources, and therefore, are not reported in the funds. 3,411,911

Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements. 2,550,062

Other post employment benefits payable are not due and payable in the current period, and, therefore, are not reported in the funds. (556,951)

Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds. (399,777)

Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements. (113,742)

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. (12,833,773)

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	\$ 604,444
Accounts receivable, net	13,037
Prepaid items	17,909
Internal balances	217,248
Capital assets, net	151,308
Accounts payable and accrued expenses	(47,585)
Deposits	(36,455)
Other post employment benefits liability	(138,902)
Compensated absences payable	<u>(85,850)</u>

Total internal service funds 695,154

Net position of governmental activities \$37,784,275

CITY OF PENDLETON, OREGON
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

	Combined General Fund	Street Fund	LID Construction Fund	Other Governmental Funds	Totals
REVENUES					
Property taxes	\$ 4,950,104	\$ -	\$ -	\$ 1,064,129	\$ 6,014,233
Other taxes	545,358	-	-	771,517	1,316,875
Franchise fees	2,368,140	-	-	-	2,368,140
Licenses and fees	715,529	-	-	210,093	925,622
Charges for services	1,329,782	217,194	-	372,930	1,919,906
Intergovernmental	933,871	902,892	-	1,255,602	3,092,365
Fines and forfeitures	399,122	-	-	-	399,122
Assessments	33,503	-	180,363	573	214,439
Loan repayments	212,040	-	-	12,662	224,702
Contributions	163,211	-	-	56,358	219,569
Interest on investments	23,555	3,719	36	51,623	78,933
Miscellaneous	104,674	19,196	25	27,129	151,024
TOTAL REVENUES	<u>11,778,889</u>	<u>1,143,001</u>	<u>180,424</u>	<u>3,822,616</u>	<u>16,924,930</u>
EXPENDITURES					
Current:					
General government	1,452,374	-	369	1,095,340	2,548,083
Public safety	7,260,213	-	-	165,046	7,425,259
Culture and recreation	1,970,467	-	-	516,617	2,487,084
Highways and streets	-	961,781	-	-	961,781
Capital outlay	258,550	159,842	-	569,155	987,547
Debt service	561,192	-	126,946	1,387,999	2,076,137
TOTAL EXPENDITURES	<u>11,502,796</u>	<u>1,121,623</u>	<u>127,315</u>	<u>3,734,157</u>	<u>16,485,891</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>276,093</u>	<u>21,378</u>	<u>53,109</u>	<u>88,459</u>	<u>439,039</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	-	-	-	6,169	6,169
Issuance of debt	50,000	-	-	325,000	375,000
Transfers in	147,000	-	-	110,777	257,777
Transfers out	(214,375)	(10,060)	-	(106,642)	(331,077)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(17,375)</u>	<u>(10,060)</u>	<u>-</u>	<u>335,304</u>	<u>307,869</u>
EXTRAORDINARY ITEM					
Pioneer Park insurance proceeds	145,586	-	-	-	145,586
NET CHANGE IN FUND BALANCE	404,304	11,318	53,109	423,763	892,494
FUND BALANCE (DEFICIT), Beginning	<u>2,694,886</u>	<u>517,199</u>	<u>(66,090)</u>	<u>3,932,915</u>	<u>7,078,910</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 3,099,190</u>	<u>\$ 528,517</u>	<u>\$ (12,981)</u>	<u>\$ 4,356,678</u>	<u>\$ 7,971,404</u>

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

CITY OF PENDLETON, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

Net change in fund balance - governmental funds \$ 892,494

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

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

Deferred revenues (433,769)

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.

1,378,050

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

(375,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds:

Change in compensated absences 54,115
Change in other post employment benefits liability (79,850)
Change in accrued interest payable (1,903)
Amortization of bond discounts and issuance costs (4,989)

Governmental funds report the payment to PERS made from bond proceeds to reduce the estimated actuarial unfunded liability as a debt service expenditure. In the Statement of Activities, this added to the pension asset and is amortized over the period benefitted:

Interest earned on pension asset	\$ 436,876	
Amortization of PERS UAL	<u>(271,125)</u>	
		165,751

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over the useful lives and reported as depreciation expense:

Capital asset additions	\$ 673,724	
Donated capital assets	965,000	
Capital asset sale	(36,007)	
Impairment of asset	(65,810)	
Depreciation expense	<u>(2,182,625)</u>	
		(645,718)

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.

(3,837)

Change in net position - governmental activities \$ 945,344

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Property taxes	\$ 5,149,800	\$ 5,149,800	\$ 4,950,104	\$ (199,696)
Other taxes	526,200	526,200	545,358	19,158
Franchise fees	2,436,000	2,436,000	2,368,140	(67,860)
Licenses and fees	612,700	617,700	715,529	97,829
Charges for services	1,146,875	1,146,875	1,329,782	182,907
Intergovernmental	906,700	906,700	933,871	27,171
Fines and forfeitures	312,000	312,000	399,122	87,122
Assessments	675	675	885	210
Contributions	10,500	536,000	163,211	(372,789)
Interest on investments	20,000	20,000	18,978	(1,022)
Miscellaneous	84,000	84,000	104,479	20,479
TOTAL REVENUES	<u>11,205,450</u>	<u>11,735,950</u>	<u>11,529,459</u>	<u>(206,491)</u>
EXPENDITURES				
Current:				
General government	1,505,200	1,527,200	1,357,497	169,703
Public safety	7,447,800	7,465,100	7,260,213	204,887
Culture and recreation	1,973,265	1,976,765	1,970,467	6,298
Capital outlay	99,070	599,070	258,550	340,520
Debt service	554,750	554,750	554,075	675
Contingency	1,796,465	1,734,165	-	1,734,165
TOTAL EXPENDITURES	<u>13,376,550</u>	<u>13,857,050</u>	<u>11,400,802</u>	<u>2,456,248</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,171,100)</u>	<u>(2,121,100)</u>	<u>128,657</u>	<u>2,249,757</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	147,000	147,000	147,000	-
Transfers out	(202,600)	(252,600)	(214,375)	38,225
TOTAL OTHER FINANCING SOURCES (USES)	<u>(55,600)</u>	<u>(105,600)</u>	<u>(67,375)</u>	<u>38,225</u>
EXTRAORDINARY ITEM				
Pioneer Park insurance proceeds	-	-	145,586	145,586
NET CHANGE IN FUND BALANCE	(2,226,700)	(2,226,700)	206,868	2,433,568
FUND BALANCE, Beginning	<u>2,261,500</u>	<u>2,261,500</u>	<u>2,215,719</u>	<u>(45,781)</u>
FUND BALANCE, Ending	<u>\$ 34,800</u>	<u>\$ 34,800</u>	<u>\$ 2,422,587</u>	<u>\$ 2,387,787</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 197,230	\$ 197,230	\$ 217,194	\$ 19,964
Intergovernmental	1,196,500	1,196,500	902,892	(293,608)
Interest on investments	1,020	1,020	3,719	2,699
Miscellaneous	-	-	19,196	19,196
TOTAL REVENUES	<u>1,394,750</u>	<u>1,394,750</u>	<u>1,143,001</u>	<u>(251,749)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	356,840	356,840	314,425	42,415
Materials and services	727,020	727,020	647,356	79,664
Capital outlay	580,000	580,000	159,842	420,158
Contingency	166,430	166,430	-	166,430
TOTAL EXPENDITURES	<u>1,830,290</u>	<u>1,830,290</u>	<u>1,121,623</u>	<u>708,667</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(435,540)</u>	<u>(435,540)</u>	<u>21,378</u>	<u>456,918</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,060)	(10,060)	(10,060)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,060)</u>	<u>(10,060)</u>	<u>(10,060)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(445,600)	(445,600)	11,318	456,918
FUND BALANCE, Beginning	<u>445,600</u>	<u>445,600</u>	<u>517,199</u>	<u>71,599</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,517</u>	<u>\$ 528,517</u>

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



FUND FINANCIAL STATEMENTS

Proprietary Funds

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

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

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

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

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

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

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

CITY OF PENDLETON, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	<u>Business - type Activities - Enterprise Funds</u>					Governmental Activities - Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,732	\$ 2,493,962	\$ 45,411	\$ 4	\$ 2,541,109	\$ 1,005,667
Receivables:						
Accounts, net	535,062	12,812	9,556	5,689	563,119	14,305
Notes	-	-	139,095	-	139,095	-
Interest	-	292	-	-	292	-
Prepaid items	6,350	7,100	1,175	1,300	15,925	27,409
Inventories	<u>270,948</u>	<u>34,722</u>	<u>-</u>	<u>-</u>	<u>305,670</u>	<u>-</u>
Total current assets	<u>814,092</u>	<u>2,548,888</u>	<u>195,237</u>	<u>6,993</u>	<u>3,565,210</u>	<u>1,047,381</u>
Noncurrent assets:						
Restricted cash and cash equivalents	-	143,618	-	-	143,618	-
Restricted investments	-	808,308	-	-	808,308	-
Advances to other funds	-	1,949,512	-	-	1,949,512	22,500
Bond discount and issuance costs	-	103,104	-	-	103,104	-
Capital assets:						
Land	235,477	41,975	21,317	21,150	319,919	-
Construction in progress	-	26,197	-	-	26,197	-
Depreciable assets, net of depreciation	<u>13,836,756</u>	<u>23,154,329</u>	<u>8,384,791</u>	<u>128,143</u>	<u>45,504,019</u>	<u>813,251</u>
Total noncurrent assets	<u>14,072,233</u>	<u>26,227,043</u>	<u>8,406,108</u>	<u>149,293</u>	<u>48,854,677</u>	<u>835,751</u>
Total assets	<u>14,886,325</u>	<u>28,775,931</u>	<u>8,601,345</u>	<u>156,286</u>	<u>52,419,887</u>	<u>1,883,132</u>
DEFERRED OUTFLOW OF RESOURCES						
	-	-	-	-	-	-
LIABILITIES						
Current liabilities:						
Accounts payable	93,066	73,582	21,044	6,516	194,208	64,854
Accrued interest payable	91,631	186,097	-	-	277,728	-
Deposits	599	-	-	-	599	36,455
Compensated absences payable	16,970	26,563	1,674	13,728	58,935	142,294
Current portion of long-term debt	<u>292,321</u>	<u>687,693</u>	<u>-</u>	<u>-</u>	<u>980,014</u>	<u>-</u>
Total current liabilities	494,587	973,935	22,718	20,244	1,511,484	243,603
Long-term debt, net of current portion:						
Advances from other funds	824,512	-	2,248,000	-	3,072,512	-
Other post employment benefits liability	50,845	52,154	19,022	13,145	135,166	212,983
Notes and contracts payable	3,282,081	-	-	-	3,282,081	-
Bonds payable	<u>-</u>	<u>14,077,307</u>	<u>-</u>	<u>-</u>	<u>14,077,307</u>	<u>-</u>
Total liabilities	<u>4,652,025</u>	<u>15,103,396</u>	<u>2,289,740</u>	<u>33,389</u>	<u>22,078,550</u>	<u>456,586</u>
DEFERRED INFLOW OF RESOURCES						
	-	-	-	-	-	-
NET POSITION						
Invested in capital assets, net of related debt	10,497,831	8,457,501	8,406,108	149,293	27,510,733	813,251
Restricted for debt service	-	951,926	-	-	951,926	-
Unrestricted	<u>(263,531)</u>	<u>4,263,108</u>	<u>(2,094,503)</u>	<u>(26,396)</u>	<u>1,878,678</u>	<u>613,295</u>
Total net position	<u>\$10,234,300</u>	<u>\$ 13,672,535</u>	<u>\$ 6,311,605</u>	<u>\$ 122,897</u>	<u>\$ 30,341,337</u>	<u>\$ 1,426,546</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, 2013

Net position- total enterprise funds \$ 30,341,337

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	\$ 401,223	
Accounts receivable, net	1,268	
Prepaid items	9,500	
Internal balances	(194,748)	
Capital assets, net	661,943	
Accounts payable and accrued expenses	(17,269)	
Compensated absences payable	(56,443)	
Other post employment benefits liability	<u>(74,080)</u>	
		<u>731,394</u>

Net position of business - type activities \$ 31,072,731

CITY OF PENDLETON, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Business - type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Total	
OPERATING REVENUES						
Charges for services	\$ 3,418,008	\$ 3,847,531	\$ 374,870	\$ 5,439	\$ 7,645,848	\$3,664,492
Licenses and fees	-	-	-	93,149	93,149	56,657
Miscellaneous	24,526	2	-	119	24,647	9,035
TOTAL OPERATING REVENUES	<u>3,442,534</u>	<u>3,847,533</u>	<u>374,870</u>	<u>98,707</u>	<u>7,763,644</u>	<u>3,730,184</u>
OPERATING EXPENSES						
Personal services	473,393	477,558	234,121	149,413	1,334,485	2,524,321
Materials and services	2,006,749	1,827,068	202,210	84,857	4,120,884	949,855
Depreciation	544,158	1,264,312	894,452	10,740	2,713,662	206,977
TOTAL OPERATING EXPENSES	<u>3,024,300</u>	<u>3,568,938</u>	<u>1,330,783</u>	<u>245,010</u>	<u>8,169,031</u>	<u>3,681,153</u>
OPERATING INCOME (LOSS)	<u>418,234</u>	<u>278,595</u>	<u>(955,913)</u>	<u>(146,303)</u>	<u>(405,387)</u>	<u>49,031</u>
NON-OPERATING INCOME (EXPENSES)						
Intergovernmental	-	-	-	4,000	4,000	24,493
Contributions	-	-	5,000	-	5,000	1,000
Gain (loss) on disposal of capital assets	5,900	-	1,292	-	7,192	1,500
Interest on investments	260	54,735	67	11	55,073	4,106
Interest expense	(177,433)	(479,352)	(45,689)	-	(702,474)	-
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>(171,273)</u>	<u>(424,617)</u>	<u>(39,330)</u>	<u>4,011</u>	<u>(631,209)</u>	<u>31,099</u>
NET INCOME (LOSS) BEFORE TRANSFERS	246,961	(146,022)	(995,243)	(142,292)	(1,036,596)	80,130
CAPITAL CONTRIBUTIONS						
Intergovernmental	21,155	2,257,146	149,015	-	2,427,316	-
TRANSFERS						
Transfers in	-	744,598	78,560	146,775	969,933	-
Transfers out	(11,870)	(757,598)	(8,790)	(24,375)	(802,633)	(94,000)
CHANGE IN NET POSITION	256,246	2,098,124	(776,458)	(19,892)	1,558,020	(13,870)
NET POSITION, Beginning	<u>9,978,054</u>	<u>11,574,411</u>	<u>7,088,063</u>	<u>142,789</u>	<u>28,783,317</u>	<u>1,440,416</u>
NET POSITION, Ending	<u>\$10,234,300</u>	<u>\$13,672,535</u>	<u>\$ 6,311,605</u>	<u>\$122,897</u>	<u>\$30,341,337</u>	<u>\$1,426,546</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, 2013

Change in net position - total enterprise funds	\$ 1,558,020
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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.

(10,033)

Change in net position of business - type activities	\$ <u>1,547,987</u>
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CITY OF PENDLETON, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds					Governmental
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Totals	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,301,089	\$ 3,841,507	\$ 566,364	\$ 99,387	\$ 7,808,347	\$ 80,544
Receipts from interfund services provided	-	-	-	-	-	3,669,598
Payments to suppliers	(1,080,214)	(1,056,813)	(222,499)	(103,027)	(2,462,553)	(1,610,214)
Payments to employees	(308,280)	(306,135)	(190,963)	(103,485)	(908,863)	(1,826,970)
Payments for interfund services used	<u>(1,078,613)</u>	<u>(1,265,806)</u>	<u>(95,467)</u>	<u>(23,310)</u>	<u>(2,463,196)</u>	<u>(8,260)</u>
Net cash provided from (used by) operating activities	<u>833,982</u>	<u>1,212,753</u>	<u>57,435</u>	<u>(130,435)</u>	<u>1,973,735</u>	<u>304,698</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	744,598	78,560	146,775	969,933	-
Transfers out	<u>(11,870)</u>	<u>(757,598)</u>	<u>(8,790)</u>	<u>(24,375)</u>	<u>(802,633)</u>	<u>(94,000)</u>
Net cash provided from (used by) non-capital financing activities	<u>(11,870)</u>	<u>(13,000)</u>	<u>69,770</u>	<u>122,400</u>	<u>167,300</u>	<u>(94,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from intergovernmental revenue	21,155	257,146	149,015	4,000	431,316	24,493
Contributions	-	-	5,000	-	5,000	1,000
Proceeds from sale of capital assets	5,900	-	1,292	-	7,192	1,500
Interfund loan proceeds	-	-	6,251	-	6,251	314,150
Interfund loan payments	(62,138)	(174,095)	-	-	(236,233)	-
Acquisition of capital assets	(321,493)	(1,487,929)	(197,730)	-	(2,007,152)	(26,384)
Principal paid on long-term obligations	(279,546)	(445,000)	-	-	(724,546)	-
Interest paid on long-term obligations	<u>(184,597)</u>	<u>(588,985)</u>	<u>(45,689)</u>	<u>-</u>	<u>(819,271)</u>	<u>-</u>
Net cash provided from (used by) capital and related financing activities	<u>(820,719)</u>	<u>(2,438,863)</u>	<u>(81,861)</u>	<u>4,000</u>	<u>(3,337,443)</u>	<u>314,759</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Net sales (purchases) of investments	-	(3,124)	-	-	(3,124)	-
Interest on investments	<u>260</u>	<u>55,096</u>	<u>67</u>	<u>11</u>	<u>55,434</u>	<u>4,106</u>
Net cash provided (used) by investing activities	<u>260</u>	<u>51,972</u>	<u>67</u>	<u>11</u>	<u>52,310</u>	<u>4,106</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	1,653	(1,187,138)	45,411	(4,024)	(1,144,098)	529,563
CASH AND CASH EQUIVALENTS, Beginning	<u>79</u>	<u>3,824,718</u>	<u>-</u>	<u>4,028</u>	<u>3,828,825</u>	<u>476,104</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,732</u>	<u>\$ 2,637,580</u>	<u>\$ 45,411</u>	<u>\$ 4</u>	<u>\$ 2,684,727</u>	<u>\$ 1,005,667</u>
COMPRISED AS FOLLOWS:						
Cash and cash equivalents	\$ 1,732	\$ 2,493,962	\$ 45,411	\$ 4	\$ 2,541,109	\$ 1,005,667
Restricted cash and cash equivalents	-	143,618	-	-	143,618	-
	<u>\$ 1,732</u>	<u>\$ 2,637,580</u>	<u>\$ 45,411</u>	<u>\$ 4</u>	<u>\$ 2,684,727</u>	<u>\$ 1,005,667</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, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Water Fund	All Sewer Funds	Airport Fund	Non-Major Cemetery Fund	Totals	
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities						
Operating income (loss)	\$ 418,234	\$ 278,595	\$ (955,913)	\$ (146,303)	\$ (405,387)	\$ 49,031
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation	544,158	1,264,312	894,452	10,740	2,713,662	206,977
(Increase) decrease in assets:						
Receivables	(140,880)	(6,026)	191,494	680	45,268	(8,255)
Prepaid	(5,200)	(5,850)	75	(675)	(11,650)	(13,212)
Inventories	6,338	1,076	-	-	7,414	-
Increase (decrease) in liabilities:						
Accounts payable and accrued expenses	(3,874)	(337,096)	(52,182)	2,471	(390,681)	2,807
Deposits	(565)	-	-	-	(565)	28,212
Compensated absences payable	3,842	3,726	(22,798)	5,328	(9,902)	(258)
Other post employment benefits liability	11,929	14,016	2,307	(2,676)	25,576	39,396
Net cash provided from (used by) operating activities	<u>\$ 833,982</u>	<u>\$1,212,753</u>	<u>\$ 57,435</u>	<u>\$ (130,435)</u>	<u>\$ 1,973,735</u>	<u>\$ 304,698</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Intergovernmental revenue/forgiveness of debt	<u>\$ -</u>	<u>\$2,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>

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



FUND FINANCIAL STATEMENTS

Fiduciary Funds

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

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

CITY OF PENDLETON, OREGON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Agency
ASSETS	
Cash and cash equivalents	\$ 65,741
Total assets	\$ 65,741
LIABILITIES	
Accounts payable	\$ 7,323
Due to other governments	58,418
Total liabilities	\$ 65,741

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PENDLETON, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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.

The City changed its accounting policy regarding revenue recognized as available after the current fiscal period from 30 to 35 days in 2012-2013. The City believes 35 days is a better measure of available resources. The change in policy would have very little effect on the prior year financial statements.

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 pension asset is restricted to the payment of pension expenditures. The Sewer funds have \$951,926 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, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

7. Compensated Absences

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

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that met the definition of GASB 54: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

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

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

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

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

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

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

When the option is available to use restricted or unrestricted resources for any purpose, the City expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the City expends committed resources before assigned resources, and assigned resources before unassigned resources.

Fund balances by classification for the year ended June 30, 2013 were as follows:

Fund Balances:	Combined General	Street	LID Construction	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepays/Contracts	\$ 43,677	\$ 8,625	\$ -	\$ 14,427	\$ 66,729
Permanent Trust	-	-	-	864,200	864,200
Interfund loans	348,000	13,000	-	1,150,000	1,511,000
Restricted					
Debt service	27,735	-	-	819,392	847,127
Highways and streets	-	-	-	7,157	7,157
Library permanent trust	-	-	-	1,317	1,317
Library services	-	-	-	65,669	65,669
Public safety	-	-	-	56,513	56,513
Program grants	-	-	-	22,860	22,860
Urban renewal	-	-	-	559,218	559,218
Committed					
Community enhancement	57,714	-	-	-	57,714
Economic development	140,047	-	-	-	140,047
Public safety	-	-	-	195,483	195,483
Highways and streets	-	-	-	183,277	183,277
Capital projects	-	-	-	89,070	89,070
Library services	-	-	-	17,974	17,974
Assigned					
Program operations	29,929	506,892	-	389,377	926,198
Park improvements	-	-	-	121,357	121,357
Economic development	744,388	-	-	-	744,388
Unassigned	1,707,700	-	(12,981)	(200,613)	1,494,106
Total Fund Balances	\$ 3,099,190	\$ 528,517	\$ (12,981)	\$ 4,356,678	\$ 7,971,404

9. Estimates

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

10. Recently Issued and Adopted Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements (SCA)*. SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. This Statement requires governmental operators to report all sharing revenues and expenses. As well as disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. The City has no transactions applicable to Statement 60.

The GASB issued Statement 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statement No. 14 and No. 34*. Organizations that were

previously included as a component unit by meeting fiscal dependency criteria are now required to have a financial benefit/burden relationship with the primary government to be included in the reporting entity as a component unit. The statement also amends and clarifies when a potential component unit should be included in the primary governments reporting entity because it is misleading to exclude them. Component units that were blended based on substantively the same governing body criteria now additionally require that either the same financial benefit/burden relationship discussed above exist or that primary government manage the component unit in essentially the same manner in which it manages its own program, department or agencies.

The GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure. The City adopted GASB Statement 62 in the current year. The adoption of GASB 62 does not have any impact on the City's financial statements, except for the removal of a note disclosure describing the application of pre-November 30, 1989 guidance.

The GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and included four components assets, deferred outflows of resources, liabilities and deferred inflows of resources. The City adopted GASB Statement 63 in the current year. The adoption of GASB 63 does not have an impact on the City's financial statements, except for terminology changes to the statements.

11. Pending Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement restricts the use of the term "deferred" to only those items designed as deferred outflow or deferred inflow of resources by the standards. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

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.

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, PCC TPAC, LID Construction, Fire Capital Reserve, 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 Community Rehabilitation, Sidewalk Repair, Pendleton Convention Center, PCC TPAC, LID Construction, Fire Capital Reserve, and Street HB2001 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, 2013, 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 three funds that the City did not fully budget for the repayment as follows:

Community Rehabilitation Fund Principle	\$	69,668
Community Rehabilitation Fund Interest	\$	1,883
PCC TPAC Fund	\$	4,050
LID Construction Fund Principle	\$	42,000
LID Construction Fund Interest	\$	746

C. Deficit fund balances

Funds having a deficit fund balance on the budgetary basis at June 30, 2013 are as follows:

General Fund sub-funds

Sidewalk Repair Loan Fund	\$	(97,714)
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Special Revenue Funds

Pendleton Convention Center Fund	\$	(158,538)
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Capital Project Funds

LID Construction Fund	\$	(12,981)
Fire Capital Reserve Fund	\$	(39,025)

Enterprise Funds

Water Fund	\$	(121,055)
Airport Fund	\$	(2,214,576)
Cemetery Fund	\$	(13,251)

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2013. 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, 2013, the carrying amount of the City and Urban Renewal Agency's deposits, including certificates of deposit categorized as investments of \$808,308, was \$2,726,096 and the bank balance was \$3,190,478. All deposits are held in the name of the City or the Pendleton Development Commission (blended component unit). Of the bank balance, \$1,355,805 was covered by federal depository insurance. The remaining \$1,834,673 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, 2013, 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, and periodically transferred to the Cemetery Fund, a special revenue fund to be used for cemetery operations.

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

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has Certificates of Deposit at Banner Bank, which represent 17% of total cash and investments.

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

Investments held by the City at June 30, 2013 include Certificates of Deposit with Banner Bank totaling \$808,308. 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>\$ 714,629</u>

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	21,739
Deposits with financial institutions	1,917,786
Local Government Investment Pool	<u>7,310,842</u>
Total cash and cash equivalents	<u>\$ 9,252,562</u>

Funds:	
General	\$ 2,312,993
Street	491,322
LID Construction	143
Non - major Governmental funds	2,691,969
Water	1,732
All Sewer funds	2,637,580
Airport	45,411
Cemetery	4
Internal Service funds	1,005,667
Fiduciary funds	65,741
Total cash and cash equivalents	<u><u>\$ 9,252,562</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. For fiscal year 2012-2013, the City levied property taxes in the amount of \$6,096,473. The tax rate was \$6.5771 per \$1,000 of assessed value before compression due to constitutional limits.

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

	General	Street	LID Construction	Other Governmental Funds	Internal Service	Total Governmental Activites
Property taxes	\$ 404,537	\$ -	\$ -	\$ 84,820	\$ -	\$ 489,357
Special assessments	79,601	-	1,297,458	1,412	-	1,378,471
Accounts	1,006,684	143,762	-	167,661	13,037	1,331,144
Intergovernmental	68,464	79,450	-	84,419	-	232,333
Notes	418,719	-	-	138,317	-	557,036
Interest	9	-	-	-	-	9
Gross Receivables	1,978,014	223,212	1,297,458	476,629	13,037	3,988,350
Less: Allowance for Uncollectibles	(202,013)	-	-	-	-	(202,013)
Net Total Receivables	<u><u>\$ 1,776,001</u></u>	<u><u>\$ 223,212</u></u>	<u><u>\$ 1,297,458</u></u>	<u><u>\$ 476,629</u></u>	<u><u>\$ 13,037</u></u>	<u><u>\$ 3,786,337</u></u>

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

	Water Fund	Sewer Funds	Airport	Cemetery	Internal Service	Total Business-type Activites
Accounts	\$ 563,316	\$ 11,605	\$ 4,092	\$ 5,689	\$ 1,268	\$ 585,970
Intergovernmental	-	1,207	9,399	-	-	10,606
Notes	-	-	139,095	-	-	139,095
Interest	-	292	-	-	-	292
Gross Receivables	563,316	13,104	152,586	5,689	1,268	735,963
Less: Allowance for Uncollectibles	(28,254)	-	(3,935)	-	-	(32,189)
Net Total Receivables	<u>\$ 535,062</u>	<u>\$ 13,104</u>	<u>\$ 148,651</u>	<u>\$ 5,689</u>	<u>\$ 1,268</u>	<u>\$ 703,774</u>

The City also has a direct financing lease receivable for the sale of a building and improvements located near the airport, and an operating lease for the underlying land. The lease term is from April 1, 2010 to March 31, 2015. At the end of this term, the land lease can be renewed for up to two additional 10-year leases. Base rent during the initial lease is \$47,500 annually, including \$10,218 for the land portion and \$37,282 for the building portion, increased each year for the change in the Portland Consumer Price index. 95% of the building lease payment is credited toward the building purchase price of \$422,438. At the end of the 10-year lease term, the lessee has the option to purchase the building for \$422,438, less all amounts credited toward purchase. The expected residual balance at the end of the lease period is about \$65,000, and is considered a bargain purchase option. As such, the direct financing lease receivable related to the building has been recorded as a note receivable in the City's financial statements. No amounts have been recorded as a receivable for the operating lease related to the land. Rent due during the year, but not received until July 2013 includes \$13,386 for land rent and a building lease payment of \$37,282 for April of 2012 to March 2013. Total future minimum annual lease payments are expected to be \$13,386 for the land lease and \$37,282 for the building lease/purchase through the fiscal year ending June 30, 2015. At June 30, 2013, the principal balance due the City was \$139,095.

C. Pension Assets – Restricted

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

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

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

Pension assets are as follows:

Pension assets, beginning		\$ 3,175,272
Earnings (loss) on pension assets	\$ 436,876	
Credit for annual actuarial liability change	<u>(271,125)</u>	
Increase in pension assets		<u>165,751</u>
Pension assets, ending		<u>\$ 3,341,023</u>

D. Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The government-wide financial statements report *deferred revenue* only for amounts that have been received, but not earned. At the end of the current fiscal year, there was no unearned revenue reported in the government-wide financial statements.

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

	General	Street	LID Construction	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 350,888	\$ -	\$ -	\$ 73,398	\$ 424,286
Intergovernmental	7,080	138,671	-	39,767	185,518
Notes and assessments	498,320	-	1,297,459	139,729	1,935,508
Other	3,356	-	-	1,394	4,750
	<u>\$ 859,644</u>	<u>\$ 138,671</u>	<u>\$ 1,297,459</u>	<u>\$ 254,288</u>	<u>\$ 2,550,062</u>

E. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2013 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Land	\$ 2,796,554	\$ 965,000		\$ -	\$ 3,761,554
Land available for sale	308,726	-	-	-	308,726
Construction in progress	309,496	21,355	(300,407)	-	30,444
Total non-depreciable	<u>3,414,776</u>	<u>986,355</u>	<u>(300,407)</u>	<u>-</u>	<u>4,100,724</u>
Buildings	15,335,352	48,585	-	-	15,383,937
Equipment	7,066,186	137,469		(152,898)	7,050,757
Improvements	23,461,799	474,527	300,407	(130,746)	24,105,987
Infrastructure	20,926,650	-	-	-	20,926,650
Total depreciable	<u>66,789,987</u>	<u>660,581</u>	<u>300,407</u>	<u>(283,644)</u>	<u>67,467,331</u>
Accumulated depreciation					
Buildings	(6,262,302)	(451,479)	-	-	(6,713,781)
Equipment	(4,940,796)	(446,979)		116,891	(5,270,884)
Improvements	(5,392,697)	(826,182)	-	64,936	(6,153,943)
Infrastructure	(15,694,986)	(523,166)	-	-	(16,218,152)
Total accumulated depreciation	<u>(32,290,781)</u>	<u>(2,247,806)</u>	<u>-</u>	<u>181,827</u>	<u>(34,356,760)</u>
Governmental activities capital assets, net	<u>\$ 37,913,982</u>	<u>\$ (600,870)</u>	<u>\$ -</u>	<u>\$ (101,817)</u>	<u>\$ 37,211,295</u>

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

General government	\$ 258,644
Public safety	332,197
Highways and streets	1,076,652
Culture and recreation	515,132
Internal service - Central Services	<u>65,181</u>
Total depreciation for governmental activities	<u>\$ 2,247,806</u>

Capital asset activity for business-type activities for the year ended June 30, 2013 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Land	\$ 319,919	\$ -	\$ -	\$ -	\$ 319,919
Construction in progress	19,555,296	26,197	(19,555,296)	-	26,197
Total non-depreciable	<u>19,875,215</u>	<u>26,197</u>	<u>(19,555,296)</u>	<u>-</u>	<u>346,116</u>
Buildings	14,450,374	65,965	-	-	14,516,339
Equipment	18,326,550	61,236	-	-	18,387,786
Improvements	31,626,844	1,864,136	19,555,296	-	53,046,276
Total depreciable	<u>64,403,768</u>	<u>1,991,337</u>	<u>19,555,296</u>	<u>-</u>	<u>85,950,401</u>
Accumulated depreciation					
Buildings	(4,928,245)	(379,268)	-	-	(5,307,513)
Equipment	(16,375,502)	(293,401)	-	-	(16,668,903)
Improvements	(15,625,234)	(2,182,789)	-	-	(17,808,023)
Total accumulated depreciation	<u>(36,928,981)</u>	<u>(2,855,458)</u>	<u>-</u>	<u>-</u>	<u>(39,784,439)</u>
Business-type activities capital assets, net	<u>\$ 47,350,002</u>	<u>\$ (837,924)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,512,078</u>

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

Water	\$ 544,158
Sewer	1,264,312
Airport	894,452
Cemetery	10,740
Internal service - Construction and Repair	<u>141,796</u>
Total depreciation for business-type activities	<u>\$ 2,855,458</u>

F. Advances Receivable/Payable

In the government-wide financial statements, the business-type activities have internal loans payable to the governmental activities in the amount of \$1,317,748. At June 30, 2013, amounts due from other funds in the fund financial statements are as follows:

General Fund receivable from:			
Sidewalk Repair Loan Fund	\$	98,000	
LID Construction Fund		13,000	
Fire Capital Reserve Fund		14,000	
Airport Fund		<u>223,000</u>	\$ 348,000
Street Fund receivable from:			
HB2001			13,000
System Development Fees Fund receivable from:			
Airport Fund			516,000
Library Trust Fund receivable from:			
Airport Fund			634,000
Construction and Repair Fund receivable from:			
Water Fund			22,500
Central Services Fund receivable from:			
Water Fund			
Sewer Funds receivable from:			
Pendleton Convention Center Fund	\$	250,000	
Water Fund		824,512	
Airport Fund		<u>875,000</u>	<u>1,949,512</u>
Total Interfund Receivables			<u>\$ 3,483,012</u>

Interfund loans were made for capital purposes in the Water Fund for \$501,512 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 \$142,820.

A reconciliation of transfers in the budgetary fund financial statements is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 147,000	\$ 214,375
State Tax Street Fund	-	10,060
Non-major governmental funds	110,777	106,642
Enterprise Funds:		
Water Fund	-	11,870
Sewer Fund	744,598	757,598
Airport Fund	78,560	8,790
Cemetery Fund	146,775	24,375
Internal Service Funds:		
Construction and Repair Fund	-	24,480
Central Services Fund	-	69,520
Total all funds	<u>\$ 1,227,710</u>	<u>\$ 1,227,710</u>

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

H. Long – Term Debt

1. General Obligation Bonds

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

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

General obligation bonds outstanding at June 30, 2013 are as follows:

<u>Description</u>	<u>Interest rates</u>	<u>Amount</u>
McCune Refunding Bonds - 1998	4.45% - 4.70%	\$ 255,000
Facilities Refunding Bonds - 2005	3.00% - 4.00%	<u>655,000</u>
		910,000
Less deferred amounts on refunding		<u>(12,831)</u>
		<u>\$ 897,169</u>

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

Future maturities for the combined issues are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 465,000	\$ 37,610
2015	215,000	17,225
2016	230,000	8,625
	<u>\$ 910,000</u>	<u>\$ 63,460</u>

2. Limited Tax Pension Bonds

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

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 180,000	\$ 322,591
2015	210,000	314,194
2016	240,000	303,990
2017	270,000	292,328
2018	310,000	279,209
2019-2023	2,175,000	1,129,773
2024-2028	3,125,000	458,116
	<u>\$ 6,510,000</u>	<u>\$ 3,100,201</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
2014	\$ 405,000	\$ 335,773
2015	425,000	319,573
2016	440,000	304,698
2017	455,000	288,923
2018	475,000	266,673
2019-2023	2,680,000	1,031,810
2024-2028	3,285,000	430,641
	<u>\$ 8,165,000</u>	<u>\$ 2,978,091</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, 2013 was \$2,146,754. 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
2014	\$ 194,047	\$ 81,018
2015	182,311	92,754
2016	190,971	84,094
2017	200,042	75,023
2018	209,544	65,521
2019-2023	1,169,840	168,504
	<u>\$ 2,146,755</u>	<u>\$ 566,914</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
2014	\$ 292,321	\$ 157,081
2015	305,255	144,238
2016	318,350	130,828
2017	332,620	116,838
2018	347,066	102,222
2019-2023	1,978,791	270,362
	<u>\$ 3,574,403</u>	<u>\$ 921,569</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 current 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 \$157,228 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
2014	\$ 282,693	\$ 127,549
2015	287,789	122,453
2016	293,027	117,215
2017	298,411	111,831
2018	303,945	106,297
2019-2023	1,608,290	442,920
2024-2028	1,771,719	279,491
2029-2033	1,754,126	91,966
	<u>\$ 6,600,000</u>	<u>\$ 1,399,722</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 5th day of each month through January, 2030. The loan calls for \$6,934 to be reserved annually until the loan reserve balance reaches \$69,336. The reserve balance at June 30, 2013 was \$27,734.

Future maturities of the note are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 31,748	\$ 37,588
2015	33,331	36,005
2016	34,993	34,343
2017	36,738	32,598
2018	38,569	30,767
2019-2023	223,678	123,001
2024-2028	285,278	61,402
2029-2031	101,123	3,987
	<u>\$ 785,458</u>	<u>\$ 359,691</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 72,887	\$ 52,738
2015	76,502	49,123
2016	80,296	45,328
2017	84,279	41,346
2018	88,459	37,165
2019-2023	512,629	115,495
2024-2025	179,684	8,845
	<u>\$ 1,094,736</u>	<u>\$ 350,040</u>

The City established a note payable with Horizon Project, Inc. The note was authorized and withdrawn for \$50,000 at an interest rate of 5.0%.

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 50,000	\$ 2,500
	<u>\$ 50,000</u>	<u>\$ 2,500</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
2014	\$ 190,359	\$ 90,393
2015	203,097	77,655
2016	216,687	64,065
2017	231,052	49,700
2018	246,649	34,103
2019	261,812	17,598
	<u>\$ 1,349,656</u>	<u>\$ 333,514</u>

6. Changes Long-Term Liabilities

Long-term liability activity for the year ending June 30, 2013 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 1,355,000	\$ -	\$ 445,000	\$ 910,000	\$ 465,000
Less deferred amounts on refunding	(18,060)	-	(5,229)	(12,831)	-
Limited Tax Pension Bonds	6,665,000	-	155,000	6,510,000	180,000
Contracts, Loans and Notes	5,834,884	375,000	783,280	5,426,604	539,041
OPEB Liability	584,957	110,896	-	695,853	-
Compensated Absences	535,209	485,627	535,209	485,627	485,627
Governmental activity Long-term liabilities	<u>\$ 14,956,990</u>	<u>\$ 971,523</u>	<u>\$ 1,913,260</u>	<u>\$ 14,015,253</u>	<u>\$ 1,669,668</u>
Business-type activities:					
Revenue Bonds	\$ 8,560,000	\$ -	\$ 395,000	\$ 8,165,000	\$ 405,000
Contracts, Loans and Notes	12,503,948	-	2,329,545	10,174,403	575,014
OPEB Liability	175,320	33,925	-	209,245	-
Compensated Absences	130,073	115,378	130,073	115,378	115,378
Business-type activity Long-term liabilities	<u>\$ 21,369,341</u>	<u>\$ 149,303</u>	<u>\$ 2,854,618</u>	<u>\$ 18,664,026</u>	<u>\$ 1,095,392</u>

The central services internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for compensated absences in the amount of \$85,850 are included in the above amounts. The construction and repair internal service fund predominantly serves the business-type activities and \$56,443 of long-term liabilities for compensated absences have been included in the totals for business-type activities.

IV. Other Information

A. Risk Management

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

B. Other Postemployment Benefits

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

Funding Policy. Retirees pay City County Insurance Services directly for healthcare insurance premiums at the appropriate rate for each family classification. The City had 7 retired members and 124 active members in its plan on August 1, 2010, the date of its actuarial valuation. The annual required contribution (ARC) to the plan includes the employer's pay-as you-go amount and an additional amount calculated to prefund future benefits.

Annual OPEB Costs and Net OPEB Obligation. The City's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (UAAL) over a closed period of not more than 30 years.

The City's ARC is made up of normal cost of \$123,441 and amortization of the UAAL of \$121,068. 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 2013-14, the City's implicit benefit payments were estimated to be \$61,946.

Nominal cost at year end	\$ 123,441
Interest on net OPEB obligation	30,411
One year's amortization of UAAL	121,068
Adjustment to annual required contribution	<u>(51,668)</u>
Annual OPEB cost (expense)	223,252
Contributions made (Implicit benefit payments)	<u>(78,429)</u>
Increase in net OPEB obligation	144,823
Net OPEB obligation - beginning of year	<u>760,277</u>
Net OPEB obligation - end of year	<u><u>\$ 905,100</u></u>

Funding Policy. The City has elected to not prefund the actuarially determine future cost amount of \$905,100. 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 2011, 2012, and 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percent of Annual OPEB Cost Contributions	Net OPEB Obligation
6/30/2013	\$ 223,252	35%	\$ 905,100
6/30/2012	\$ 213,239	38%	\$ 760,277
6/30/2011	\$ 324,341	30%	\$ 627,940

Funded Status and Funding Progress. As of August 1, 2012, the most recent alternative valuation date, the plan was considered unfunded. The actuarial accrued liability for benefits was \$1,136,574, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,136,574. The covered payroll (annual payroll of active employees covered by the plan) was \$7,957,749 and the ratio of UAAL to the covered payroll was 14.3%.

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Assumptions used in calculating the actuarial liabilities associated with the City's health plan include a 4.0% investment return and discount rate; an increase in health costs of 8.5% in the first year (August 1, 2011 premiums compared to August 1, 2010, premiums), 7.5% for the second year, 6.5% for the third year, 6.0% for the 4th through 23rd year, 5.5% for the 24th through 47th year, and 5.0% thereafter; and retirement rates used by Oregon PERS for its December 31, 2009, actuarial valuation.

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

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

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

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a/c)
8/1/2012	\$ -	\$ 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%
8/1/2008	\$ -	\$ 2,022,670	\$ 2,022,670	0%	\$ 7,283,379	27.8%

C. Defined Benefit Pension Plan

Public Employees Retirement System

1. Plan description

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

During the 2003 legislative session, the Oregon Legislative Assembly created successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is

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

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

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

2. Funding policy

Plan members are required to contribute 6% of their annual covered salary. The City is required by ORS 238.225 to contribute at an actuarially determined rate.

After the offset of the credit for the City's PERS UAL prepayment, the City pays a net rate of 8.85% of covered payroll for the Tier I and Tier II employees, 16.9% for Tier I and Tier II police and fire employees, 7.57% for OPSRP general services employees, and 10.28% for OPSRP police and fire employees. The contribution requirement of plan members and their employers are established under ORS Chapter 238, and may be amended by the PERS Board of Trustees. The City's contributions to PERS for the years ending June 30, 2013, 2012, and 2011, were \$997,928, \$1,006,248, and \$591,252, respectively, equal to the required contributions each year. In addition, the City contributed \$7,050,000 in 2006 through the issuance of Limited Tax Pension Obligations.

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

The City's annual pension cost and pension assets for the year ended June 30, 2013 were as follows:

Annual required contribution	\$ 997,928
Loss (earnings) on pension assets	(436,876)
Adjustment to the annual required contribution	<u>271,125</u>
Annual pension cost	832,177
Contributions made	<u>997,928</u>
Increase (decrease) in pension asset	165,751
Pension assets, beginning of year	<u>3,175,272</u>
Pension assets, end of year	<u><u>\$ 3,341,023</u></u>

D. Commitments and Contingencies

The City has initiated a claim against the Estate of Robert Hart regarding a contaminated site at the airport where Mr. Hart's chemical business has been located for many decades. DEQ has ordered the City to take action to clean up the site. The City obtained a grant from EPA for a site assessment. The City faces potential costs for cleanup of the site in an unknown amount at this time.

The FAA is requiring the city to stop residential rentals on airport property. The requirement not only affects the City owned buildings and could cause a reduction in revenue, but could affect buildings on airport property owned by private individuals. The City is continuing to work on the situation.

The City is also working on an agreement with a developer for 12 acres by the old gun range and may sell property to the developer.

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.

E. Construction in Progress

The City is committed under various construction contracts at June 30, 2013. Major projects in progress at June 30, 2013 are as follows:

The City has incurred \$26,197 for a sewer master planning service.

The City is also making street improvements to the Stage Gulch Road. At June 30, 2013 the total costs incurred by the City were \$14,908. The costs were for engineering and design time, the project has not begun, due to project changes. The City has decided to change the length of road that they are replacing.

The City is also in the design stage and has spent \$14,400 for a pavement study.

The City is annexing .28 acres located east of SW 37th extension and north of SW 37th street with total costs incurred of \$1,137

F. Related Party Transactions

The Pendleton Development Commission paid the City of Pendleton \$15,000 for administrative services during the year. The commission also contributed \$7,500 to the City to assist in community cleanup and \$25,000 for the Sundown and Motanic Statues.

G. Extraordinary Item

Pioneer Park had a fire October 6, 2012 and a significant portion of the parks play structure burnt down. The City received insurance proceeds of \$145,586 and used the restoration cost approach to calculate a gain on impairment of \$79,776.

H. Subsequent Events

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

The City approved LID 438 for the Tutuilla Development Project and the sale of land to the developer. The developer is purchasing land from the City and will pay \$50,000 cash, which will be used to repay the Horizon loan. The remaining \$125,000 purchase price will be forgivable in stages based on the developer's completion of the project. The City will do an LID for additional development costs, which will be repaid by the developer as properties are sold. In November 2013, the City Council approved a bid for \$798,377 for the project to underground utilities and roadway improvements. Approximately \$273,000 is for private infrastructure and will be paid by the developer.

In August 2013, the City approved a bid for the Southgate Place road widening and cul-de-sac construction. The bid is slightly higher than grant funds of \$114,000 related to the project.

City Council approved a memorandum of understanding with the Pendleton Friends of the Library (PFOL) to allow the library funds being managed by the City to go to PFOL to invest with the Oregon Community Foundation.

In December 2013, the City authorized an increase in budget appropriations for \$50,000 marketing grant from the Federal Department of Transportation.



SUPPLEMENTAL INFORMATION



COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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.

FIRE 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.

HOSPITAL ROAD FUND – accounts for the revenues and expenses in connection with the St. Anthony Hospital Road construction project.

**CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2013**

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
ASSETS					
Cash and cash equivalents	\$ 1,490,589	\$ 242,421	\$ 807,970	\$ 150,989	\$ 2,691,969
Investments	-	-	-	714,629	714,629
Receivables:					
Property taxes	-	-	84,820	-	84,820
Accounts	235,641	11,839	-	4,600	252,080
Assessments	-	1,412	-	-	1,412
Notes	138,317	-	-	-	138,317
Advances to other funds	634,000	516,000	-	-	1,150,000
Prepaid items	6,575	3,252	-	-	9,827
	<u>6,575</u>	<u>3,252</u>	<u>-</u>	<u>-</u>	<u>9,827</u>
Total assets	<u>\$ 2,505,122</u>	<u>\$ 774,924</u>	<u>\$ 892,790</u>	<u>\$ 870,218</u>	<u>\$ 5,043,054</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 59,396	\$ 25,027	\$ -	\$ 101	\$ 84,524
Deposits	48,064	-	-	-	48,064
Deferred revenue	167,640	13,250	73,398	-	254,288
Advances from other funds	272,500	27,000	-	-	299,500
	<u>272,500</u>	<u>27,000</u>	<u>-</u>	<u>-</u>	<u>299,500</u>
Total liabilities	<u>547,600</u>	<u>65,277</u>	<u>73,398</u>	<u>101</u>	<u>686,376</u>
FUND BALANCES (DEFICIT)					
Nonspendable	640,575	519,252	-	868,800	2,028,627
Restricted	711,417	-	819,392	1,317	1,532,126
Committed	256,384	229,420	-	-	485,804
Assigned	510,734	-	-	-	510,734
Unassigned	(161,588)	(39,025)	-	-	(200,613)
	<u>(161,588)</u>	<u>(39,025)</u>	<u>-</u>	<u>-</u>	<u>(200,613)</u>
Total fund balances	<u>1,957,522</u>	<u>709,647</u>	<u>819,392</u>	<u>870,117</u>	<u>4,356,678</u>
Total liabilities and fund balances	<u>\$ 2,505,122</u>	<u>\$ 774,924</u>	<u>\$ 892,790</u>	<u>\$ 870,218</u>	<u>\$ 5,043,054</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2013

	City Fuel Tax Fund	Bike Fund	Library Fund	Library Trust Fund	Transportation Services Fund	Community Development Block Grant Fund	Pendleton Convention Center Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ 6,354	\$ 69,552	\$ 18,896	\$ 371,317	\$ 2,614	\$ 2,261
Receivables:							
Accounts	-	803	3,817	-	34,863	-	123,333
Notes	-	-	-	-	-	-	-
Advances to other funds	-	-	-	634,000	-	-	-
Prepaid items	-	-	3,525	-	-	-	3,050
	<u>-</u>	<u>-</u>	<u>3,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,050</u>
Total assets	<u>\$ -</u>	<u>\$ 7,157</u>	<u>\$ 76,894</u>	<u>\$ 652,896</u>	<u>\$ 406,180</u>	<u>\$ 2,614</u>	<u>\$ 128,644</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 7,700	\$ 922	\$ 15,384	\$ -	\$ 13,572
Deposits	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	1,419	-	1,110
Advances from other funds	-	-	-	-	-	-	272,500
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,500</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>7,700</u>	<u>922</u>	<u>16,803</u>	<u>-</u>	<u>287,182</u>
FUND BALANCES (DEFICIT)							
Nonspendable	-	-	3,525	634,000	-	-	3,050
Restricted	-	7,157	65,669	-	-	2,614	-
Committed	-	-	-	17,974	-	-	-
Assigned	-	-	-	-	389,377	-	-
Unassigned	-	-	-	-	-	-	(161,588)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(161,588)</u>
Total fund balances	<u>-</u>	<u>7,157</u>	<u>69,194</u>	<u>651,974</u>	<u>389,377</u>	<u>2,614</u>	<u>(158,538)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 7,157</u>	<u>\$ 76,894</u>	<u>\$ 652,896</u>	<u>\$ 406,180</u>	<u>\$ 2,614</u>	<u>\$ 128,644</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 Renwal District Operating Fund	Totals
\$ 18,268	\$ 104,208	\$ 121,357	\$195,483	\$ 20,246	\$ 560,033	\$ 1,490,589
25,716	47,109	-	-	-	-	235,641
-	-	-	-	-	138,317	138,317
-	-	-	-	-	-	634,000
-	-	-	-	-	-	6,575
<u>\$ 43,984</u>	<u>\$ 151,317</u>	<u>\$ 121,357</u>	<u>\$195,483</u>	<u>\$ 20,246</u>	<u>\$ 698,350</u>	<u>\$ 2,505,122</u>
\$ 773	\$ 20,230	\$ -	\$ -	\$ -	\$ 815	\$ 59,396
-	48,064	-	-	-	-	48,064
284	26,510	-	-	-	138,317	167,640
-	-	-	-	-	-	272,500
<u>1,057</u>	<u>94,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,132</u>	<u>547,600</u>
-	-	-	-	-	-	640,575
-	56,513	-	-	20,246	559,218	711,417
42,927	-	-	195,483	-	-	256,384
-	-	121,357	-	-	-	510,734
-	-	-	-	-	-	(161,588)
<u>42,927</u>	<u>56,513</u>	<u>121,357</u>	<u>195,483</u>	<u>20,246</u>	<u>559,218</u>	<u>1,957,522</u>
<u>\$ 43,984</u>	<u>\$ 151,317</u>	<u>\$ 121,357</u>	<u>\$195,483</u>	<u>\$ 20,246</u>	<u>\$ 698,350</u>	<u>\$ 2,505,122</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2013

	System Development Fees Fund	Parks Capital Reserve Fund	Fire Capital Reserve Fund	Street HB2001 Fund	Hospital Road Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 181,192	\$ 46,143	\$ 2	\$ 15,084	\$ -	\$ 242,421
Receivables:						
Accounts	-	-	-	11,839	-	11,839
Assessments	1,412	-	-	-	-	1,412
Advances to other funds	516,000	-	-	-	-	516,000
Prepaid items	3,252	-	-	-	-	3,252
	<u>3,252</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,252</u>
 Total assets	 <u>\$ 701,856</u>	 <u>\$ 46,143</u>	 <u>\$ 2</u>	 <u>\$ 26,923</u>	 <u>\$ -</u>	 <u>\$ 774,924</u>
LIABILITIES						
Accounts payable						
accrued liabilities	\$ -	\$ -	\$ 25,027	\$ -	\$ -	\$ 25,027
Deferred revenue	1,412	-	-	11,838	-	13,250
Advances from other funds	-	-	14,000	13,000	-	27,000
	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>13,000</u>	<u>-</u>	<u>27,000</u>
 Total liabilities	 <u>1,412</u>	 <u>-</u>	 <u>39,027</u>	 <u>24,838</u>	 <u>-</u>	 <u>65,277</u>
FUND BALANCES (DEFICIT)						
Nonspendable	519,252	-	-	-	-	519,252
Committed	181,192	46,143	-	2,085	-	229,420
Unassigned	-	-	(39,025)	-	-	(39,025)
	<u>-</u>	<u>-</u>	<u>(39,025)</u>	<u>-</u>	<u>-</u>	<u>(39,025)</u>
 Total fund balances	 <u>700,444</u>	 <u>46,143</u>	 <u>(39,025)</u>	 <u>2,085</u>	 <u>-</u>	 <u>709,647</u>
 Total liabilities and fund balances	 <u>\$ 701,856</u>	 <u>\$ 46,143</u>	 <u>\$ 2</u>	 <u>\$ 26,923</u>	 <u>\$ -</u>	 <u>\$ 774,924</u>

See auditor's report.

**CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2013**

	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 28,691	\$ 779,279	\$ 807,970
Receivables:			
Property taxes	43,069	41,751	84,820
Total assets	\$ 71,760	\$ 821,030	\$ 892,790
LIABILITIES			
Deferred revenue	\$ 36,610	\$ 36,788	\$ 73,398
Total liabilities	36,610	36,788	73,398
FUND BALANCES			
Restricted	35,150	784,242	819,392
Total fund balances	35,150	784,242	819,392
Total liabilities and fund balances	\$ 71,760	\$ 821,030	\$ 892,790

**CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR PERMANENT TRUST FUNDS
June 30, 2013**

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 140,578	\$ 10,411	\$ 150,989
Investments	-	714,629	714,629
Receivables:			
Accounts	-	4,600	4,600
 Total assets	<u>\$ 140,578</u>	<u>\$ 729,640</u>	<u>\$ 870,218</u>
LIABILITIES			
Accounts payable	\$ -	\$ 101	\$ 101
 Total liabilities	<u>-</u>	<u>101</u>	<u>101</u>
FUND BALANCES			
Nonspendable	139,261	729,539	868,800
Restricted	1,317	-	1,317
 Total fund balances	<u>140,578</u>	<u>729,539</u>	<u>870,117</u>
 Total liabilities and fund balances	<u>\$ 140,578</u>	<u>\$ 729,640</u>	<u>\$ 870,218</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, 2013

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
REVENUES					
Property taxes	\$ -	\$ -	\$1,064,129	\$ -	\$ 1,064,129
Other taxes	771,517	-	-	-	771,517
Licenses and fees	66,551	141,984	-	1,558	210,093
Charges for services	309,836	63,094	-	-	372,930
Intergovernmental	857,519	398,083	-	-	1,255,602
Assessments	-	573	-	-	573
Loan repayments	12,662	-	-	-	12,662
Contributions	56,358	-	-	-	56,358
Interest on investments	23,348	11,425	2,129	14,721	51,623
Miscellaneous	27,129	-	-	-	27,129
TOTAL REVENUES	<u>2,124,920</u>	<u>615,159</u>	<u>1,066,258</u>	<u>16,279</u>	<u>3,822,616</u>
EXPENDITURES					
Current:					
General government	1,080,340	-	15,000	-	1,095,340
Public safety	165,046	-	-	-	165,046
Culture and recreation	516,617	-	-	-	516,617
Capital outlay	108,218	460,937	-	-	569,155
Debt service	522,461	1,182	864,356	-	1,387,999
TOTAL EXPENDITURES	<u>2,392,682</u>	<u>462,119</u>	<u>879,356</u>	<u>-</u>	<u>3,734,157</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(267,762)</u>	<u>153,040</u>	<u>186,902</u>	<u>16,279</u>	<u>88,459</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	-	6,169	-	-	6,169
Issuance of debt	325,000	-	-	-	325,000
Transfers in	84,391	26,386	-	-	110,777
Transfers out	(36,466)	(44,350)	-	(25,826)	(106,642)
TOTAL OTHER FINANCING SOURCES (USES)	<u>372,925</u>	<u>(11,795)</u>	<u>-</u>	<u>(25,826)</u>	<u>335,304</u>
NET CHANGE IN FUND BALANCE	105,163	141,245	186,902	(9,547)	423,763
FUND BALANCE, Beginning	<u>1,852,359</u>	<u>568,402</u>	<u>632,490</u>	<u>879,664</u>	<u>3,932,915</u>
FUND BALANCE, Ending	<u>\$ 1,957,522</u>	<u>\$ 709,647</u>	<u>\$ 819,392</u>	<u>\$ 870,117</u>	<u>\$ 4,356,678</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, 2013

	City Fuel Tax Fund	Bike Fund	Library Fund	Library Trust Fund	Transpor- tation Services Fund	Community Development Block Grant Fund	Pendleton Convention Center Fund
REVENUES							
Other taxes	\$ 276,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,456
Licenses and fees	-	-	11,963	-	-	-	52,104
Charges for services	-	-	-	-	13,311	-	236,525
Intergovernmental	-	9,120	404,409	-	263,899	8,750	-
Loan repayments	-	-	-	-	-	-	-
Contributions	-	-	24,775	2,202	-	-	-
Interest on investments	200	54	540	16,383	2,090	28	4
Miscellaneous	-	-	-	-	11,856	-	14,512
TOTAL REVENUES	<u>276,676</u>	<u>9,174</u>	<u>441,687</u>	<u>18,585</u>	<u>291,156</u>	<u>8,778</u>	<u>707,601</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	210,513	4,094	706,927
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	8,000	490,854	17,763	-	-	-
Capital outlay	-	-	-	-	40,536	-	-
Debt service	<u>518,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,288</u>
TOTAL EXPENDITURES	<u>518,143</u>	<u>8,000</u>	<u>490,854</u>	<u>17,763</u>	<u>251,049</u>	<u>4,094</u>	<u>711,215</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(241,467)</u>	<u>1,174</u>	<u>(49,167)</u>	<u>822</u>	<u>40,107</u>	<u>4,684</u>	<u>(3,614)</u>
OTHER FINANCING SOURCES (USES)							
Issuance of debt	-	-	-	-	-	-	-
Transfers in	-	-	43,390	826	20,000	-	-
Transfers out	<u>(14,386)</u>	<u>-</u>	<u>(13,080)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,386)</u>	<u>-</u>	<u>30,310</u>	<u>826</u>	<u>20,000</u>	<u>-</u>	<u>(9,000)</u>
NET CHANGE IN FUND BALANCE	(255,853)	1,174	(18,857)	1,648	60,107	4,684	(12,614)
FUND BALANCE (DEFICIT), Beginning	<u>255,853</u>	<u>5,983</u>	<u>88,051</u>	<u>650,326</u>	<u>329,270</u>	<u>(2,070)</u>	<u>(145,924)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ 7,157</u>	<u>\$ 69,194</u>	<u>\$ 651,974</u>	<u>\$ 389,377</u>	<u>\$ 2,614</u>	<u>\$ (158,538)</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
\$ 90,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 771,517
-	-	2,484	-	-	-	66,551
-	-	-	60,000	-	-	309,836
-	171,341	-	-	-	-	857,519
-	-	-	-	-	12,662	12,662
5,300	-	4,081	-	-	20,000	56,358
183	810	732	1,058	101	1,165	23,348
-	761	-	-	-	-	27,129
<u>96,068</u>	<u>172,912</u>	<u>7,297</u>	<u>61,058</u>	<u>101</u>	<u>33,827</u>	<u>2,124,920</u>
-	-	-	22,360	30	136,416	1,080,340
-	165,046	-	-	-	-	165,046
-	-	-	-	-	-	516,617
65,129	-	2,553	-	-	-	108,218
<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522,461</u>
<u>65,159</u>	<u>165,046</u>	<u>2,553</u>	<u>22,360</u>	<u>30</u>	<u>136,416</u>	<u>2,392,682</u>
<u>30,909</u>	<u>7,866</u>	<u>4,744</u>	<u>38,698</u>	<u>71</u>	<u>(102,589)</u>	<u>(267,762)</u>
-	-	-	-	-	325,000	325,000
-	-	-	-	20,175	-	84,391
-	-	-	-	-	-	(36,466)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,175</u>	<u>325,000</u>	<u>372,925</u>
30,909	7,866	4,744	38,698	20,246	222,411	105,163
12,018	48,647	116,613	156,785	-	336,807	1,852,359
<u>\$ 42,927</u>	<u>\$ 56,513</u>	<u>\$121,357</u>	<u>\$195,483</u>	<u>\$ 20,246</u>	<u>\$559,218</u>	<u>\$1,957,522</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, 2013

	System Development Fees Fund	Parks Capital Reserve Fund	Fire Capital Reserve Fund	Street HB2001 Fund	Hospital Road Fund	Totals
REVENUES						
Licenses and fees	\$ -	\$ -	\$141,984	\$ -	\$ -	\$ 141,984
Charges for services	63,094	-	-	-	-	63,094
Intergovernmental	-	-	-	25,824	372,259	398,083
Assessments	573	-	-	-	-	573
Interest on investments	11,149	215	57	4	-	11,425
TOTAL REVENUES	<u>74,816</u>	<u>215</u>	<u>142,041</u>	<u>25,828</u>	<u>372,259</u>	<u>615,159</u>
EXPENDITURES						
Capital outlay	1,137	9,090	55,727	22,724	372,259	460,937
Debt service	-	-	644	538	-	1,182
TOTAL EXPENDITURES	<u>1,137</u>	<u>9,090</u>	<u>56,371</u>	<u>23,262</u>	<u>372,259</u>	<u>462,119</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>73,679</u>	<u>(8,875)</u>	<u>85,670</u>	<u>2,566</u>	<u>-</u>	<u>153,040</u>
OTHER FINANCING SOURCES (USES)						
Sale of property	-	6,169	-	-	-	6,169
Transfers in	-	12,000	-	14,386	-	26,386
Transfers out	-	-	(44,350)	-	-	(44,350)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>18,169</u>	<u>(44,350)</u>	<u>14,386</u>	<u>-</u>	<u>(11,795)</u>
NET CHANGE IN FUND BALANCE	73,679	9,294	41,320	16,952	-	141,245
FUND BALANCE (DEFICIT), Beginning	<u>626,765</u>	<u>36,849</u>	<u>(80,345)</u>	<u>(14,867)</u>	<u>-</u>	<u>568,402</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 700,444</u>	<u>\$ 46,143</u>	<u>\$ (39,025)</u>	<u>\$ 2,085</u>	<u>\$ -</u>	<u>\$ 709,647</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, 2013

	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
REVENUES			
Property taxes	\$ 483,721	\$ 580,408	\$ 1,064,129
Interest on investments	<u>498</u>	<u>1,631</u>	<u>2,129</u>
TOTAL REVENUES	<u>484,219</u>	<u>582,039</u>	<u>1,066,258</u>
EXPENDITURES			
Current:			
General government	-	15,000	15,000
Debt service	<u>502,125</u>	<u>362,231</u>	<u>864,356</u>
TOTAL EXPENDITURES	<u>502,125</u>	<u>377,231</u>	<u>879,356</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(17,906)</u>	<u>204,808</u>	<u>186,902</u>
NET CHANGE IN FUND BALANCE	(17,906)	204,808	186,902
FUND BALANCE, Beginning	<u>53,056</u>	<u>579,434</u>	<u>632,490</u>
FUND BALANCE, Ending	<u><u>\$ 35,150</u></u>	<u><u>\$ 784,242</u></u>	<u><u>\$ 819,392</u></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, 2013

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
REVENUES			
Licenses and fees	\$ -	\$ 1,558	\$ 1,558
Interest on investments	<u>826</u>	<u>13,895</u>	<u>14,721</u>
TOTAL REVENUES	<u>826</u>	<u>15,453</u>	<u>16,279</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(826)</u>	<u>(25,000)</u>	<u>(25,826)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(826)</u>	<u>(25,000)</u>	<u>(25,826)</u>
NET CHANGE IN FUND BALANCE	-	(9,547)	(9,547)
FUND BALANCE, Beginning	<u>140,578</u>	<u>739,086</u>	<u>879,664</u>
FUND BALANCE, Ending	<u><u>\$ 140,578</u></u>	<u><u>\$ 729,539</u></u>	<u><u>\$ 870,117</u></u>

**CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
COMBINED GENERAL FUND
June 30, 2013**

	General Fund	Community Rehabilitation Fund	Sidewalk Repair Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 1,538,327	\$ 774,380	\$ 286	\$ 2,312,993
Receivables:				
Property taxes	404,537	-	-	404,537
Accounts	873,135	-	-	873,135
Interest	9	-	-	9
Assessments	-	-	79,601	79,601
Notes	-	418,719	-	418,719
Advances to other funds	348,000	-	-	348,000
Prepaid items	43,677	-	-	43,677
	<u>3,207,685</u>	<u>1,193,099</u>	<u>79,887</u>	<u>4,480,671</u>
Total assets	<u>\$ 3,207,685</u>	<u>\$ 1,193,099</u>	<u>\$ 79,887</u>	<u>\$ 4,480,671</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 423,699	\$ 63	\$ -	\$ 423,762
Deposits	75	-	-	75
Deferred revenue	361,324	418,719	79,601	859,644
Advances from other funds	-	-	98,000	98,000
	<u>785,098</u>	<u>418,782</u>	<u>177,601</u>	<u>1,381,481</u>
Total liabilities	<u>785,098</u>	<u>418,782</u>	<u>177,601</u>	<u>1,381,481</u>
FUND BALANCES				
Nonspendable	391,677	-	-	391,677
Restricted	27,735	-	-	27,735
Committed	197,761	-	-	197,761
Assigned	-	774,317	-	774,317
Unassigned	1,805,414	-	(97,714)	1,707,700
	<u>2,422,587</u>	<u>774,317</u>	<u>(97,714)</u>	<u>3,099,190</u>
Total fund balances	<u>2,422,587</u>	<u>774,317</u>	<u>(97,714)</u>	<u>3,099,190</u>
Total liabilities and fund balances	<u>\$ 3,207,685</u>	<u>\$ 1,193,099</u>	<u>\$ 79,887</u>	<u>\$ 4,480,671</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, 2013

	General Fund	Community Rehabilitation Fund	Sidewalk Repair Fund	Totals
REVENUES				
Property taxes	\$ 4,950,104	\$ -	\$ -	\$ 4,950,104
Other taxes	545,358	-	-	545,358
Franchise fees	2,368,140	-	-	2,368,140
Licenses and fees	715,529	-	-	715,529
Charges for services	1,329,782	-	-	1,329,782
Intergovernmental	933,871	-	-	933,871
Fines and forfeitures	399,122	-	-	399,122
Assessments	885	-	32,618	33,503
Loan repayments	-	212,040	-	212,040
Contributions	163,211	-	-	163,211
Interest on investments	18,978	4,574	3	23,555
Miscellaneous	104,479	-	195	104,674
TOTAL REVENUES	<u>11,529,459</u>	<u>216,614</u>	<u>32,816</u>	<u>11,778,889</u>
EXPENDITURES				
Current:				
General government	1,357,497	94,815	62	1,452,374
Public safety	7,260,213	-	-	7,260,213
Culture and recreation	1,970,467	-	-	1,970,467
Capital outlay	258,550	-	-	258,550
Debt service	554,075	4,883	2,234	561,192
TOTAL EXPENDITURES	<u>11,400,802</u>	<u>99,698</u>	<u>2,296</u>	<u>11,502,796</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>128,657</u>	<u>116,916</u>	<u>30,520</u>	<u>276,093</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	50,000	-	50,000
Transfers in	147,000	-	-	147,000
Transfers out	(214,375)	-	-	(214,375)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(67,375)</u>	<u>50,000</u>	<u>-</u>	<u>(17,375)</u>
EXTRAORDINARY ITEM				
Pioneer Park insurance proceeds	145,586	-	-	145,586
NET CHANGE IN FUND BALANCE	206,868	166,916	30,520	404,304
FUND BALANCE (DEFICIT), Beginning	<u>2,215,719</u>	<u>607,401</u>	<u>(128,234)</u>	<u>2,694,886</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 2,422,587</u>	<u>\$ 774,317</u>	<u>\$ (97,714)</u>	<u>\$ 3,099,190</u>

See auditor's report.

COMBINING STATEMENTS

Internal Service Funds

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

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

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

**CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
June 30, 2013**

	Construction and Repair Fund	Central Services Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 401,223	\$ 604,444	\$ 1,005,667
Receivables:			
Accounts	1,268	13,037	14,305
Prepaid items	<u>9,500</u>	<u>17,909</u>	<u>27,409</u>
Total current assets	<u>411,991</u>	<u>635,390</u>	<u>1,047,381</u>
Noncurrent assets:			
Advances to other funds	-	22,500	22,500
Capital assets:			
Depreciable assets, net of depreciation	<u>661,943</u>	<u>151,308</u>	<u>813,251</u>
Total noncurrent assets	<u>661,943</u>	<u>173,808</u>	<u>835,751</u>
Total assets	<u>1,073,934</u>	<u>809,198</u>	<u>1,883,132</u>
DEFERRED OUTFLOW OF RESOURCES			
	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	17,269	47,585	64,854
Deposits	-	36,455	36,455
Compensated absences payable	<u>56,443</u>	<u>85,851</u>	<u>142,294</u>
Total current liabilities	73,712	169,891	243,603
Long-term debt, net of current portion			
Other post employment benefits liability	<u>74,080</u>	<u>138,903</u>	<u>212,983</u>
Total liabilities	<u>147,792</u>	<u>308,794</u>	<u>456,586</u>
DEFERRED INFLOW OF RESOURCES			
	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	661,943	151,308	813,251
Unrestricted	<u>264,199</u>	<u>349,096</u>	<u>613,295</u>
Total net position	<u>\$ 926,142</u>	<u>\$ 500,404</u>	<u>\$ 1,426,546</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, 2013

	Construction and Repair Fund	Central Services Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 1,157,802	\$ 2,506,690	\$ 3,664,492
Licenses and fees	-	56,657	56,657
Miscellaneous	8,062	973	9,035
TOTAL OPERATING REVENUES	<u>1,165,864</u>	<u>2,564,320</u>	<u>3,730,184</u>
OPERATING EXPENSES			
Personal services	821,210	1,703,111	2,524,321
Materials and services	177,406	772,449	949,855
Depreciation	141,796	65,181	206,977
TOTAL OPERATING EXPENSES	<u>1,140,412</u>	<u>2,540,741</u>	<u>3,681,153</u>
OPERATING INCOME (LOSS)	<u>25,452</u>	<u>23,579</u>	<u>49,031</u>
NON-OPERATING INCOME (EXPENSES)			
Intergovernmental	-	24,493	24,493
Contributions	-	1,000	1,000
Gain (loss) on disposal of capital assets	1,500	-	1,500
Interest on investments	1,187	2,919	4,106
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>2,687</u>	<u>28,412</u>	<u>31,099</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>28,139</u>	<u>51,991</u>	<u>80,130</u>
TRANSFERS			
Transfers out	<u>(24,480)</u>	<u>(69,520)</u>	<u>(94,000)</u>
TOTAL TRANSFERS	<u>(24,480)</u>	<u>(69,520)</u>	<u>(94,000)</u>
CHANGE IN NET POSITION	3,659	(17,529)	(13,870)
NET POSITION, Beginning	<u>922,483</u>	<u>517,933</u>	<u>1,440,416</u>
NET POSITION, Ending	<u>\$ 926,142</u>	<u>\$ 500,404</u>	<u>\$ 1,426,546</u>

See auditor's report.

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2013

	Construction and Repair Fund	Central Services Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,688	\$ 78,856	\$ 80,544
Receipts from interfund services provided	1,162,908	2,506,690	3,669,598
Payments to suppliers	(400,018)	(1,210,196)	(1,610,214)
Payments to employees	(591,500)	(1,235,470)	(1,826,970)
Payments for interfund services used	<u>(8,260)</u>	<u>-</u>	<u>(8,260)</u>
Net cash provided from (used by) operating activities	<u>164,818</u>	<u>139,880</u>	<u>304,698</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	<u>(24,480)</u>	<u>(69,520)</u>	<u>(94,000)</u>
Net cash provided from (used by) non-capital financing activities	<u>(24,480)</u>	<u>(69,520)</u>	<u>(94,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from intergovernmental revenue	-	24,493	24,493
Contributions	-	1,000	1,000
Proceeds from sale of capital assets	1,500	-	1,500
Interfund loan proceeds	249,650	64,500	314,150
Acquisition of capital assets	<u>(18,171)</u>	<u>(8,213)</u>	<u>(26,384)</u>
Net cash provided from (used by) capital and related financing activities	<u>232,979</u>	<u>81,780</u>	<u>314,759</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>1,187</u>	<u>2,919</u>	<u>4,106</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	374,504	155,059	529,563
CASH AND CASH EQUIVALENTS, Beginning	<u>26,719</u>	<u>449,385</u>	<u>476,104</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 401,223</u>	<u>\$ 604,444</u>	<u>\$ 1,005,667</u>

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2013

	Construction and Repair Fund	Central Services Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES			
Operating income (loss)	\$ 25,452	\$ 23,579	\$ 49,031
Adjustments to reconcile operating income (loss) to net cash provided (used in) operating activities			
Depreciation	141,796	65,181	206,977
(Increase) decrease in assets:			
Receivables	(1,268)	(6,987)	(8,255)
Prepaid Items	(5,375)	(7,837)	(13,212)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	659	2,148	2,807
Deposits	-	28,212	28,212
Compensated absences payable	(4,794)	4,536	(258)
Other post employment benefits liability	<u>8,348</u>	<u>31,048</u>	<u>39,396</u>
Net cash provided from (used by) operating activities	<u>\$ 164,818</u>	<u>\$ 139,880</u>	<u>\$ 304,698</u>



COMBINING STATEMENTS

Agency Funds

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

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

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

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

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

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2013

	Northeast Oregon Air Task Force Fund	Bail Fund	Pendleton Foundation Trust Fund	Eastern Oregon Drug Task Force Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 1,048	\$ 23,430	\$ 41,263	\$ -	\$ 65,741
Total assets	<u>\$ 1,048</u>	<u>\$ 23,430</u>	<u>\$ 41,263</u>	<u>\$ -</u>	<u>\$ 65,741</u>
LIABILITIES					
Accounts payable	\$ -	\$ 7,323	\$ -	\$ -	\$ 7,323
Due to other governments	<u>1,048</u>	<u>16,107</u>	<u>41,263</u>	<u>-</u>	<u>58,418</u>
Total liabilities	<u>\$ 1,048</u>	<u>\$ 23,430</u>	<u>\$ 41,263</u>	<u>\$ -</u>	<u>\$ 65,741</u>

See auditor's report.

BUDGETARY COMPARISON SCHEDULES

Pursuant to the provisions of Oregon Revised Statute 297.465, Oregon Administrative Rule #162-010-0130, *Minimum Standards for Audits of Oregon Municipal Corporations*, requires an individual schedule of revenues, expenditures/expenses, and changes in fund balances/net 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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES AND TRANSFERS				
Planning and building	\$ 590,370	\$ 590,370	\$ 534,798	\$ 55,572
Municipal court	341,000	341,000	338,733	2,267
Economic development	243,000	243,000	92,953	150,047
Police	4,265,880	4,277,180	4,081,394	195,786
Fire / Ambulance	3,476,900	3,482,900	3,471,788	11,112
Parks and recreation	2,000,185	2,003,685	1,997,387	6,298
Non-departmental	648,350	1,220,350	881,788	338,562
Debt service	217,000	217,000	216,336	664
Contingency	1,796,465	1,734,165	-	1,734,165
TOTAL EXPENDITURES AND TRANSFERS	\$ 13,579,150	\$ 14,109,650	\$ 11,615,177	\$ 2,494,473

See auditor's report.

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

Governmental Funds

Special Revenue Funds

- City Fuel Tax
- Bike
- Library
- Library Trust
- Transportation Services
- Community Development Block Grant
- Community Rehabilitation
- Sidewalk Repair Loan Fund
- Pendleton Convention Center
- PCC TPAC
- 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
- Fire Capital Reserve
- Street HB2001
- Hospital Road

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CITY FUEL TAX FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 288,000	\$ 288,000	\$ 276,476	\$ (11,524)
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>200</u>	<u>(800)</u>
TOTAL REVENUES	<u>289,000</u>	<u>289,000</u>	<u>276,676</u>	<u>(12,324)</u>
EXPENDITURES				
Debt service	<u>550,000</u>	<u>535,600</u>	<u>518,143</u>	<u>17,457</u>
TOTAL EXPENDITURES	<u>550,000</u>	<u>535,600</u>	<u>518,143</u>	<u>17,457</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(261,000)</u>	<u>(246,600)</u>	<u>(241,467)</u>	<u>5,133</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>(14,400)</u>	<u>(14,386)</u>	<u>14</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(14,400)</u>	<u>(14,386)</u>	<u>14</u>
NET CHANGE IN FUND BALANCE	(261,000)	(261,000)	(255,853)	5,147
FUND BALANCE, Beginning	<u>261,000</u>	<u>261,000</u>	<u>255,853</u>	<u>(5,147)</u>
FUND BALANCE, Ending	<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
BIKE FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 9,330	\$ 9,330	\$ 9,120	\$ (210)
Interest on investments	<u>70</u>	<u>70</u>	<u>54</u>	<u>(16)</u>
TOTAL REVENUES	<u>9,400</u>	<u>9,400</u>	<u>9,174</u>	<u>(226)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Materials and services	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,400</u>	<u>1,400</u>	<u>1,174</u>	<u>(226)</u>
NET CHANGE IN FUND BALANCE	1,400	1,400	1,174	(226)
FUND BALANCE, Beginning	<u>6,200</u>	<u>6,200</u>	<u>5,983</u>	<u>(217)</u>
FUND BALANCE, Ending	<u>\$ 7,600</u>	<u>\$ 7,600</u>	<u>\$ 7,157</u>	<u>\$ (443)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 18,000	\$ 18,000	\$ 11,963	\$ (6,037)
Intergovernmental	398,430	398,430	404,409	5,979
Contributions	29,000	29,000	24,775	(4,225)
Interest on investments	-	-	540	540
Miscellaneous	830	830	-	(830)
TOTAL REVENUES	<u>446,260</u>	<u>446,260</u>	<u>441,687</u>	<u>(4,573)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personal services	416,270	416,270	401,449	14,821
Materials and services	104,900	104,900	89,405	15,495
Capital outlay	10,000	10,000	-	10,000
Contingency	55,550	55,550	-	55,550
TOTAL EXPENDITURES	<u>586,720</u>	<u>586,720</u>	<u>490,854</u>	<u>95,866</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(140,460)</u>	<u>(140,460)</u>	<u>(49,167)</u>	<u>91,293</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	43,390	43,390	43,390	-
Transfers out	(13,080)	(13,080)	(13,080)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>30,310</u>	<u>30,310</u>	<u>30,310</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(110,150)	(110,150)	(18,857)	91,293
FUND BALANCE, Beginning	<u>110,150</u>	<u>110,150</u>	<u>88,051</u>	<u>(22,099)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,194</u>	<u>\$ 69,194</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Contributions	\$ -	\$ -	\$ 2,202	\$ 2,202
Interest on investments	<u>12,800</u>	<u>12,800</u>	<u>16,383</u>	<u>3,583</u>
TOTAL REVENUES	<u>12,800</u>	<u>12,800</u>	<u>18,585</u>	<u>5,785</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Materials and services	<u>25,000</u>	<u>25,000</u>	<u>17,763</u>	<u>7,237</u>
TOTAL EXPENDITURES	<u>25,000</u>	<u>25,000</u>	<u>17,763</u>	<u>7,237</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(12,200)</u>	<u>(12,200)</u>	<u>822</u>	<u>13,022</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,800</u>	<u>2,800</u>	<u>826</u>	<u>(1,974)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,800</u>	<u>2,800</u>	<u>826</u>	<u>(1,974)</u>
NET CHANGE IN FUND BALANCE	(9,400)	(9,400)	1,648	11,048
FUND BALANCE, Beginning	<u>640,000</u>	<u>640,000</u>	<u>650,326</u>	<u>10,326</u>
FUND BALANCE, Ending	<u>\$ 630,600</u>	<u>\$ 630,600</u>	<u>\$ 651,974</u>	<u>\$ 21,374</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 13,311	\$ 13,311
Intergovernmental	254,100	254,100	263,899	9,799
Interest on investments	1,600	1,600	2,090	490
Miscellaneous	-	-	11,856	11,856
TOTAL REVENUES	<u>255,700</u>	<u>255,700</u>	<u>291,156</u>	<u>35,456</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	236,700	236,700	210,513	26,187
Capital outlay	50,000	50,000	40,536	9,464
Contingency	<u>20,000</u>	<u>20,000</u>	-	<u>20,000</u>
TOTAL EXPENDITURES	<u>306,700</u>	<u>306,700</u>	<u>251,049</u>	<u>55,651</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(51,000)</u>	<u>(51,000)</u>	<u>40,107</u>	<u>91,107</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	-
NET CHANGE IN FUND BALANCE	(31,000)	(31,000)	60,107	91,107
FUND BALANCE, Beginning	<u>31,000</u>	<u>31,000</u>	<u>329,270</u>	<u>298,270</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,377</u>	<u>\$ 389,377</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 750,000	\$ 750,000	\$ 8,750	\$ (741,250)
Interest on investments	-	-	28	28
TOTAL REVENUES	<u>750,000</u>	<u>750,000</u>	<u>8,778</u>	<u>(741,222)</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Materials and services	<u>752,500</u>	<u>752,500</u>	<u>4,094</u>	<u>748,406</u>
TOTAL EXPENDITURES	<u>752,500</u>	<u>752,500</u>	<u>4,094</u>	<u>748,406</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,500)</u>	<u>(2,500)</u>	<u>4,684</u>	<u>7,184</u>
NET CHANGE IN FUND BALANCE	(2,500)	(2,500)	4,684	7,184
FUND BALANCE (DEFICIT), Beginning	<u>2,500</u>	<u>2,500</u>	<u>(2,070)</u>	<u>(4,570)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,614</u>	<u>\$ 2,614</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Loan repayments	\$ 135,000	\$ 135,000	\$ 212,040	\$ 77,040
Interest on investments	-	-	4,574	4,574
TOTAL REVENUES	<u>135,000</u>	<u>135,000</u>	<u>216,614</u>	<u>81,614</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	248,500	298,500	94,815	203,685
Debt service	<u>3,000</u>	<u>3,000</u>	<u>4,883</u>	<u>(1,883)</u>
TOTAL EXPENDITURES	<u>251,500</u>	<u>301,500</u>	<u>99,698</u>	<u>201,802</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(116,500)</u>	<u>(166,500)</u>	<u>116,916</u>	<u>283,416</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	50,000	50,000	-
Interfund loan proceeds	401,500	401,500	-	(401,500)
Interfund loan repayment	<u>(100,000)</u>	<u>(100,000)</u>	<u>(169,668)</u>	<u>(69,668)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>301,500</u>	<u>351,500</u>	<u>(119,668)</u>	<u>(471,168)</u>
NET CHANGE IN FUND BALANCE	185,000	185,000	(2,752)	(187,752)
Budgetary basis adjustment	-	-	169,668	169,668
FUND BALANCE, Beginning	<u>485,000</u>	<u>485,000</u>	<u>607,401</u>	<u>122,401</u>
FUND BALANCE, Ending	<u>\$ 670,000</u>	<u>\$ 670,000</u>	<u>\$ 774,317</u>	<u>\$ 104,317</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 22,000	\$ 22,000	\$ 32,618	\$ 10,618
Loan repayments	450	450	-	(450)
Interest on investments	-	-	3	3
Miscellaneous	50	50	195	145
TOTAL REVENUES	<u>22,500</u>	<u>22,500</u>	<u>32,816</u>	<u>10,316</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	500	500	62	438
Capital outlay	25,000	25,000	-	25,000
Debt service	5,000	5,000	2,234	2,766
TOTAL EXPENDITURES	<u>30,500</u>	<u>30,500</u>	<u>2,296</u>	<u>28,204</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(8,000)</u>	<u>(8,000)</u>	<u>30,520</u>	<u>38,520</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	138,000	138,000	98,000	(40,000)
Interfund loan repayment	(130,000)	(130,000)	(128,500)	1,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,000</u>	<u>8,000</u>	<u>(30,500)</u>	<u>(38,500)</u>
NET CHANGE IN FUND BALANCE	-	-	20	20
Budgetary basis adjustment	-	-	30,500	30,500
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(128,234)</u>	<u>(128,234)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (97,714)</u>	<u>\$ (97,714)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Other taxes	\$ 390,000	\$ 390,000	\$ 404,456	\$ 14,456
Licenses and fees	50,000	50,000	52,104	2,104
Charges for services	257,000	257,000	236,525	(20,475)
Interest on investments	-	-	4	4
Miscellaneous	13,000	15,000	14,512	(488)
TOTAL REVENUES	<u>710,000</u>	<u>712,000</u>	<u>707,601</u>	<u>(4,399)</u>
EXPENDITURES				
Current:				
General government:				
Personal services	318,450	320,450	317,242	3,208
Materials and services	406,500	406,500	389,685	16,815
Debt service	5,000	5,000	4,288	712
TOTAL EXPENDITURES	<u>729,950</u>	<u>731,950</u>	<u>711,215</u>	<u>20,735</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(19,950)</u>	<u>(19,950)</u>	<u>(3,614)</u>	<u>16,336</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	143,950	284,350	272,500	(11,850)
Interfund loan repayment	(115,000)	(255,400)	(210,000)	45,400
Transfers out	(9,000)	(9,000)	(9,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,950</u>	<u>19,950</u>	<u>53,500</u>	<u>33,550</u>
NET CHANGE IN FUND BALANCE	-	-	49,886	49,886
Budgetary basis adjustment	-	-	(62,500)	(62,500)
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(145,924)</u>	<u>(145,924)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (158,538)</u>	<u>\$ (158,538)</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PCC TPAC FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 90,000	\$ 90,000	\$ 90,585	\$ 585
Contributions	-	-	5,300	5,300
Interest on investments	-	-	183	183
TOTAL REVENUES	<u>90,000</u>	<u>90,000</u>	<u>96,068</u>	<u>6,068</u>
EXPENDITURES				
Capital outlay	110,000	110,000	65,129	44,871
Debt service	<u>50</u>	<u>50</u>	<u>30</u>	<u>20</u>
TOTAL EXPENDITURES	<u>110,050</u>	<u>110,050</u>	<u>65,159</u>	<u>44,891</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(20,050)</u>	<u>(20,050)</u>	<u>30,909</u>	<u>50,959</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	11,500	11,500	-	(11,500)
Interfund loan repayment	<u>(1,950)</u>	<u>(1,950)</u>	<u>(6,000)</u>	<u>(4,050)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,550</u>	<u>9,550</u>	<u>(6,000)</u>	<u>(15,550)</u>
NET CHANGE IN FUND BALANCE	(10,500)	(10,500)	24,909	35,409
Budgetary basis adjustment	-	-	6,000	6,000
FUND BALANCE, Beginning	<u>10,500</u>	<u>10,500</u>	<u>12,018</u>	<u>1,518</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,927</u>	<u>\$ 42,927</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 161,000	\$ 161,000	\$ 171,341	\$ 10,341
Interest on investments	1,000	1,000	810	(190)
Miscellaneous	200	200	761	561
TOTAL REVENUES	<u>162,200</u>	<u>162,200</u>	<u>172,912</u>	<u>10,712</u>
EXPENDITURES				
Current:				
Public safety:				
Materials and services	<u>235,200</u>	<u>235,200</u>	<u>165,046</u>	<u>70,154</u>
TOTAL EXPENDITURES	<u>235,200</u>	<u>235,200</u>	<u>165,046</u>	<u>70,154</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(73,000)</u>	<u>(73,000)</u>	<u>7,866</u>	<u>80,866</u>
NET CHANGE IN FUND BALANCE	(73,000)	(73,000)	7,866	80,866
FUND BALANCE, Beginning	<u>73,000</u>	<u>73,000</u>	<u>48,647</u>	<u>(24,353)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,513</u>	<u>\$ 56,513</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 2,000	\$ 2,000	\$ 2,484	\$ 484
Contributions	2,500	2,500	4,081	1,581
Interest on investments	500	500	732	232
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>7,297</u>	<u>2,297</u>
EXPENDITURES				
Capital outlay	<u>60,000</u>	<u>60,000</u>	<u>2,553</u>	<u>57,447</u>
TOTAL EXPENDITURES	<u>60,000</u>	<u>60,000</u>	<u>2,553</u>	<u>57,447</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(55,000)</u>	<u>(55,000)</u>	<u>4,744</u>	<u>59,744</u>
NET CHANGE IN FUND BALANCE	(55,000)	(55,000)	4,744	59,744
FUND BALANCE, Beginning	<u>99,000</u>	<u>99,000</u>	<u>116,613</u>	<u>17,613</u>
FUND BALANCE, Ending	<u><u>\$ 44,000</u></u>	<u><u>\$ 44,000</u></u>	<u><u>\$ 121,357</u></u>	<u><u>\$ 77,357</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Interest on investments	<u>800</u>	<u>800</u>	<u>1,058</u>	<u>258</u>
TOTAL REVENUES	<u>60,800</u>	<u>60,800</u>	<u>61,058</u>	<u>258</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	<u>150,800</u>	<u>150,800</u>	<u>22,360</u>	<u>128,440</u>
TOTAL EXPENDITURES	<u>150,800</u>	<u>150,800</u>	<u>22,360</u>	<u>128,440</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(90,000)</u>	<u>(90,000)</u>	<u>38,698</u>	<u>128,698</u>
NET CHANGE IN FUND BALANCE	(90,000)	(90,000)	38,698	128,698
FUND BALANCE, Beginning	<u>140,000</u>	<u>140,000</u>	<u>156,785</u>	<u>16,785</u>
FUND BALANCE, Ending	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 195,483</u>	<u>\$ 145,483</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 100	\$ 100	\$ 101	\$ 1
TOTAL REVENUES	<u>100</u>	<u>100</u>	<u>101</u>	<u>1</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	<u>200</u>	<u>200</u>	<u>30</u>	<u>170</u>
TOTAL EXPENDITURES	<u>200</u>	<u>200</u>	<u>30</u>	<u>170</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(100)</u>	<u>(100)</u>	<u>71</u>	<u>171</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>20,175</u>	<u>20,175</u>	<u>20,175</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,175</u>	<u>20,175</u>	<u>20,175</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	20,075	20,075	20,246	171
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 20,075</u>	<u>\$ 20,075</u>	<u>\$ 20,246</u>	<u>\$ 171</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Loan repayments	\$ -	\$ -	\$ 12,662	\$ 12,662
Contributions	-	-	20,000	20,000
Interest on investments	<u>1,500</u>	<u>1,500</u>	<u>1,165</u>	<u>(335)</u>
TOTAL REVENUES	<u>1,500</u>	<u>1,500</u>	<u>33,827</u>	<u>32,327</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	365,000	365,000	136,416	228,584
Capital outlay	50,000	50,000	-	50,000
Contingency	<u>211,500</u>	<u>211,500</u>	<u>-</u>	<u>211,500</u>
TOTAL EXPENDITURES	<u>626,500</u>	<u>626,500</u>	<u>136,416</u>	<u>490,084</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(625,000)</u>	<u>(625,000)</u>	<u>(102,589)</u>	<u>522,411</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	<u>300,000</u>	<u>300,000</u>	<u>325,000</u>	<u>25,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>300,000</u>	<u>300,000</u>	<u>325,000</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCE	(325,000)	(325,000)	222,411	547,411
FUND BALANCE, Beginning	<u>325,000</u>	<u>325,000</u>	<u>336,807</u>	<u>11,807</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 559,218</u>	<u>\$ 559,218</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 474,635	\$ 474,635	\$ 483,721	\$ 9,086
Interest on investments	<u>300</u>	<u>300</u>	<u>498</u>	<u>198</u>
TOTAL REVENUES	<u>474,935</u>	<u>474,935</u>	<u>484,219</u>	<u>9,284</u>
EXPENDITURES				
Debt service	<u>502,125</u>	<u>502,125</u>	<u>502,125</u>	<u>-</u>
TOTAL EXPENDITURES	<u>502,125</u>	<u>502,125</u>	<u>502,125</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(27,190)</u>	<u>(27,190)</u>	<u>(17,906)</u>	<u>9,284</u>
NET CHANGE IN FUND BALANCE	(27,190)	(27,190)	(17,906)	9,284
FUND BALANCE, Beginning	<u>46,000</u>	<u>46,000</u>	<u>53,056</u>	<u>7,056</u>
FUND BALANCE, Ending	<u>\$ 18,810</u>	<u>\$ 18,810</u>	<u>\$ 35,150</u>	<u>\$ 16,340</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 507,000	\$ 507,000	\$ 580,408	\$ 73,408
Interest on investments	<u>2,000</u>	<u>2,000</u>	<u>1,631</u>	<u>(369)</u>
TOTAL REVENUES	<u>509,000</u>	<u>509,000</u>	<u>582,039</u>	<u>73,039</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	15,500	15,500	15,000	500
Debt service	<u>574,960</u>	<u>574,960</u>	<u>362,231</u>	<u>212,729</u>
TOTAL EXPENDITURES	<u>590,460</u>	<u>590,460</u>	<u>377,231</u>	<u>213,229</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(81,460)</u>	<u>(81,460)</u>	<u>204,808</u>	<u>286,268</u>
NET CHANGE IN FUND BALANCE	(81,460)	(81,460)	204,808	286,268
FUND BALANCE, Beginning	<u>561,000</u>	<u>561,000</u>	<u>579,434</u>	<u>18,434</u>
FUND BALANCE, Ending	<u>\$ 479,540</u>	<u>\$ 479,540</u>	<u>\$ 784,242</u>	<u>\$ 304,702</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 2,800	\$ 2,800	\$ 826	\$ (1,974)
TOTAL REVENUES	<u>2,800</u>	<u>2,800</u>	<u>826</u>	<u>(1,974)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,800)	(2,800)	(826)	1,974
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,800)</u>	<u>(2,800)</u>	<u>(826)</u>	<u>1,974</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>140,600</u>	<u>140,600</u>	<u>140,578</u>	<u>(22)</u>
FUND BALANCE, Ending	<u>\$ 140,600</u>	<u>\$ 140,600</u>	<u>\$ 140,578</u>	<u>\$ (22)</u>

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 3,725	\$ 3,725	\$ 1,558	\$ (2,167)
Interest on investments	<u>25,000</u>	<u>25,000</u>	<u>13,895</u>	<u>(11,105)</u>
TOTAL REVENUES	<u>28,725</u>	<u>28,725</u>	<u>15,453</u>	<u>(13,272)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	3,725	3,725	(9,547)	(13,272)
FUND BALANCE, Beginning	<u>733,800</u>	<u>733,800</u>	<u>739,086</u>	<u>5,286</u>
FUND BALANCE, Ending	<u><u>\$ 737,525</u></u>	<u><u>\$ 737,525</u></u>	<u><u>\$ 729,539</u></u>	<u><u>\$ (7,986)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 180,000	\$ 180,000	\$ 180,363	\$ 363
Interest on investments	-	-	36	36
Miscellaneous	-	-	25	25
TOTAL REVENUES	<u>180,000</u>	<u>180,000</u>	<u>180,424</u>	<u>424</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	1,000	1,000	369	631
Capital outlay	500,000	500,000	-	500,000
Debt service	<u>126,200</u>	<u>126,200</u>	<u>126,946</u>	<u>(746)</u>
TOTAL EXPENDITURES	<u>627,200</u>	<u>627,200</u>	<u>127,315</u>	<u>499,885</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(447,200)</u>	<u>(447,200)</u>	<u>53,109</u>	<u>500,309</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	560,500	560,500	13,000	(547,500)
Interfund loan repayment	<u>(25,000)</u>	<u>(25,000)</u>	<u>(67,000)</u>	<u>(42,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>535,500</u>	<u>535,500</u>	<u>(54,000)</u>	<u>(589,500)</u>
NET CHANGE IN FUND BALANCE	88,300	88,300	(891)	(89,191)
Budgetary basis adjustment	-	-	54,000	54,000
FUND BALANCE (DEFICIT), Beginning	<u>(88,300)</u>	<u>(88,300)</u>	<u>(66,090)</u>	<u>22,210</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,981)</u>	<u>\$ (12,981)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 300,000	\$ 300,000	\$ 63,094	\$ (236,906)
Assessments	560	560	573	13
Interest on investments	<u>10,000</u>	<u>10,000</u>	<u>11,149</u>	<u>1,149</u>
TOTAL REVENUES	<u>310,560</u>	<u>310,560</u>	<u>74,816</u>	<u>(235,744)</u>
EXPENDITURES				
Capital outlay	<u>1,049,160</u>	<u>1,049,160</u>	<u>1,137</u>	<u>1,048,023</u>
TOTAL EXPENDITURES	<u>1,049,160</u>	<u>1,049,160</u>	<u>1,137</u>	<u>1,048,023</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(738,600)</u>	<u>(738,600)</u>	<u>73,679</u>	<u>812,279</u>
NET CHANGE IN FUND BALANCE	(738,600)	(738,600)	73,679	812,279
FUND BALANCE, Beginning	<u>738,600</u>	<u>738,600</u>	<u>626,765</u>	<u>(111,835)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,444</u>	<u>\$ 700,444</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 250	\$ 250	\$ 215	\$ (35)
TOTAL REVENUES	<u>250</u>	<u>250</u>	<u>215</u>	<u>(35)</u>
EXPENDITURES				
Capital outlay	<u>38,000</u>	<u>38,000</u>	<u>9,090</u>	<u>28,910</u>
TOTAL EXPENDITURES	<u>38,000</u>	<u>38,000</u>	<u>9,090</u>	<u>28,910</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(37,750)</u>	<u>(37,750)</u>	<u>(8,875)</u>	<u>28,875</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	6,169	6,169
Transfers in	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,000</u>	<u>12,000</u>	<u>18,169</u>	<u>6,169</u>
NET CHANGE IN FUND BALANCE	(25,750)	(25,750)	9,294	35,044
FUND BALANCE, Beginning	<u>42,500</u>	<u>42,500</u>	<u>36,849</u>	<u>(5,651)</u>
FUND BALANCE, Ending	<u>\$ 16,750</u>	<u>\$ 16,750</u>	<u>\$ 46,143</u>	<u>\$ 29,393</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)
FIRE CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 159,000	\$ 159,000	\$ 141,984	\$ (17,016)
Interest on investments	-	-	57	57
TOTAL REVENUES	<u>159,000</u>	<u>159,000</u>	<u>142,041</u>	<u>(16,959)</u>
EXPENDITURES				
Capital outlay	60,000	60,000	55,727	4,273
Debt service	<u>1,000</u>	<u>1,000</u>	<u>644</u>	<u>356</u>
TOTAL EXPENDITURES	<u>61,000</u>	<u>61,000</u>	<u>56,371</u>	<u>4,629</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>98,000</u>	<u>98,000</u>	<u>85,670</u>	<u>(12,330)</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	40,400	40,400	-	(40,400)
Interfund loan repayment	(94,000)	(94,000)	(81,000)	13,000
Transfers out	<u>(44,400)</u>	<u>(44,400)</u>	<u>(44,350)</u>	<u>50</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(98,000)</u>	<u>(98,000)</u>	<u>(125,350)</u>	<u>(27,350)</u>
NET CHANGE IN FUND BALANCE	-	-	(39,680)	(39,680)
Budgetary basis adjustment	-	-	81,000	81,000
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(80,345)</u>	<u>(80,345)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,025)</u>	<u>\$ (39,025)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,650,000	\$ 1,650,000	\$ 25,824	\$ (1,624,176)
Interest on investments	-	-	4	4
TOTAL REVENUES	<u>1,650,000</u>	<u>1,650,000</u>	<u>25,828</u>	<u>(1,624,172)</u>
EXPENDITURES				
Capital outlay	1,650,000	1,664,400	22,724	1,641,676
Debt service	-	15,000	538	14,462
TOTAL EXPENDITURES	<u>1,650,000</u>	<u>1,679,400</u>	<u>23,262</u>	<u>1,656,138</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(29,400)</u>	<u>2,566</u>	<u>31,966</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	14,400	14,386	(14)
Interfund loan proceeds	-	15,000	13,000	(2,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>29,400</u>	<u>27,386</u>	<u>(2,014)</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>29,952</u>	<u>29,952</u>
Budgetary basis adjustment	-	-	(13,000)	(13,000)
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(14,867)</u>	<u>(14,867)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,085</u>	<u>\$ 2,085</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
HOSPITAL ROAD FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 749,999	\$ 372,259	\$ (377,740)
TOTAL REVENUES	<u>-</u>	<u>749,999</u>	<u>372,259</u>	<u>(377,740)</u>
EXPENDITURES				
Capital outlay	-	749,999	372,259	377,740
TOTAL EXPENDITURES	<u>-</u>	<u>749,999</u>	<u>372,259</u>	<u>377,740</u>
 NET CHANGE IN FUND BALANCE	 -	 -	 -	 -
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See auditor's report.

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

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

- Construction and Repair
- Central Services

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 3,328,500	\$ 3,328,500	\$ 3,418,008	\$ 89,508
Intergovernmental	-	-	21,155	21,155
Interest on investments	1,200	1,200	260	(940)
Miscellaneous	2,500	2,500	24,526	22,026
TOTAL REVENUES	<u>3,332,200</u>	<u>3,332,200</u>	<u>3,463,949</u>	<u>131,749</u>
EXPENDITURES				
Current:				
Personal services	471,600	471,600	461,462	10,138
Materials and services	1,781,550	1,871,550	1,827,865	43,685
Capital outlay	3,600,000	3,600,000	500,377	3,099,623
Debt service	466,225	466,225	464,143	2,082
Contingency	230,255	140,255	-	140,255
TOTAL EXPENDITURES	<u>6,549,630</u>	<u>6,549,630</u>	<u>3,253,847</u>	<u>3,295,783</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,217,430)</u>	<u>(3,217,430)</u>	<u>210,102</u>	<u>3,427,532</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	3,000	3,000	5,900	2,900
Issuance of debt	2,600,000	2,600,000	-	(2,600,000)
Interfund loan proceeds	-	-	323,000	323,000
Interfund loan repayment	(49,000)	(49,000)	(48,488)	512
Transfers out	(11,870)	(11,870)	(11,870)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,542,130</u>	<u>2,542,130</u>	<u>268,542</u>	<u>(2,273,588)</u>
NET CHANGE IN FUND BALANCE	(675,300)	(675,300)	478,644	1,153,944
Budgetary basis adjustment	-	-	(274,512)	(274,512)
FUND BALANCE (DEFICIT), Beginning	<u>775,300</u>	<u>775,300</u>	<u>(325,187)</u>	<u>(1,100,487)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 100,000</u>	<u>\$ 100,000</u>	(121,055)	<u>\$ (221,055)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			14,072,233	
Accrued interest payable			(91,631)	
Other post employment benefits liability			(50,845)	
Long-term debt			<u>(3,574,402)</u>	
NET POSITION, Ending			<u>\$ 10,234,300</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 3,813,000	\$ 3,813,000	\$ 3,847,531	\$ 34,531
Intergovernmental	816,000	816,000	257,146	(558,854)
Interest on investments	30,000	30,000	26,465	(3,535)
Miscellaneous	65,725	65,725	2	(65,723)
TOTAL REVENUES	<u>4,724,725</u>	<u>4,724,725</u>	<u>4,131,144</u>	<u>(593,581)</u>
EXPENDITURES				
Current:				
Personal services	479,400	479,400	463,542	15,858
Materials and services	1,636,530	1,721,530	1,721,507	23
Capital outlay	800,000	800,000	609,326	190,674
Debt service	406,000	406,000	289,387	116,613
Contingency	227,320	142,320	-	142,320
TOTAL EXPENDITURES	<u>3,549,250</u>	<u>3,549,250</u>	<u>3,083,762</u>	<u>465,488</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,175,475</u>	<u>1,175,475</u>	<u>1,047,382</u>	<u>(128,093)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,957,700)	(1,957,700)	(757,598)	1,200,102
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,957,700)</u>	<u>(1,957,700)</u>	<u>(757,598)</u>	<u>1,200,102</u>
NET CHANGE IN FUND BALANCE	(782,225)	(782,225)	289,784	1,072,009
FUND BALANCE, Beginning	<u>782,225</u>	<u>782,225</u>	<u>1,079,087</u>	<u>296,862</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,368,871</u>	<u>\$ 1,368,871</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 5,000	\$ 5,000	\$ 25,507	\$ 20,507
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>25,507</u>	<u>20,507</u>
EXPENDITURES				
Capital outlay	<u>1,200,000</u>	<u>1,200,000</u>	<u>355,776</u>	<u>844,224</u>
TOTAL EXPENDITURES	<u>1,200,000</u>	<u>1,200,000</u>	<u>355,776</u>	<u>844,224</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,195,000)</u>	<u>(1,195,000)</u>	<u>(330,269)</u>	<u>864,731</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>(1,200,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>(1,200,000)</u>
NET CHANGE IN FUND BALANCE	5,000	5,000	(330,269)	(335,269)
FUND BALANCE, Beginning	<u>2,336,000</u>	<u>2,336,000</u>	<u>2,975,463</u>	<u>639,463</u>
FUND BALANCE, Ending	<u>\$ 2,341,000</u>	<u>\$ 2,341,000</u>	<u>\$ 2,645,194</u>	<u>\$ 304,194</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 500	\$ 500	\$ 2,763	\$ 2,263
TOTAL REVENUES	<u>500</u>	<u>500</u>	<u>2,763</u>	<u>2,263</u>
EXPENDITURES				
Capital outlay	<u>620,600</u>	<u>620,600</u>	<u>620,600</u>	<u>-</u>
TOTAL EXPENDITURES	<u>620,600</u>	<u>620,600</u>	<u>620,600</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(620,100)	(620,100)	(617,837)	2,263
FUND BALANCE, Beginning	<u>620,100</u>	<u>620,100</u>	<u>759,255</u>	<u>139,155</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,418</u>	<u>\$ 141,418</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER RATE RESERVE FUND
For the Fiscal Year Ended June 30, 2013

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

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES				
Debt service	\$ 744,700	\$ 744,700	\$ 744,598	\$ 102
TOTAL EXPENDITURES	<u>744,700</u>	<u>744,700</u>	<u>744,598</u>	<u>102</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>744,700</u>	<u>744,700</u>	<u>744,598</u>	<u>(102)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>744,700</u>	<u>744,700</u>	<u>744,598</u>	<u>(102)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2013

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

See auditor's report.

**CITY OF PENDLETON, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL SEWER FUNDS
For the Fiscal Year Ended June 30, 2013**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Sewer	\$ 1,368,871
Sewer Capital Reserve	2,645,194
Wastewater Capital Project	141,418
Wastewater Rate Reserve	744,698
Wastewater Rate Stabilization	<u>450,000</u>

5,350,181

Adjustments:

Capital assets, net of depreciation	23,222,501
Bond discount and issuance costs	103,104
Accrued interest payable	(186,097)
Other post employment benefits liability	(52,154)
Long-term debt	<u>(14,765,000)</u>

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

\$ 13,672,535

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 381,000	\$ 381,000	\$ 374,870	\$ (6,130)
Intergovernmental	650,000	650,000	149,015	(500,985)
Contributions	-	-	5,000	5,000
Interest on investments	-	-	67	67
Miscellaneous	1,000	1,000	-	(1,000)
TOTAL REVENUES	<u>1,032,000</u>	<u>1,032,000</u>	<u>528,952</u>	<u>(503,048)</u>
EXPENDITURES				
Current:				
Personal services	265,070	265,070	231,816	33,254
Materials and services	199,070	224,070	202,210	21,860
Capital outlay	774,210	749,210	197,730	551,480
Debt service	50,000	50,000	45,689	4,311
Contingency	3,910	3,910	-	3,910
TOTAL EXPENDITURES	<u>1,292,260</u>	<u>1,292,260</u>	<u>677,445</u>	<u>614,815</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(260,260)</u>	<u>(260,260)</u>	<u>(148,493)</u>	<u>111,767</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	35,000	35,000	1,292	(33,708)
Transfers in	78,610	78,610	78,560	(50)
Interfund loan proceeds	2,455,440	2,455,440	2,248,000	(207,440)
Interfund loan repayment	(2,300,000)	(2,300,000)	(2,240,000)	60,000
Transfers out	(8,790)	(8,790)	(8,790)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>260,260</u>	<u>260,260</u>	<u>79,062</u>	<u>(181,198)</u>
NET CHANGE IN FUND BALANCE	-	-	(69,431)	(69,431)
Budgetary basis adjustment	-	-	(8,000)	(8,000)
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(2,137,145)</u>	<u>(2,137,145)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>(2,214,576)</u>	<u>\$ (2,214,576)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			8,406,108	
Notes receivable			139,095	
Other post employment benefits liability			<u>(19,022)</u>	
NET POSITION Ending			<u>\$ 6,311,605</u>	

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CEMETERY FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 121,550	\$ 71,550	\$ 93,149	\$ 21,599
Charges for services	6,000	6,000	5,439	(561)
Intergovernmental	-	-	4,000	4,000
Interest on investments	200	200	11	(189)
Miscellaneous	-	-	119	119
TOTAL REVENUES	<u>127,750</u>	<u>77,750</u>	<u>102,718</u>	<u>24,968</u>
EXPENDITURES				
Current:				
Personal services	160,525	160,525	152,090	8,435
Materials and services	<u>101,150</u>	<u>101,150</u>	<u>84,857</u>	<u>16,293</u>
TOTAL EXPENDITURES	<u>261,675</u>	<u>261,675</u>	<u>236,947</u>	<u>24,728</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(133,925)</u>	<u>(183,925)</u>	<u>(134,229)</u>	<u>49,696</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	135,000	185,000	146,775	(38,225)
Interfund loan proceeds	-	-	11,775	11,775
Transfers out	<u>(24,375)</u>	<u>(24,375)</u>	<u>(24,375)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>110,625</u>	<u>160,625</u>	<u>134,175</u>	<u>(26,450)</u>
NET CHANGE IN FUND BALANCE	(23,300)	(23,300)	(54)	23,246
Budgetary basis adjustment	-	-	(11,775)	(11,775)
FUND BALANCE (DEFICIT), Beginning	<u>23,300</u>	<u>23,300</u>	<u>(1,422)</u>	<u>(24,722)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	(13,251)	<u>\$ (13,251)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			149,293	
Other post employment benefits liability			<u>(13,145)</u>	
NET POSITION, Ending			<u>\$ 122,897</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,162,170	\$ 1,162,170	\$ 1,157,802	\$ (4,368)
Interest on investments	2,000	2,000	1,187	(813)
Miscellaneous	10,530	10,530	8,062	(2,468)
TOTAL REVENUES	<u>1,174,700</u>	<u>1,174,700</u>	<u>1,167,051</u>	<u>(7,649)</u>
EXPENDITURES				
Current:				
Personal services	852,760	852,760	812,862	39,898
Materials and services	190,010	190,010	177,406	12,604
Capital outlay	231,500	231,500	18,171	213,329
Contingency	15,000	15,000	-	15,000
TOTAL EXPENDITURES	<u>1,289,270</u>	<u>1,289,270</u>	<u>1,008,439</u>	<u>280,831</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(114,570)</u>	<u>(114,570)</u>	<u>158,612</u>	<u>273,182</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	20,000	20,000	1,500	(18,500)
Transfers out	(24,480)	(24,480)	(24,480)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,480)</u>	<u>(4,480)</u>	<u>(22,980)</u>	<u>(18,500)</u>
NET CHANGE IN FUND BALANCE	(119,050)	(119,050)	135,632	254,682
FUND BALANCE, Beginning	<u>138,700</u>	<u>138,700</u>	<u>202,647</u>	<u>63,947</u>
FUND BALANCE, Ending	<u>\$ 19,650</u>	<u>\$ 19,650</u>	338,279	<u>\$ 318,629</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			661,943	
Other post employment benefits liability			(74,080)	
NET POSITION, Ending			<u>\$ 926,142</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 43,100	\$ 43,100	\$ 56,657	\$ 13,557
Charges for services	2,491,690	2,491,690	2,506,690	15,000
Intergovernmental	25,000	25,000	24,493	(507)
Contributions	1,000	1,000	1,000	-
Interest on investments	2,700	2,700	2,919	219
Miscellaneous	5,100	5,100	973	(4,127)
TOTAL REVENUES	<u>2,568,590</u>	<u>2,568,590</u>	<u>2,592,732</u>	<u>24,142</u>
EXPENDITURES				
Current:				
Personal services	1,729,700	1,734,700	1,672,063	62,637
Materials and services	851,875	851,875	772,449	79,426
Capital outlay	39,800	39,800	8,213	31,587
Contingency	103,695	98,695	-	98,695
TOTAL EXPENDITURES	<u>2,725,070</u>	<u>2,725,070</u>	<u>2,452,725</u>	<u>272,345</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(156,480)</u>	<u>(156,480)</u>	<u>140,007</u>	<u>296,487</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(69,520)	(69,520)	(69,520)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(69,520)</u>	<u>(69,520)</u>	<u>(69,520)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(226,000)	(226,000)	70,487	296,487
FUND BALANCE, Beginning	<u>226,000</u>	<u>226,000</u>	<u>417,512</u>	<u>191,512</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	487,999	<u>\$ 487,999</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			151,308	
Other post employment benefits liability			<u>(138,903)</u>	
NET POSITION, Ending			<u>\$ 500,404</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES AND TRANSFERS				
City manager's office	\$ 340,500	\$ 343,500	\$ 341,972	\$ 1,528
Insurance	254,500	254,500	246,956	7,544
Mayor and City Council	51,000	51,000	50,375	625
Legal	268,650	268,650	239,829	28,821
Finance	578,500	578,500	532,174	46,326
Engineering	408,700	408,700	353,782	54,918
Facilities	541,025	543,025	534,980	8,045
Information technology	178,500	178,500	152,657	25,843
Contingency	103,695	98,695	-	98,695
	<u>2,725,070</u>	<u>2,725,070</u>	<u>2,452,725</u>	<u>272,345</u>
Total expenditures				
Transfers	<u>69,520</u>	<u>69,520</u>	<u>69,520</u>	<u>-</u>
TOTAL EXPENDITURES AND TRANSFERS	<u><u>\$ 2,794,590</u></u>	<u><u>\$ 2,794,590</u></u>	<u><u>\$ 2,522,245</u></u>	<u><u>\$ 272,345</u></u>

See auditor's report.

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

Fiduciary Funds

Agency Funds

- Eastern Oregon Drug Task Force
- Pendleton Foundation Trust

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
EASTERN OREGON DRUG TASK FORCE FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 35,000	\$ 50,000	\$ 49,664	\$ (336)
TOTAL REVENUES	<u>35,000</u>	<u>50,000</u>	<u>49,664</u>	<u>(336)</u>
EXPENDITURES				
Current:				
Materials and services	<u>35,000</u>	<u>50,000</u>	<u>49,664</u>	<u>336</u>
TOTAL EXPENDITURES	<u>35,000</u>	<u>50,000</u>	<u>49,664</u>	<u>336</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See auditor's report.

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 232,500	\$ 232,500	\$ 157,950	\$ (74,550)
Interest on investments	<u>2,500</u>	<u>2,500</u>	<u>103</u>	<u>(2,397)</u>
TOTAL REVENUES	<u>235,000</u>	<u>235,000</u>	<u>158,053</u>	<u>(76,947)</u>
EXPENDITURES				
Current:				
Materials and services	<u>240,000</u>	<u>240,000</u>	<u>117,283</u>	<u>122,717</u>
TOTAL EXPENDITURES	<u>240,000</u>	<u>240,000</u>	<u>117,283</u>	<u>122,717</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,000)</u>	<u>(5,000)</u>	<u>40,770</u>	<u>45,770</u>
NET CHANGE IN FUND BALANCE	(5,000)	(5,000)	40,770	45,770
FUND BALANCE, Beginning	<u>5,000</u>	<u>5,000</u>	<u>493</u>	<u>(4,507)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,263</u>	<u>\$ 41,263</u>

See auditor's report.



OTHER FINANCIAL SCHEDULES

**CITY OF PENDLETON, OREGON
ALL AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2013**

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Northeast Oregon Air Task Force Agency				
ASSETS				
Cash and cash equivalents	\$ 1,042	\$ 6	\$ -	\$ 1,048
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governments	\$ 1,042	\$ 6	\$ -	\$ 1,048
Bail Fund				
ASSETS				
Cash and cash equivalents	\$ 52,506	\$ -	\$ 29,076	\$ 23,430
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 43,443	\$ -	\$ 36,120	\$ 7,323
Due to other governments	9,063	7,044		16,107
Total liabilities	\$ 52,506	\$ 7,044	\$ 36,120	\$ 23,430
Eastern Oregon Drug Task Force Fund				
ASSETS				
Accounts receivable	\$ 17,641	\$ 49,664	\$ 67,305	\$ -
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 17,641	\$ 49,664	\$ 67,305	\$ -
Pendleton Foundation Trust				
ASSETS				
Cash and cash equivalents	\$ 493	\$ 158,053	\$ 117,283	\$ 41,263
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governments	\$ 493	\$ 158,053	\$ 117,283	\$ 41,263

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the fiscal year ended June 30, 2013

	Taxes Uncollected July 1, 2012	Add Levy Extended by Assessor	Add (Deduct) Discounts Interest Cancellations Adjustments	Deduct Interest and Tax Collections	Taxes Uncollected June 30, 2013
2012-13	\$ -	\$ 6,096,473	\$ (165,771)	\$ (5,713,586)	\$ 217,116
2011-12	260,543	-	6,225	(135,383)	131,385
2010-11	128,170	-	6,767	(56,632)	78,305
2009-10	87,338	-	9,984	(54,602)	42,720
2008-09	36,568	-	7,133	(34,282)	9,419
2007-08	8,011	-	300	(2,445)	5,866
2006-07	2,063	-	85	(1,247)	901
2005-06	896	-	27	(89)	834
2004-05	565	-	18	(46)	537
2003-04	482	-	13	(32)	463
2002-03	499	-	118	(274)	343
2001-02	227	-	14	(30)	211
2000-01	195	-	11	(21)	185
1999-00	258	-	47	(23)	282
1998-99	237	-	5	(9)	233
1997-98	125	-	-	-	125
Prior	436	-	9	(13)	432
	<u>\$ 526,613</u>	<u>\$ 6,096,473</u>	<u>\$ (135,015)</u>	<u>\$ (5,998,714)</u>	<u>\$ 489,357</u>

Tax Collections to June 30, 2013	Taxes Receivable June 30, 2013
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Taxes receivable and tax collections classified by fund:

General Fund	\$ 4,951,352	\$ 404,537
Urban Renewal Debt Service Fund	580,062	43,069
Debt Service Fund	483,925	41,751
Plus: appeals and foreclosure adjustments	<u>(16,625)</u>	<u>-</u>
Totals	<u>\$ 5,998,714</u>	<u>\$ 489,357</u>

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

	Property Tax Revenues (Cash Basis)	Less: Beginning Accrual	Plus: Ending Accrual	Property Tax Revenues (Fund Basis)
Property Tax Revenue:				
General Fund	\$ 4,951,352	\$ (54,896)	\$ 53,648	\$ 4,950,104
Urban Renewal Debt Service Fund	580,062	(4,617)	4,963	580,408
Debt Service Fund	<u>483,925</u>	<u>(6,664)</u>	<u>6,460</u>	<u>483,721</u>
	<u>\$ 6,015,339</u>	<u>\$ (66,177)</u>	<u>\$ 65,071</u>	<u>\$ 6,014,233</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL AND INTEREST TRANSACTIONS
For the fiscal year ended June 30, 2013

	Terms				Outstanding June 30, 2012
	Date of Issue	Interest Rate	Maturity Date	Original Amount	
Governmental Funds:					
General Obligation Bonds:					
1998 McCune Refunding	06/01/98	4.45% - 4.70%	01/01/14	\$ 2,110,000	\$ 500,000
2005 Facilities Refunding	01/10/05	3.00% - 4.00%	01/01/16	\$ 1,945,000	855,000
Less Deferred Amounts on Refunding	01/10/05	-	-	\$ (57,514)	(18,060)
Total General Obligation Bonds					1,336,940
Limited Tax Pension Bonds:					
Series 2005	09/23/05	4.21% - 5.004%	06/01/28	\$ 7,160,000	6,665,000
Urban Renewal Bonds:					
Series 2013	03/31/13	4.75%	01/15/23	\$ 2,150,000	-
Notes payable:					
Community Bank - Pendleton Development Commission	01/28/09	6.60%	01/28/19	\$ 2,000,000	1,528,675
Banner Bank - Pendleton Development Commission	06/26/09	5.50%	09/30/12	\$ 2,150,000	1,825,000
USDA- Pendleton Academies	03/05/98	4.88%	03/05/38	\$ 889,533	815,696
Sunridge LID	07/29/09	4.90%	07/29/24	\$ 1,300,000	1,164,500
Horizon Olney Project	07/24/12	5.00%	06/30/14	\$ 50,000	
Oregon Department of Transportation	04/07/09	4.80%	01/01/30	\$ 1,512,613	501,013
Total General Long Term Debt					<u>\$ 13,836,824</u>
Enterprise Funds:					
Water Fund:					
Notes payable:					
Safe Drinking Water State Revolving Loan Fund	06/30/03	4.50%	12/01/22	\$ 4,000,000	\$ 2,622,000
Safe Drinking Water State Revolving Loan Fund	06/30/03	4.17%	12/01/22	\$ 1,900,000	1,231,948
Total Water Fund					3,853,948
Sewer Fund:					
Clean Water State Revolving Fund 2009	09/22/09	0.00%	04/01/31	\$ 4,000,000	4,000,000
Clean Water State Revolving Fund 2010	04/15/10	2.77%	04/01/31	\$ 2,400,000	2,400,000
Clean Water State Revolving Fund 2011	04/15/10	2.77%	04/01/31	\$ 2,250,000	2,250,000
Waste Water Revenue Bonds	12/11/07	3.00% - 4.30%	01/15/28	\$ 9,980,000	8,560,000
Total Sewer Fund					17,210,000
Total Enterprise Funds					<u>\$ 21,063,948</u>

* \$ 2,000,000 loan forgiveness

Debt Principal				Matured Interest Payable			
Issued During Year	Transfers and Adjustments	Paid During Year	Outstanding June 30, 2013	Outstanding June 30, 2012	Matured During Year	Paid During Year	Outstanding June 30, 2013
\$ -	\$ -	\$ 245,000	\$ 255,000	\$ -	\$ 23,500	\$ 23,500	\$ -
-	-	200,000	655,000	-	33,625	33,625	-
-	-	(5,229)	(12,831)	-	-	-	-
-	-	439,771	897,169	-	57,125	57,125	-
-	-	155,000	6,510,000	-	329,739	329,739	-
325,000	1,825,000	3,246	2,146,754	-	73,139	73,139	-
-	-	179,019	1,349,656	-	101,734	101,734	-
-	(1,825,000)	-	-	-	-	-	-
-	-	30,238	785,458	-	39,098	39,098	-
-	-	69,764	1,094,736	-	55,861	55,861	-
50,000	-	-	50,000	-	2,500	2,500	-
-	-	501,013	-	-	17,130	17,130	-
\$ 375,000	\$ -	\$ 1,378,051	\$ 12,833,773	\$ -	\$ 676,326	\$ 676,326	\$ -
\$ -	\$ -	\$ 189,000	\$ 2,433,000	\$ -	\$ 117,990	\$ 117,990	\$ -
-	-	90,545	1,141,403	-	51,372	51,372	-
-	-	279,545	3,574,403	-	169,362	169,362	-
-	(2,000,000)	50,000	1,950,000 *	-	-	-	-
-	-	-	2,400,000	-	239,387	239,387	-
-	-	-	2,250,000	-	-	-	-
-	-	395,000	8,165,000	-	349,598	349,598	-
-	(2,000,000)	445,000	14,765,000	-	588,985	588,985	-
\$ -	\$ (2,000,000)	\$ 724,545	\$ 18,339,403	\$ -	\$ 758,347	\$ 758,347	\$ -

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE GENERAL OBLIGATION BONDED DEBT
REQUIREMENTS- GOVERNMENTAL FUNDS
June 30, 2013

Year of Maturity	General Obligation Bonds		McCune Refunding		Facilities Refunding	
	Totals		Principal	Interest	Principal	Interest
	Principal	Interest				
2013-14	\$ 465,000	\$ 37,610	\$ 255,000	\$ 11,985	\$ 210,000	\$ 25,625
2014-15	215,000	17,225	-	-	215,000	17,225
2015-16	230,000	8,625	-	-	230,000	8,625
	<u>\$ 910,000</u>	<u>\$ 63,460</u>	<u>\$ 255,000</u>	<u>\$ 11,985</u>	<u>\$ 655,000</u>	<u>\$ 51,475</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE LIMITED TAX PENSION
BONDED DEBT REQUIREMENTS - GOVERNMENTAL FUNDS
June 30, 2013

Year of Maturity	Limited Tax Pension Bonds	
	Principal	Interest
2013-14	\$ 180,000	\$ 322,591
2014-15	210,000	314,194
2015-16	240,000	303,990
2016-17	270,000	292,328
2017-18	310,000	279,209
2018-19	345,000	264,146
2019-20	390,000	247,383
2020-21	430,000	228,433
2021-22	480,000	206,915
2022-23	530,000	182,896
2023-24	585,000	156,375
2024-25	645,000	127,102
2025-26	710,000	94,826
2026-27	775,000	59,297
2027-28	410,000	20,516
	<u>\$ 6,510,000</u>	<u>\$ 3,100,201</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE URBAN RENEWAL
BONDED DEBT REQUIREMENTS - GOVERNMENTAL FUNDS
June 30, 2013

Year of Maturity	Urban Renewal Bond	
	Principal	Interest
2013-14	\$ 194,047	\$ 81,018
2014-15	182,311	92,754
2015-16	190,971	84,094
2016-17	200,042	75,023
2017-18	209,544	65,521
2018-19	219,497	55,567
2019-20	229,923	45,141
2020-21	240,845	34,220
2021-22	252,285	22,780
2022-23	227,289	10,796
	<u>\$ 2,146,754</u>	<u>\$ 566,914</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
GOVERNMENTAL FUNDS
June 30, 2013

Year of Maturity	Notes Payable		Community Bank - Pendleton Development Commission		USDA- Pendleton Academies	
	Totals		Principal	Interest	Principal	Interest
	Principal	Interest				
2013-14	\$ 344,994	\$ 183,219	\$ 190,359	\$ 90,393	\$ 31,748	\$ 37,588
2014-15	312,930	162,783	203,097	77,655	33,331	36,005
2015-16	331,976	143,735	216,687	64,064	34,993	34,343
2016-17	352,069	123,644	231,052	49,700	36,738	32,598
2017-18	373,677	102,035	246,649	34,103	38,569	30,767
2018-19	395,151	79,220	261,812	17,598	40,492	28,844
2019-20	139,963	54,998	-	-	42,511	26,825
2020-21	146,916	48,045	-	-	44,630	24,706
2021-22	154,214	40,746	-	-	46,855	22,481
2022-23	161,874	33,085	-	-	49,190	20,145
2023-24	169,916	25,044	-	-	51,643	17,693
2024-25	115,630	16,612	-	-	54,218	15,118
2025-26	56,921	12,415	-	-	56,921	12,415
2026-27	59,758	9,578	-	-	59,758	9,578
2027-28	62,738	6,598	-	-	62,738	6,598
2028-29	65,865	3,471	-	-	65,865	3,471
2029-30	35,258	516	-	-	35,258	516
	<u>\$ 3,279,850</u>	<u>\$ 1,045,744</u>	<u>\$ 1,349,656</u>	<u>\$ 333,513</u>	<u>\$ 785,458</u>	<u>\$ 359,691</u>

Year of Maturity	Sunridge LID		Horizon Onley	
	Principal	Interest	Principal	Interest
2013-14	\$ 72,887	\$ 52,738	\$ 50,000	\$ 2,500
2014-15	76,502	49,123	-	-
2015-16	80,296	45,328	-	-
2016-17	84,279	41,346	-	-
2017-18	88,459	37,165	-	-
2018-19	92,847	32,778	-	-
2019-20	97,452	28,173	-	-
2020-21	102,286	23,339	-	-
2021-22	107,359	18,265	-	-
2022-23	112,684	12,940	-	-
2023-24	118,273	7,351	-	-
2024-25	61,412	1,494	-	-
2025-26	-	-	-	-
2026-27	-	-	-	-
2027-28	-	-	-	-
2028-29	-	-	-	-
2029-30	-	-	-	-
	<u>\$ 1,094,736</u>	<u>\$ 350,040</u>	<u>\$ 50,000</u>	<u>\$ 2,500</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
WATER FUND
June 30, 2013

Year of Maturity	Notes Payable Totals		Safe Drinking Water State Revolving Loan Fund			
	Principal	Interest	Principal	Interest	Principal	Interest
2013-14	\$ 292,321	\$ 157,081	\$ 198,000	\$ 109,485	\$ 94,321	\$ 47,596
2014-15	305,255	144,238	207,000	100,575	98,255	43,663
2015-16	318,350	130,828	216,000	91,260	102,350	39,568
2016-17	332,620	116,838	226,000	81,540	106,620	35,298
2017-18	347,066	102,222	236,000	71,370	111,066	30,852
2018-19	362,698	86,970	247,000	60,750	115,698	26,220
2019-20	378,522	71,031	258,000	49,635	120,522	21,396
2020-21	394,548	56,395	269,000	38,025	125,548	18,370
2021-22	412,783	37,055	282,000	25,920	130,783	11,135
2022-23	430,240	18,911	294,000	13,230	136,240	5,681
	<u>\$ 3,574,403</u>	<u>\$ 921,569</u>	<u>\$ 2,433,000</u>	<u>\$ 641,790</u>	<u>\$ 1,141,403</u>	<u>\$ 279,779</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
SEWER FUND
June 30, 2013

Year of Maturity	Totals		Waste Water Revenue Bonds	
	Principal	Interest	Principal	Interest
	2013-14	\$ 687,693	\$ 463,322	\$ 405,000
2014-15	712,789	442,026	425,000	319,573
2015-16	733,027	421,913	440,000	304,698
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>\$ 14,765,000</u>	<u>\$ 4,377,813</u>	<u>\$ 8,165,000</u>	<u>\$ 2,978,091</u>

Year of Maturity	Clean Water State Revolving Fund			
	Principal	Interest	Principal	Interest
	2013-14	\$ 182,693	\$ 127,549	\$ 100,000
2014-15	187,789	122,453	100,000	-
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>\$ 4,650,000</u>	<u>\$ 1,399,722</u>	<u>\$ 1,950,000</u>	<u>\$ -</u>

See auditor's report.



STATISTICAL SECTION

City of Pendleton
Major Wastewater Accounts FY13

ACCOUNT	TOTAL ANNUAL REVENUE FY13	% OF TOTAL ANNUAL REV FY13
EOCI	\$419,761	11.40%
TRIBES/WILDHORSE	136,055	3.69%
RED LION	47,328	1.28%
CRAIG NEUBO	31,298	0.85%
RON MORRIS	31,127	0.85%
WILLIAM SMITH	27,061	0.73%
RIETH SANITARY	25,280	0.69%
HILL MEAT	25,790	0.70%
OREGON TRAIL MANOR	18,980	0.52%
ST ANTHONY	16,470	0.45%
TOTAL	\$779,148	21.15%
ALL OTHER CUSTOMERS	2,904,233	78.85%
TOTAL SEWER REVENUE	\$3,683,381	100.00%

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

	Actual								Projected 2.5%	
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues:										
Transfers from Other Funds - IN	\$0	\$301,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Revenues:	3500	0	0	0	0	0	0	0	0	0
Enterprise Revenues:	1,662,682	1,754,055	2,649,142	3,656,158	3,707,262	3,839,656	3,736,322	3,821,177	3,916,706	4,014,624
Intergovernmental revenues:	8,207	1,142	6,013	1,487	11,722	9,341	16,547	283,499	290,587	297,851
Total Operating Revenues	1,674,389	2,056,297	2,655,155	3,657,645	3,718,984	3,848,997	3,752,869	4,104,676	4,207,293	4,312,475
Operating Expenses:										
Personal Services	297,575	316,595	331,780	385,723	450,321	427,970	437,313	463,542	475,131	487,009
Materials & Services	1,093,110	1,016,103	1,069,572	1,372,440	1,448,569	1,510,552	1,586,004	1,721,507	1,764,545	1,808,658
Transfers to other fund- OUT	21,725	12,100	9,870	10,100	9,090	9,730	12,730	13,000	13,325	13,658
Contingency	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	1,412,410	1,344,798	1,411,222	1,768,263	1,907,980	1,948,252	2,036,047	2,198,049	2,253,000	2,309,325
Net Operating Income	261,979	711,499	1,243,933	1,889,382	1,811,004	1,900,745	1,716,822	1,906,627	1,954,293	2,003,150
Non-operating Income (Expenses):										
Sale of Equipment/land	0	10,000	10,377	3,727	3,727	3,727	3,727	0	2,000	2,000
Other miscellaneous	0	0			8,616	0	0	2	0	0
Reimbursement of expense	0	919	868	13,108	17,500	0	0	0	1,000	1,000
Investment Income										
Sewer Fund	13,745	35,209	42,883	43,774	11,782	30,671	32,598	26,464	20,000	20,000
Sewer Capital Reserve Fund	20,244	13,481	11,802	5,814	9,323	9,485	4,906	25,507	18,500	16,100
Total Non-operating Income (Expense)	33,989	59,609	65,930	66,423	50,948	43,883	41,231	51,973	41,500	39,100
Net Revenues Avail. For Debt Service	295,968	771,108	1,309,863	1,955,805	1,861,952	1,944,628	1,758,053	1,958,600	1,995,793	2,042,250
Senior Lien Debt Service:										
OCEDD Special Public Works Fund Loan	3,836	3,836	10,387	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
CWSRF \$4 million, \$2 million Debt Forgive	0	0	0	0	0	0	0	50,000	109,250	108,750
CWSRF \$4.650 million	0	0	0	0	0	0	0	239,387	321,867	321,411
Total Senior Lien Debt Service	3,836	3,836	10,387	742,471	743,198	743,998	742,898	1,033,985	1,171,890	1,174,734
Net Revenues Avail for Other purposes	\$292,132	\$767,272	\$1,299,476	\$1,213,334	\$1,118,754	\$1,200,630	\$1,015,155	\$924,615	823,903	\$867,516
Debt Service Coverage	77.16	201.02	126.11	2.63	2.51	2.61	2.37	1.89	1.70	1.74

**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	
2014	405,000	335,773	100,000	4,875	182,693	139,174	1,167,515
2015	425,000	319,573	100,000	4,625	187,789	133,622	1,170,609
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
Total	\$8,165,000	\$2,978,091	\$1,950,000	\$90,500	\$4,650,000	\$1,635,552	\$19,469,143

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, 2013, and have issued our report thereon dated January 14, 2014. 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 three funds that the City did not fully budget for the repayment as follows:

Community Rehabilitation Fund Principle	\$	69,668
Community Rehabilitation Fund Interest	\$	1,883
PCC TPAC Fund	\$	4,050
LID Construction Fund Principle	\$	42,000
LID Construction Fund Interest	\$	746

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 14, 2014.

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

Dickey and Tremper, LLP

Dickey and Tremper, LLP

January 14, 2014



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Certified Public Accountants and Business Advisors

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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, 2013, 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 14, 2014.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as 2013-01 that we consider to be a significant deficiency.

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

Dickey and Tremper, LLP
Certified Public Accountants

Pendleton, Oregon
January 14, 2014



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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, 2013. 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's compliance.

Opinion on Each Major Federal Programs

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, 2013.

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's internal control over compliance with the types of requirements that could have a direct and material effect on a 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'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 and therefore, material weakness or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as 2013-02 that we consider to be a significant deficiency.

The City of Pendleton, Oregon's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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.

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

January 14, 2014

CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Pass-Through Entity Identification Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Transportation:			
Direct programs:			
Airport Improvement Program		20.106	\$ 153,462 **
Passed through the Oregon Department of Transportation:			
Formula Grants for Other than Urbanized Areas	28413	20.509	72,834
Capital Assistance Program for Elderly Persons and Persons with Disabilities	22704/22705	20.513	<u>99,677</u>
Total U.S. Department of Transportation			<u>325,973</u>
U.S. Department of Justice:			
Direct programs:			
Bulletproof Vest Partnership Grant		16.607	744
Recovery Act- Edward Byrne Memorial Justice Assistance Grant (JAG) Program	2009-SB-B9-0088	16.804	9,492
Passed through State of Oregon Criminal Justice Services Division:			
Passed through City of Pendleton to Eastern Oregon Drug Task Force:			
Byrne Formula Grant Program		16.579	49,664
Passed through Eastern Oregon Drug Task Force to City of Pendleton:			
Byrne Formula Grant Program	98-007	16.579	<u>627</u>
Total U.S. Department of Justice			<u>60,527</u>
U.S. Department of Housing and Urban Development:			
Passed through State of Oregon Economic Development Department:			
Community Development Block Grants		14.228	<u>4,094</u>
Executive Office of the President			
Office of the National Drug Control Policy			
High Intensity Drug Trafficking Areas Program	DOJ-HIDTA	16.AAC	<u>142,363</u>
Total expenditures of Federal Funds			<u>\$ 532,957</u>

** Signifies Major Program

The accompanying notes are an intergral part of this statement.

CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For The Fiscal Year Ended June 30, 2013

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Passenger Facility Charges (PFC's)	N/A	<u>\$ 19,288</u>

CITY OF PENDLETON, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2013

Note A – Basis of Accounting

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

Note B – Sub-recipients

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Passed through the City of Pendleton to the Eastern Oregon Drug Task Force	16.579	<u>\$ 49,664</u>

CITY OF PENDLETON, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2013

US DEPARTMENT OF TRANSPORTATION

FINDING 2012-02: Airport Improvement Program (AIP) – CFDA No. 20.106

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

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

Current Status: The recommendations were adopted and by the end of fiscal year 2012-2013 AIP 19 and 20 were closed. The City is working with the FAA to obtain final closeout on AIP 21. There was an additional reclassification of expenditures from AIP 22 back to AIP 20 during the year. The construction portion of AIP 22 was delayed and final closeout is expected in fiscal year 2013-2014.

CITY OF PENDLETON, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2013

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 significant 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 2013-01 is reported as a significant deficiency.
- 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 One significant deficiency in internal control over compliance for major federal programs was disclosed by the audit of the basic financial statements of the City of Pendleton, Oregon. The deficiency described below as 2013-02 is reported as significant deficiency.
- 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
- 08 The threshold for distinguishing Types A and B programs was \$300,000.
- 09 The City of Pendleton was not determined to be a low-risk auditee.

SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCY

2013-01

Condition and Criteria: The City entered into a Fund Exchange Agreement with the State for various street preservation projects. The City completed the NW Carden Avenue Sewer Line Replacement and Street Overlay Project, and as of the end of field work the City had not requested reimbursement. We also have concerns that the lines of communication between departments may not be as open as in the past and that the Finance Director is not receiving the full information she needs to perform her duties.

Effect: Accounts receivable and deferred revenue were understated and adjustments were required to properly report the activity in the financial statements.

Cause: Staff workload was stretched between the airport and engineering. In addition, communication between departments appears to have diminished.

Auditor's recommendation: We recommend additional procedures be implemented to ensure funds available for reimbursement are properly tracked and accurately reflected in the financial statements, as well as improved communications between City departments.

Management's response: Management agrees that the receivable was not recorded on June 30, 2013 fiscal year end books. The Engineering Department employee that normally requests FAU street reimbursements was at the time providing management to another department which was requiring the majority of the employee's time. When it was brought to the employee's attention after year end, the request was sent in and the City has received the funds at the time of this writing. The entry that should have been made at June 30th was a net zero effect on the City's governmental funds balance sheet, recording an asset and recording a liability. This entry was overlooked by the department. An email request is sent out to all Department Heads at year end every year from Finance asking for any known receivables so that Finance can record them on the City's books.

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

US DEPARTMENT OF TRANSPORTATION

Airport Improvement Program (AIP) – CFDA No. 20.106

2013-02

Condition and Criteria: The Airport is required to file the "Operating and Financial Summary" and "Financial Government Payment Report" by October 31 of each year, unless an extension to December 31st is obtained. These reports can be filed with unaudited figures, but should be revised once the audited figures are available. We reviewed the reports filed for the year ended June 30, 2012 and noted several items missing or being reported incorrectly and there were significant changes suggested to properly report the activity. The report was not revised to reflect the final audited figures. We also reviewed the June 30, 2013 reports and found many of the same items present, as they were modeled on the amounts reported in the prior year.

Effect: The information reported to the FAA for June 30, 2012 and 2013 contains inaccurate information, which should be corrected.

Cause: Employee workload, retirements of staff, and prior year difficulties in closing out the numerous AIP grants appears to have contributed to the items listed above.

Auditor's recommendation: The City hired new staff at the Airport after year end and we recommend specific training be obtained in the requirements of the Airport Improvement Program and Passenger Facility Charge Program to assist them in

performing their duties. We also recommend the reports listed above be revised to reflect the audited figures and that a secondary review be performed by finance prior to submitting reports.

Management's response: Management agrees with the auditor's recommendations. Finance would be willing to review the report prepared at the Airport before it is submitted.