

CITY OF PENDLETON, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014





**CITY OF PENDLETON, OREGON
ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2014**

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**CITY OF PENDLETON, OREGON
OFFICIALS OF THE CITY
AS OF JUNE 30, 2014**

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 |
| Tom Young, Council President 3304 SW Ladow Avenue Pendleton, OR 97801 | 2016 |
| Keith May, Council Member 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 Wood, Council Member 411 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 |

CITY STAFF

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

CITY ADDRESS

Administrative Offices
500 SW Dorion Avenue
Pendleton, Oregon 97801



FINANCIAL SECTION



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

110 SE First Street
P.O. Box 1533
Pendleton, OR 97801
Phone: (541) 276-6862
Toll Free: 1-800-332-6862
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pendleton, Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General and Street Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding New Accounting Policy

As described in Note I.E, during the year ended June 30, 2014, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Guide for Public Agencies*, issued by the Federal Aviation Administration, and is also not a required part of the financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, other financial schedules, the schedule of expenditures of federal awards, and the schedule of expenditures of passenger facility charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, other financial schedules, the schedule of expenditures of federal awards, and the schedule of expenditures of passenger facility charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015, 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 20, 2015, 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 20, 2015

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, 2014. This Management's Discussion and Analysis (MD&A) is based on currently know facts, decisions, and conditions that existed as of the date of the independent auditor's report. Please read it in conjunction with the City's basic financial statements (beginning on page 21).

Financial Highlights

- Governmental activities revenue increased by \$5,453,385 or 31 percent. The majority of the increase came from capital street contributions in highway and streets. Expenditures increased by \$902,269, with the largest increase in culture and recreation spending.
- Business-type activities revenue decreased by \$751,930. The decline was related to capital grants and contributions which decreased by 60 percent. Expenditures increased overall by a total of \$246,755, 3 percent for the year.
- The unassigned fund balance for the General Fund was \$1,834,125 and the total fund balance was \$2,991,305 or approximately 25% of total general fund expenditures & transfers out. The ending fund balance decreased by 3% from the previous year.
- The City's governmental activities total debt decreased by \$599,274 or 5% over FY2012-13. The bonded debt consists of one General Obligation Bond (GOB) approved by the voters and the PERS limited tax pension obligation bonds. The City entered into a financing agreement with the State of Oregon for Olney Affordable Housing Local District Improvement project for approximately \$562,000 at June 30th. One GOB bond was paid off in FY2014.
- Enterprise fund debt decreased to a total of \$17.36 million with no new borrowings during the year.

Overview of Financial Statements

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

A. Government-wide financial statements

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Highways and Streets, and Culture and Recreation. The business-type activities of the City include Water, Sewer, 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 24 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, State Tax Street Fund, and LID Construction Fund, which are considered to be *major funds*. Two governmental funds are combined with the General Fund as sub-funds. Data from the other 19 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 \$74,729,780 at the close of the FY2013-14 year. Restricted net assets in the governmental funds include \$920,609 for debt service, and \$8,782 street tax monies reserved for street operations and construction, \$772,647 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 \$67,167,560 or 90 percent, in capital asset (i.e. land, buildings, and equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for these liabilities.

A. Analysis of Net Position

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

Governmental Activities

| | <u>FY 2012-13</u> | <u>FY 2013-14</u> | <u>Change</u> |
|--|----------------------------|----------------------------|---------------------------|
| Assets | | | |
| Current and other assets | \$15,411,533 | \$16,613,007 | \$1,201,474 |
| Capital assets | 37,211,295 | 41,309,700 | 4,098,405 |
| Total assets | <u>\$52,622,828</u> | <u>\$57,922,707</u> | <u>5,299,879</u> |
| Deferred Outflow of Resources | <u>\$0</u> | <u>\$7,603</u> | <u>\$7,603</u> |
| Liabilities | | | |
| Long-term liabilities outstanding | \$14,015,253 | \$13,531,814 | (\$483,439) |
| Other liabilities | 823,300 | 1,326,053 | 502,753 |
| Total liabilities | <u>\$14,838,553</u> | <u>\$14,857,867</u> | <u>19,314</u> |
| Net Position | | | |
| Invested in capital assets, net of related debt | \$34,037,647 | \$38,743,440 | \$4,705,793 |
| Restricted | 2,428,660 | 2,338,826 | (89,834) |
| Unrestricted (deficit) | <u>1,317,968</u> | <u>1,990,177</u> | <u>672,209</u> |
| Total Net Position | <u><u>\$37,784,275</u></u> | <u><u>\$43,072,443</u></u> | <u><u>\$5,288,168</u></u> |

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

Business-type Activities

| | <u>FY 2012-13</u> | <u>FY 2013-14</u> | <u>Change</u> |
|--|----------------------------|----------------------------|-------------------------|
| Assets | | | |
| Current and other assets | \$3,714,483 | \$4,584,661 | \$870,178 |
| Capital assets | 46,512,078 | 45,728,338 | (783,740) |
| Total assets | <u>\$50,226,561</u> | <u>\$50,312,999</u> | <u>\$86,438</u> |
| Liabilities | | | |
| Long-term liabilities outstanding | \$18,664,026 | \$17,680,172 | (\$983,854) |
| Other liabilities | 489,804 | 975,490 | 485,686 |
| Total liabilities | <u>\$19,153,830</u> | <u>\$18,655,662</u> | <u>(\$498,168)</u> |
| Net Position | | | |
| Invested in capital assets, net of related debt | \$28,172,676 | \$28,424,120 | \$251,444 |
| Restricted | 951,926 | 951,926 | 0 |
| Unrestricted (deficit) | 1,948,129 | 2,281,291 | 333,162 |
| Total Net Position | <u><u>\$31,072,731</u></u> | <u><u>\$31,657,337</u></u> | <u><u>\$584,606</u></u> |

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

Total Net Position

| | <u>FY 2012-13</u> | <u>FY 2013-14</u> | <u>Change</u> |
|--|----------------------------|----------------------------|---------------------------|
| Assets | | | |
| Current and other assets | \$19,126,016 | \$21,197,668 | \$2,071,652 |
| Capital assets | 83,723,373 | 87,038,038 | 3,314,665 |
| Total assets | <u>\$102,849,389</u> | <u>\$108,235,706</u> | <u>\$5,386,317</u> |
| Deferred Outflow of Resources | <u>\$0</u> | <u>\$7,603</u> | <u>\$7,603</u> |
| Liabilities | | | |
| Long-term liabilities outstanding | \$32,679,279 | \$31,211,986 | (\$1,467,293) |
| Other liabilities | 1,313,104 | 2,301,543 | 988,439 |
| Total liabilities | <u>\$33,992,383</u> | <u>\$33,513,529</u> | <u>(\$478,854)</u> |
| Net Positions | | | |
| Invested in capital assets, net of related debt | \$62,210,323 | \$67,167,560 | \$4,957,237 |
| Restricted | 3,380,586 | 3,290,752 | (89,834) |
| Unrestricted (deficit) | 3,266,097 | 4,271,468 | 1,005,371 |
| Total Net Positions | <u><u>\$68,857,006</u></u> | <u><u>\$74,729,780</u></u> | <u><u>\$5,872,774</u></u> |

An additional portion of the City's net position \$3,290,752, approximately four percent, represents resources that are subject to external restrictions on how they may be used. The remaining, balance is *unrestricted net position* totaling \$4,271,468 or approximately six percent. Unrestricted net position increased from the previous year by \$1,005,371.

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 | | | |
|----------------------------------|---------------------|---------------------|--------------------|
| | FY 2012-13 | FY 2013-14 | Change |
| Revenues | | | |
| <i>Program revenues:</i> | | | |
| Charges for services | \$3,374,965 | \$3,351,926 | (\$23,039) |
| Operating grants & contributions | 2,375,489 | 1,985,092 | (390,397) |
| Capital grants & contributions | 1,688,831 | 6,446,146 | 4,757,315 |
| <i>General revenues:</i> | | | |
| Property taxes | 5,978,126 | 6,294,027 | 315,901 |
| Franchise fees | 3,671,436 | 4,031,912 | 360,476 |
| Investment earnings | 518,728 | 712,672 | 193,944 |
| Other | 157,172 | 396,357 | 239,185 |
| Total revenues | \$17,764,747 | \$23,218,132 | \$5,453,385 |
| Expenditures | | | |
| General government | \$2,550,139 | \$2,867,101 | \$316,962 |
| Public safety | 7,793,092 | 7,699,534 | (93,558) |
| Highways & streets | 2,419,298 | 2,429,804 | 10,506 |
| Culture & recreation | 3,017,728 | 3,687,469 | 669,741 |
| Amortization of PERS prepayment | 271,125 | 330,883 | 59,758 |
| Interest on long-term debt | 704,977 | 643,837 | (61,140) |
| Total expenses | \$16,756,359 | \$17,658,628 | \$902,269 |
| Change in net position | \$1,008,388 | \$5,559,504 | \$4,551,116 |
| Extraordinary | 79,776 | 0 | (79,776) |
| Transfers | (142,820) | (221,974) | (79,154) |
| Change in net position | 945,344 | 5,337,530 | 4,392,186 |
| Net Position -- beginning | \$36,838,931 | \$37,734,913 | \$895,982 |
| Net Position -- ending | \$37,784,275 | \$43,072,443 | \$5,288,168 |

* Beginning Net Position restated, see Notes to the Financial Statements, I.F.

Table 2-B

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

Business-type Activities

| | <u>FY 2012-13</u> | <u>FY 2013-14</u> | <u>Change</u> |
|----------------------------------|----------------------------|----------------------------|-----------------------------|
| Revenues | | | |
| <i>Program revenues:</i> | | | |
| Charges for services | \$7,763,644 | \$7,954,603 | \$190,959 |
| Operating grants & contributions | 9,000 | 42,704 | 33,704 |
| Capital grants & contributions | 2,427,316 | 1,464,714 | (962,602) |
| <i>General revenues:</i> | | | |
| Investment earnings | 56,260 | 58,024 | 1,764 |
| Other | 19,710 | 3,955 | (15,755) |
| Total revenues | <u>\$10,275,930</u> | <u>\$9,524,000</u> | <u>(\$751,930)</u> |
| Expenses | | | |
| Water | \$3,200,306 | \$3,267,904 | \$67,598 |
| Sewer | 4,047,568 | 4,202,654 | 155,086 |
| Airport | 1,377,561 | 1,636,220 | 258,659 |
| Cemetery | 245,328 | 10,740 | (234,588) |
| Total expenses | <u>\$8,870,763</u> | <u>\$9,117,518</u> | <u>\$246,755</u> |
| Change in net position | \$1,405,167 | \$406,482 | (\$998,685) |
| Transfers | 142,820 | 221,974 | 79,154 |
| Change in net position | 1,547,987 | 628,456 | (919,531) |
| Net position -- beginning | <u>\$29,524,744</u> | <u>\$31,028,881</u> | <u>* \$1,504,137</u> |
| Net position -- ending | <u>\$31,072,731</u> | <u>\$31,657,337</u> | <u>\$584,606</u> |

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

* I.F.

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

Total Net Assets

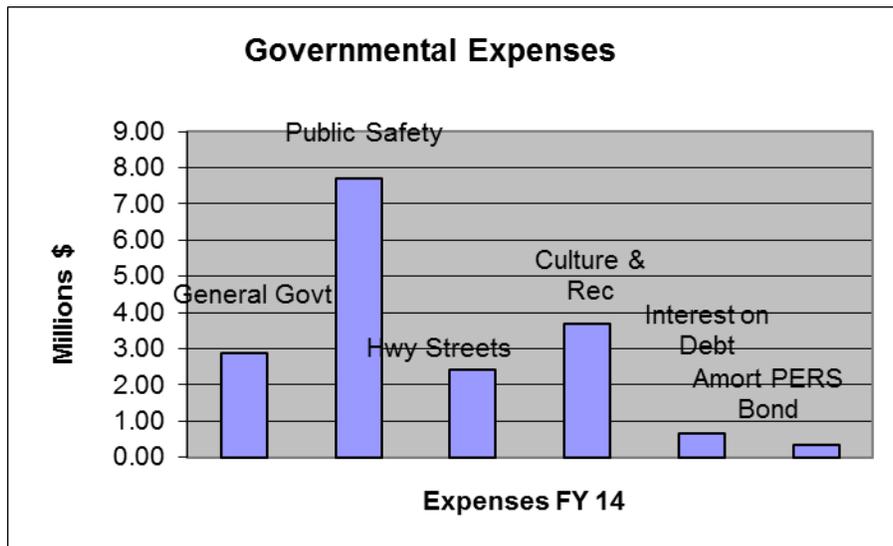
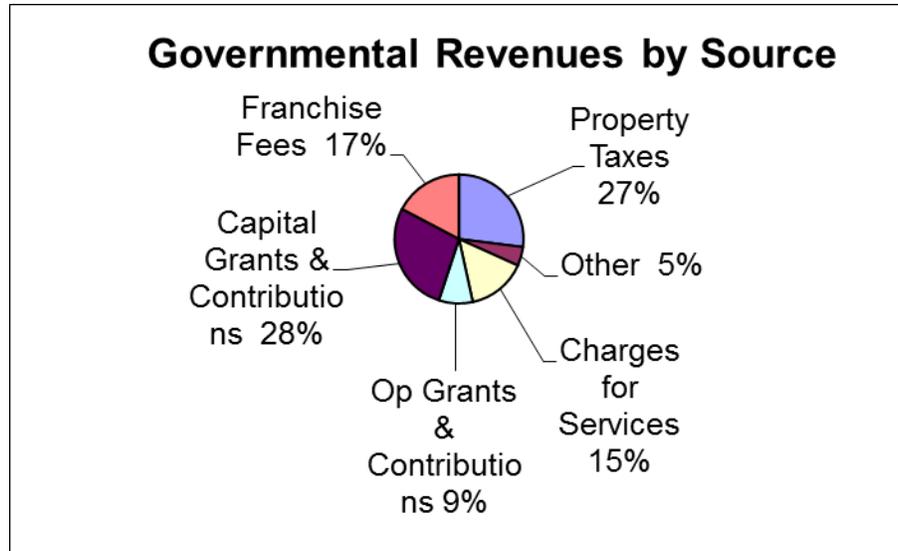
| | <u>FY 2012-13</u> | <u>FY 2013-14</u> | <u>Change</u> |
|----------------------------------|----------------------------|------------------------------|---------------------------|
| Revenues | | | |
| <i>Program revenues:</i> | | | |
| Charges for services | \$11,138,609 | \$11,306,529 | \$167,920 |
| Operating grants & contributions | 2,384,489 | 2,027,796 | (356,693) |
| Capital grants & contributions | 4,116,147 | 7,910,860 | 3,794,713 |
| <i>General revenues:</i> | | | |
| Property taxes | 5,978,126 | 6,294,027 | 315,901 |
| Franchise fees | 3,671,436 | 4,031,912 | 360,476 |
| Investment earnings | 574,988 | 770,696 | 195,708 |
| Other | 176,882 | 400,312 | 223,430 |
| Total revenues | <u>\$28,040,677</u> | <u>\$32,742,132</u> | <u>\$4,701,455</u> |
| Expenses | | | |
| General government | \$2,550,139 | \$2,867,101 | \$316,962 |
| Public safety | 7,793,092 | 7,699,534 | (93,558) |
| Highways & streets | 2,419,298 | 2,429,804 | 10,506 |
| Culture & recreation | 3,017,728 | 3,687,469 | 669,741 |
| Amortization of PERS prepayment | 271,125 | 330,883 | 59,758 |
| Interest on long-term debt | 704,977 | 643,837 | (61,140) |
| Water | 3,200,306 | 3,267,904 | 67,598 |
| Sewer | 4,047,568 | 4,202,654 | 155,086 |
| Airport | 1,377,561 | 1,636,220 | 258,659 |
| Cemetery | 245,328 | 10,740 | (234,588) |
| Total expenses | <u>\$25,627,122</u> | <u>\$26,776,146</u> | <u>\$1,149,024</u> |
| Change in net position | \$2,413,555 | \$5,965,986 | \$3,552,431 |
| Extraordinary | 79,776 | 0 | (79,776) |
| Transfers | 0 | 0 | 0 |
| Change in net position | 2,493,331 | 5,965,986 | 3,472,655 |
| Net position -- beginning | <u>\$66,363,675</u> | <u>\$68,763,794</u> * | <u>\$2,400,119</u> |
| Net position -- ending | <u>\$68,857,006</u> | <u>\$74,729,780</u> | <u>\$5,872,774</u> |

* Beginning Net Position restated, see Notes to the Financial Statements, I.F.

As noted above, the City of Pendleton's overall net position increased by \$5,872,774 during FY2013-14. This increase is explained in the government and business-type activities discussion below.

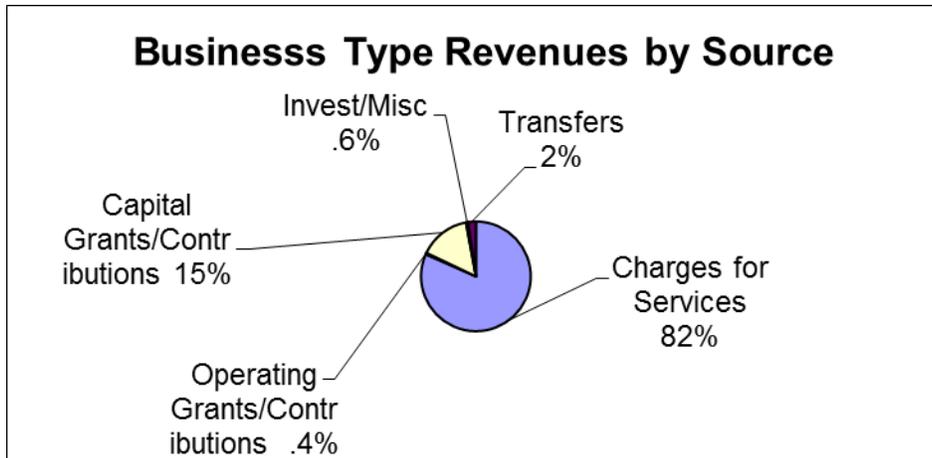
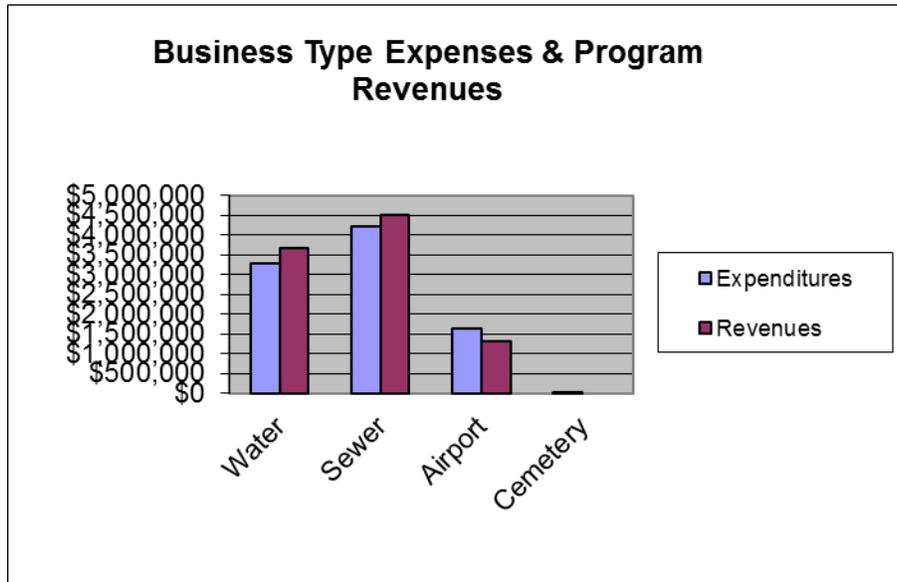
Governmental activities. The major factor for the governmental activities net asset increase included receipts of donated capital street contributions or 82 percent increase. Capital expenditures were kept to a minimum if there were not capital grant receipts offsetting the costs of construction. Expenditures also modestly increased overall by approximately \$902,269 or five percent. The net affect was net assets ending balance of \$43,072,443, a 14 percent increase.

The following graphs provide visual representation of the expenses and revenues for governmental activities for FY2013-14.



Business-type activities. Business-type activities increased the City's net assets by \$584,606 from FY13. Charges for services increased by \$190,959 overall with increases in three of the four enterprise funds, water, sewer and airport. Capital grants and contributions decreased by \$962,602. This decrease was mainly due to the loan forgiveness for the Sewer treatment plant upgrade in FY13. Airport Improvement Project (AIP) FAA dollars for airport improvements increased as the Airport was involved in a taxiway rehabilitation project. Total revenues taken in were more than total expenses by \$406,482 for FY14. Two of the four business-type funds had positive net revenues over expenditures, water and sewer. The Cemetery fund was closed and transferred to the General Fund.

The following graphs provide visual representation of the expenses and revenues for business-type activities for FY2013-14.



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 of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,454,981, a decrease of \$516,423. Of the combined ending fund balances, \$1,492,967 or 20 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 \$779,033 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 \$772,647, 3) to pay for future debt service payments of \$920,609, 4) advances to other funds of \$805,000 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 \$1,834,125.

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 16 percent of total General Fund expenditures and transfers out.

The General Fund balance decreased by \$107,885 during FY2013-14 as compared to an increase of \$404,304 in FY13. Key factors in that affected fund balance are as follows:

- Revenues received by the General Fund decreased by .7%, taking in \$11,694,761 for the year. Most of the revenue categories were very stable between FY13 and FY14. Licenses and Fees increased over 28%. The largest increase was in Franchise Fees and the bringing in the Cemetery revenues into the General Fund. Ambulance revenues dropped by 26%.
- Expenditures & transfers increased by .5% for a total of \$11,770,179. All other categories beside transfers out had similar expenditures as the prior years. Those expenditures include general government, public safety, culture and recreation. The City approved transfers from a set aside reserve to the Airport for the development of the Unmanned Aircraft Systems (UAS).
- General Fund capital outlay of \$196,837 was modestly decreased as compared to \$258,550 for the prior year for governmental projects. Building sprinkler systems and HVAC replacements were addressed.

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 and Airport Fund at the end of the year amounted to (\$44,989), \$4,441,941 and (\$2,132,683) respectively. The Water Fund owed \$3.28 million to the State for the water treatment plant at the end of the fiscal year. The Sewer Fund has borrowed \$6.3 million from the Clean Water State Revolving Loan Fund (CWSRF) for the wastewater treatment plant upgrades required by the DEQ along with the remaining \$7.76 million in sewer revenue bonds. The Airport Fund owes approximately \$2.191 million to other City funds for AIP capital improvements and operating expenses. Total net position for business-type activities increased by \$600,268.

See Combining Statements on pages 83-87 for the internal service funds, and pages 118-130 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 modifications between the original budget and the final amended budget and can be briefly summarized as follows:

- Donations from the Pendleton Development Commission and the Pendleton Foundation were received in the following year for Frazer Railroad Strip landscaping improvements. Project needed to be rebudgeted in FY14. \$13,000 was increased for the Parks Department and Contingency was reduced. Resolution #2547.
- Adjusted beginning fund balance by \$244,700 to actual. Increased intergovernmental revenues by \$79,800 for out-of-district fire revenue and appropriate the same amount to the Fire Department for costs incurred and support additional training, maintenance and supplies. Increased transfers by \$16,900 out to accommodate the additional airport match requirement, contingency increased to balance. Resolution #2551.
- Increased Miscellaneous Income for \$9,850 for a Wildhorse Foundation Grant to provide umbrella shade structures at the Aquatic Center. Increase Aquatic Center Division budget for the expenditure. Resolution #2553.
- Increased transfer to Debt Service for 2005 PERS Bond payment. The May payment was \$1,700 more than expected budget. Reduce Capital Outlay by \$1,700 to balance the fund. Resolution #2561.

The net change in budgeted fund balance during the year was an increase of \$334,350. The majority of the increase was due to the increasing of the General Fund beginning balance.

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, 2014, amounts to \$87,038,038 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, improvements and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$3,314,665 or four percent (an 11 percent increase for governmental activities and a two percent decrease for business-type activities).

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

- The City made needed repairs on several buildings which included installing and repairing building sprinkler systems and HVAC units.
- The City accepted over \$4 million in County Roads into the City transportation system.
- The City began work on the Water & Sewer Master Planning and continued investment in the Aquifer Storage Recovery System (ASR).
- The Sewer Fund expended approximately \$108,000 for shop modifications.
- The Water Fund expended approximately \$200,000 in capital improvements related to the ASR project (Aquifer Storage and Recovery).
- The City invested over \$50,000 at the Airport for the development of the Unmanned Aircraft Systems (UAS) site development.

- Depreciation for governmental activities expense for FY14 was \$2,236,909 versus capital outlay expenditures of \$2,354,819. Depreciation for business-type activities expense for FY14 was \$2,924,997 versus capital outlay expenditures of \$2,279,809.

The following table provides comparative information on the City's capital assets for FY2012-13 and FY2013-14.

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

Governmental Activities

| Asset Category | FY 2012-13 | FY 2013-14 | Change |
|-----------------------------------|----------------------------|----------------------------|---------------------------|
| Land | \$3,761,554 | \$3,782,704 | \$21,150 |
| Assets available for sale | 308,726 | 308,726 | 0 |
| Buildings | 15,383,937 | 15,555,578 | 171,641 |
| Equipment | 7,050,757 | 7,186,275 | 135,518 |
| Improvements | 24,105,987 | 30,326,859 | 6,220,872 |
| Infrastructure | 20,926,650 | 20,926,650 | 0 |
| Work in progress | 30,444 | 15,099 | (15,345) |
| Accumulated depreciation & amort. | <u>(34,356,760)</u> | <u>(36,792,191)</u> | <u>(2,435,431)</u> |
| Total | <u>\$37,211,295</u> | <u>\$41,309,700</u> | <u>\$4,098,405</u> |

Business-type Activities

| Asset Category | FY 2012-13 | FY 2013-14 | Change |
|-----------------------------------|----------------------------|----------------------------|---------------------------|
| Land | \$319,919 | \$298,769 | (\$21,150) |
| Buildings | 14,516,339 | 14,580,466 | \$64,127 |
| Equipment | 18,387,786 | 18,552,578 | 164,792 |
| Improvements | 53,046,276 | 54,329,798 | 1,283,522 |
| Work in progress | 26,197 | 412,802 | 386,605 |
| Accumulated depreciation & amort. | <u>(39,784,439)</u> | <u>(42,446,075)</u> | <u>(2,661,636)</u> |
| Total | <u>\$46,512,078</u> | <u>\$45,728,338</u> | <u>(\$783,740)</u> |

Total Net Capital Assets

| Asset Category | FY 2012-13 | FY 2013-14 | Change |
|-----------------------------------|----------------------------|----------------------------|---------------------------|
| Land | \$4,081,473 | \$4,081,473 | \$0 |
| Assets available for sale | 308,726 | 308,726 | 0 |
| Buildings | 29,900,276 | 30,136,044 | 235,768 |
| Equipment | 25,438,543 | 25,738,853 | 300,310 |
| Improvements | 77,152,263 | 84,656,657 | 7,504,394 |
| Infrastructure | 20,926,650 | 20,926,650 | 0 |
| Work in progress | 56,641 | 427,901 | 371,260 |
| Accumulated depreciation & amort. | <u>(74,141,199)</u> | <u>(79,238,266)</u> | <u>(5,097,067)</u> |
| Total | <u>\$83,723,373</u> | <u>\$87,038,038</u> | <u>\$3,314,665</u> |

Additional information on the City of Pendleton's capital assets can be found in footnote III.F. on pages 53-55 of this report.

B. Debt Administration

As of June 30, 2014, the City had General Obligation Bond debt outstanding of \$445,000. The general obligation debt outstanding is backed by the full faith and credit and taxing power of the City. Debt payments of \$465,000 were made on schedule for FY14. 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, 2014, the City had PERS debt outstanding of \$6,330,000.

A construction loan for the local improvement district (LID) construction at Sunridge Estates was received for \$1.3 million and had a balance of \$1,021,261 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 \$753,711. The City paid back a development loan from Horizon Project, Inc., for startup costs on the Olney Housing Project for \$50,000. The City took out a State of Oregon Infrastructure Finance Authority loan for the development of infrastructure for the public improvements at the Olney Housing Project. The balance of the loan as of June 30th was \$562,951.

The Pendleton Development Commission (PDC) has loans outstanding for PDC projects including façade restoration and Jump Start loans. Total PDC loan balance outstanding at June 30th was \$3,134,407.

In addition, the Water Fund owed \$3,282,080 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 \$7,760,000. The City has also obtained Clean Water Revolving Loan funds for the wastewater treatment plan upgrades. The loan balance as of June 30th was \$6,317,307.

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 2012-13 | FY 2013-14 | Change |
| General Obligation Bonds | \$910,000 | \$445,000 | (\$465,000) |
| General Obligation Bonds - PDC | 2,146,754 | 1,973,815 | (172,939) |
| Limited Tax Pension Obligation Bonds | 6,510,000 | 6,330,000 | (180,000) |
| Notes Payable | 1,930,194 | 2,337,923 | 407,729 |
| Notes Payable - PDC | 1,349,656 | 1,160,592 | (189,064) |
| Total | <u>\$12,846,604</u> | <u>\$12,247,330</u> | <u>(\$599,274)</u> |

Business-type Activities

| Debt Category | FY 2012-13 | FY 2013-14 | Change |
|-----------------------|---------------------|---------------------|--------------------|
| Revenue Bonds Payable | \$8,165,000 | \$7,760,000 | (\$405,000) |
| Notes Payable | 10,174,401 | 9,599,387 | (575,014) |
| Total | \$18,339,401 | \$17,359,387 | (\$980,014) |

Total Outstanding Debt

| Debt Category | FY 2012-13 | FY 2013-14 | Change |
|--------------------------------------|---------------------|---------------------|----------------------|
| General Obligation Bonds | \$910,000 | \$445,000 | (\$465,000) |
| General Obligation Bonds - PDC | 2,146,754 | 1,973,815 | (172,939) |
| Limited Tax Pension Obligation Bonds | 6,510,000 | 6,330,000 | (180,000) |
| Revenue Bonds Payable | 8,165,000 | 7,760,000 | (405,000) |
| Notes Payable | 13,454,251 | 13,097,902 | (356,349) |
| Total | \$31,186,005 | \$29,606,717 | (\$1,579,288) |

The City's total debt decreased by \$1,579,288 (five percent) during the current fiscal year. Debt for governmental activities decreased by \$599,274 while debt for business-type activities decreased by \$980,014.

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 FY2013-14 real market value, this debt limitation is \$32,311,195. The amount of outstanding City debt subject to this limitation is \$6,775,000.

Additional information on the City of Pendleton's bonded debt can be found in the notes to the basic financial statements on pages 56-62.

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 FY2015 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 2.5% increase and Workers Comp rates would raise by 5%.
- Fire salaries would increase by 1.4% in July.
- SEIU would increase by 2.5% in July.
- Exempt salaries would increase by 3% in July.
- Police salaries would increase by 3% in July.
- General Fund capital improvements budgeted would be based on maintenance deferred priorities and grant funded improvements.
- Water residential rates would increase by the 2.5% for CPI and increase in July by 7% for capital reserve.
- Sewer rates would increase by CPI 2.5% but would also have an offsetting 7% decrease in July.
- House Bill 2001 would provide funding for airport road improvements for over \$888,000.
- The Pendleton Convention Center would start the Eastside Expansion improvement for \$648,000.
- The Eastern Oregon Airport would get funding from a City reserve fund to develop the Unmanned Aircraft System (UAS) testing range.

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, 2014

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 6,091,635 | \$ 2,992,235 | \$ 9,083,870 |
| Receivables: | | | |
| Accounts, net | 1,560,694 | 676,241 | 2,236,935 |
| Property taxes | 408,675 | - | 408,675 |
| Assessments | 1,173,755 | - | 1,173,755 |
| Notes | 548,117 | 68,259 | 616,376 |
| Interest | - | 292 | 292 |
| Internal balances | 539,281 | (539,281) | - |
| Prepaid items | 960,295 | 25,300 | 985,595 |
| Inventories | - | 354,520 | 354,520 |
| Prepaid bond insurance | 20,013 | 55,169 | 75,182 |
| Restricted assets: | | | |
| Temporarily restricted: | | | |
| Cash and cash equivalents | 920,609 | 142,000 | 1,062,609 |
| Investments | - | 809,926 | 809,926 |
| Pension asset | 3,617,286 | - | 3,617,286 |
| Permanently restricted: | | | |
| Cash and cash equivalents | 20,394 | - | 20,394 |
| Investments | 752,253 | - | 752,253 |
| Capital assets: | | | |
| Land | 3,782,704 | 298,769 | 4,081,473 |
| Assets available for sale | 308,726 | - | 308,726 |
| Construction in progress | 15,099 | 412,802 | 427,901 |
| Depreciable assets, net of depreciation | 37,203,171 | 45,016,767 | 82,219,938 |
| Total assets | <u>57,922,707</u> | <u>50,312,999</u> | <u>108,235,706</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred amounts on refunding | 7,603 | - | 7,603 |
| Total deferred outflow of resources | <u>7,603</u> | <u>-</u> | <u>7,603</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 1,085,427 | 689,667 | 1,775,094 |
| Deposits | 81,830 | 4,277 | 86,107 |
| Retainage payable | 38,403 | 20,000 | 58,403 |
| Accrued interest payable | 120,393 | 261,546 | 381,939 |
| Long-term obligations: | | | |
| Due within one year | 1,416,903 | 1,138,813 | 2,555,716 |
| Due in more than one year | 12,114,911 | 16,541,359 | 28,656,270 |
| Total liabilities | <u>14,857,867</u> | <u>18,655,662</u> | <u>33,513,529</u> |
| NET POSITION | | | |
| Net investment in capital assets | 38,743,440 | 28,424,120 | 67,167,560 |
| Restricted for: | | | |
| Debt service | 920,609 | 951,926 | 1,872,535 |
| Highways and streets | 8,782 | - | 8,782 |
| Program services and grants | 170,367 | - | 170,367 |
| Urban renewal | 466,421 | - | 466,421 |
| Library services | 6,090 | - | 6,090 |
| Cemetery perpetual care permanent trust | 766,557 | - | 766,557 |
| Unrestricted | 1,990,177 | 2,281,291 | 4,271,468 |
| Total net position | <u>\$ 43,072,443</u> | <u>\$ 31,657,337</u> | <u>\$ 74,729,780</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, 2014

| 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 | \$ 2,867,101 | \$ 1,221,624 | \$ 342,136 | \$ 24,171 | \$ (1,279,170) | \$ - | \$ (1,279,170) |
| Public safety | 7,699,534 | 1,481,108 | 202,990 | 163,215 | (5,852,221) | - | (5,852,221) |
| Highways and streets | 2,429,804 | 231,217 | 949,294 | 6,251,112 | 5,001,819 | - | 5,001,819 |
| Culture and recreation | 3,687,469 | 417,977 | 490,672 | 7,648 | (2,771,172) | - | (2,771,172) |
| Amortiation of PERS prepaymen | 330,883 | - | - | - | (330,883) | - | (330,883) |
| Interest on long-term obligations | 643,837 | - | - | - | (643,837) | - | (643,837) |
| Total governmental activities | 17,658,628 | 3,351,926 | 1,985,092 | 6,446,146 | (5,875,464) | - | (5,875,464) |
| Business-type activities: | | | | | | | |
| Water | 3,267,904 | 3,647,741 | - | - | - | 379,837 | 379,837 |
| Sewer | 4,202,654 | 3,908,201 | - | 588,030 | - | 293,577 | 293,577 |
| Airport | 1,636,220 | 398,661 | 42,704 | 876,684 | - | (318,171) | (318,171) |
| Cemetery | 10,740 | - | - | - | - | (10,740) | (10,740) |
| Total business-type activities | 9,117,518 | 7,954,603 | 42,704 | 1,464,714 | - | 344,503 | 344,503 |
| Total primary government | \$26,776,146 | \$11,306,529 | \$2,027,796 | \$7,910,860 | (5,875,464) | 344,503 | (5,530,961) |
| General revenues: | | | | | | | |
| Property taxes levied for: | | | | | | | |
| General purposes | | | | | 5,074,904 | - | 5,074,904 |
| Debt service | | | | | 1,219,123 | - | 1,219,123 |
| Franchise and public services taxes | | | | | 4,031,912 | - | 4,031,912 |
| Interest and investment earnings | | | | | 105,526 | 58,024 | 163,550 |
| Investment earnings (loss) on pension asset | | | | | 607,146 | - | 607,146 |
| Miscellaneous | | | | | 251,893 | 3,456 | 255,349 |
| Gain (loss) on sale of property | | | | | 144,464 | 499 | 144,963 |
| Transfers | | | | | (221,974) | 221,974 | - |
| Total general revenues and transfers | | | | | 11,212,994 | 283,953 | 11,496,947 |
| Change in net position | | | | | 5,337,530 | 628,456 | 5,965,986 |
| Net Position, beginning, as restated (see note I.F) | | | | | 37,734,913 | 31,028,881 | 68,763,794 |
| Net Position, ending | | | | | \$43,072,443 | \$31,657,337 | \$74,729,780 |

The notes to the basic financial statments are an intergral 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, 2014

| | Combined General Fund | Street Fund | LID Construction Fund | Other Governmental Funds | Totals |
|--|-----------------------------|-----------------------|-----------------------------|--------------------------------|--------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 2,689,708 | \$ 784,424 | \$ 351 | \$ 2,871,340 | \$ 6,345,823 |
| Investments | - | - | - | 752,253 | 752,253 |
| Receivables: | | | | | |
| Property taxes | 334,770 | - | - | 73,905 | 408,675 |
| Accounts, net | 899,578 | 75,042 | 205,187 | 315,970 | 1,495,777 |
| Assessments | 55,175 | - | 1,117,640 | 940 | 1,173,755 |
| Notes | 417,219 | - | - | 130,898 | 548,117 |
| Advances to other funds | 268,000 | 21,000 | - | 516,000 | 805,000 |
| Prepaid items | 66,017 | 10,457 | - | 20,507 | 96,981 |
| Total assets | <u>\$ 4,730,467</u> | <u>\$ 890,923</u> | <u>\$ 1,323,178</u> | <u>\$ 4,681,813</u> | <u>\$ 11,626,381</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 477,442 | \$ 80,433 | \$ 198,581 | \$ 216,471 | \$ 972,927 |
| Deposits | 75 | - | - | 48,107 | 48,182 |
| Retainage payable | - | - | 38,403 | - | 38,403 |
| Advances from other funds | 70,000 | - | 177,700 | 276,000 | 523,700 |
| Total liabilities | <u>547,517</u> | <u>80,433</u> | <u>414,684</u> | <u>540,578</u> | <u>1,583,212</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | 1,191,645 | - | 1,117,640 | 278,903 | 2,588,188 |
| Total deferred inflows of resources | <u>1,191,645</u> | <u>-</u> | <u>1,117,640</u> | <u>278,903</u> | <u>2,588,188</u> |
| FUND BALANCES (DEFICIT) | | | | | |
| Nonspendable | 334,017 | 31,457 | - | 1,303,064 | 1,668,538 |
| Restricted | 34,689 | - | - | 1,537,580 | 1,572,269 |
| Committed | 200,865 | - | - | 627,929 | 828,794 |
| Assigned | 587,609 | 779,033 | - | 525,771 | 1,892,413 |
| Unassigned | 1,834,125 | - | (209,146) | (132,012) | 1,492,967 |
| Total fund balances | <u>2,991,305</u> | <u>810,490</u> | <u>(209,146)</u> | <u>3,862,332</u> | <u>7,454,981</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 4,730,467</u> | <u>\$ 890,923</u> | <u>\$ 1,323,178</u> | <u>\$ 4,681,813</u> | <u>\$ 11,626,381</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, 2014

| | |
|---|-----------------------------------|
| Fund balances - total governmental funds | \$ 7,454,981 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds | 41,180,604 |
| Pension assets resulting from contributions in excess of the annual required contribution and prepaid bond insurance are not financial resources, and therefore, are not reported in the funds. | 3,637,299 |
| Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements. | 2,588,188 |
| Other post employment benefits payable are not due and payable in the current period, and, therefore, are not reported in the funds. | (638,081) |
| Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds. | (399,012) |
| Expenditures paid for local improvement districts are expensed as paid in the funds, but are reported as prepaid items in the governmental activities until the final assessment on the property owners is made. | 845,439 |
| Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements. | (120,393) |
| 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. | (12,239,729) |
| 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 | \$ 686,815 |
| Accounts receivable, net | 64,917 |
| Prepaid items | 17,875 |
| Internal balances | 257,981 |
| Capital assets, net | 129,096 |
| Accounts payable and accrued expenses | (112,500) |
| Deposits | (33,648) |
| Other post employment benefits liability | (148,587) |
| Compensated absences payable | <u>(98,802)</u> |
| Total internal service funds | <u>763,147</u> |
| Net position of governmental activities | <u><u>\$43,072,443</u></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
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

| | Combined General Fund | Street Fund | LID Construction Fund | Other Governmental Funds | Totals |
|--|-----------------------------|-------------------|-----------------------------|--------------------------------|---------------------|
| REVENUES | | | | | |
| Property taxes | \$ 5,048,048 | \$ - | \$ - | \$ 1,161,624 | \$ 6,209,672 |
| Other taxes | 558,228 | - | - | 509,515 | 1,067,743 |
| Franchise fees | 2,534,599 | - | - | - | 2,534,599 |
| Licenses and fees | 917,763 | - | - | 233,213 | 1,150,976 |
| Charges for services | 1,029,598 | 216,318 | - | 380,417 | 1,626,333 |
| Intergovernmental | 835,671 | 1,188,312 | - | 1,601,208 | 3,625,191 |
| Fines and forfeitures | 404,308 | - | - | - | 404,308 |
| Assessments | 30,268 | - | 218,726 | 573 | 249,567 |
| Loan repayments | 134,051 | - | - | 14,589 | 148,640 |
| Contributions | 77,901 | 1,667 | - | 49,215 | 128,783 |
| Interest on investments | 27,257 | 3,507 | 71 | 71,702 | 102,537 |
| Miscellaneous | 97,069 | 14,898 | 86,903 | 20,030 | 218,900 |
| TOTAL REVENUES | <u>11,694,761</u> | <u>1,424,702</u> | <u>305,700</u> | <u>4,042,086</u> | <u>17,467,249</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 1,436,442 | - | 360 | 1,194,344 | 2,631,146 |
| Public safety | 7,104,307 | - | - | 118,626 | 7,222,933 |
| Culture and recreation | 1,904,488 | - | - | 507,276 | 2,411,764 |
| Highways and streets | - | 945,367 | - | - | 945,367 |
| Capital outlay | 196,837 | 185,789 | 935,273 | 1,036,920 | 2,354,819 |
| Debt service | 624,724 | - | 129,183 | 1,043,773 | 1,797,680 |
| TOTAL EXPENDITURES | <u>11,266,798</u> | <u>1,131,156</u> | <u>1,064,816</u> | <u>3,900,939</u> | <u>17,363,709</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>427,963</u> | <u>293,546</u> | <u>(759,116)</u> | <u>141,147</u> | <u>103,540</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of property | 50,000 | - | - | 10,000 | 60,000 |
| Issuance of debt | - | - | 562,951 | - | 562,951 |
| Transfers in | 163,009 | - | - | 97,824 | 260,833 |
| Transfers out | (503,381) | (11,570) | - | (25,463) | (540,414) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(290,372)</u> | <u>(11,570)</u> | <u>562,951</u> | <u>82,361</u> | <u>343,370</u> |
| SPECIAL ITEM | | | | | |
| Transfer of endowment funds | - | - | - | (717,854) | (717,854) |
| NET CHANGE IN FUND BALANCE | 137,591 | 281,976 | (196,165) | (494,346) | (270,944) |
| FUND BALANCE (DEFICIT), Beginning, as restated (see note I.F) | <u>2,853,714</u> | <u>528,514</u> | <u>(12,981)</u> | <u>4,356,678</u> | <u>7,725,925</u> |
| FUND BALANCE (DEFICIT), Ending | <u>\$ 2,991,305</u> | <u>\$ 810,490</u> | <u>\$ (209,146)</u> | <u>\$ 3,862,332</u> | <u>\$ 7,454,981</u> |

The notes to the basic financial statements are an intergral 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, 2014

Net change in fund balance - governmental funds \$ (270,944)

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:

 Unavailable revenues 638,091

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.

1,162,224

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

(562,951)

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 765
 Change in other post employment benefits liability (81,130)
 Change in accrued interest payable (6,652)
 Amortization of bond discounts (6,744)

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 | \$ 607,146 | |
| Amortization of PERS UAL | <u>(330,883)</u> | |
| | | 276,263 |

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

| | | |
|----------------------------------|--------------------|-----------|
| Capital asset additions | \$ 924,081 | |
| Donated capital assets | 5,270,500 | |
| Capital asset transfer | 138,552 | |
| Basis of capital asset disposals | (40,536) | |
| Depreciation expense | <u>(2,171,984)</u> | |
| | | 4,120,613 |

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.

67,995

Change in net position - governmental activities **\$ 5,337,530**

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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|--|--------------------|--------------------|---------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Property taxes | \$ 5,274,700 | \$ 5,274,700 | \$ 5,048,048 | \$ (226,652) |
| Other taxes | 527,200 | 527,200 | 558,228 | 31,028 |
| Franchise fees | 2,448,500 | 2,448,500 | 2,534,599 | 86,099 |
| Licenses and fees | 785,305 | 785,305 | 917,763 | 132,458 |
| Charges for services | 1,315,520 | 1,315,520 | 1,029,598 | (285,922) |
| Intergovernmental | 757,750 | 837,550 | 835,671 | (1,879) |
| Fines and forfeitures | 360,000 | 360,000 | 404,308 | 44,308 |
| Contributions | 30,000 | 39,850 | 77,901 | 38,051 |
| Interest on investments | 20,000 | 20,000 | 23,540 | 3,540 |
| Miscellaneous | 84,100 | 84,100 | 92,746 | 8,646 |
| TOTAL REVENUES | <u>11,603,075</u> | <u>11,692,725</u> | <u>11,522,402</u> | <u>(170,323)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,529,570 | 1,527,870 | 1,431,462 | 96,408 |
| Public safety | 7,496,720 | 7,576,520 | 7,104,307 | 472,213 |
| Culture and recreation | 2,001,490 | 2,024,340 | 1,904,488 | 119,852 |
| Capital outlay | 287,400 | 287,400 | 196,837 | 90,563 |
| Debt service | 570,905 | 572,605 | 571,925 | 680 |
| Contingency | 1,886,360 | 2,101,160 | - | 2,101,160 |
| TOTAL EXPENDITURES | <u>13,772,445</u> | <u>14,089,895</u> | <u>11,209,019</u> | <u>2,880,876</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(2,169,370)</u> | <u>(2,397,170)</u> | <u>313,383</u> | <u>2,710,553</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 182,000 | 182,000 | 163,009 | (18,991) |
| Transfers out | (150,530) | (167,430) | (180,681) | (13,251) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>31,470</u> | <u>14,570</u> | <u>(17,672)</u> | <u>(32,242)</u> |
| NET CHANGE IN FUND BALANCE | (2,137,900) | (2,382,600) | 295,711 | 2,678,311 |
| FUND BALANCE, Beginning, as restated (see note I.F) | <u>2,177,900</u> | <u>2,422,600</u> | <u>2,177,110</u> | <u>(245,490)</u> |
| FUND BALANCE, Ending | <u>\$ 40,000</u> | <u>\$ 40,000</u> | <u>\$ 2,472,821</u> | <u>\$ 2,432,821</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|-------------------|-------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Charges for services | \$ 198,400 | \$ 198,400 | \$ 216,318 | \$ 17,918 |
| Intergovernmental | 1,323,845 | 1,323,845 | 1,188,312 | (135,533) |
| Contributions | - | - | 1,667 | 1,667 |
| Interest on investments | 1,500 | 1,500 | 3,507 | 2,007 |
| Miscellaneous | 1,085 | 1,085 | 14,898 | 13,813 |
| TOTAL REVENUES | <u>1,524,830</u> | <u>1,524,830</u> | <u>1,424,702</u> | <u>(100,128)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways and streets: | | | | |
| Personal services | 337,100 | 337,100 | 302,862 | 34,238 |
| Materials and services | 719,935 | 719,935 | 642,505 | 77,430 |
| Capital outlay | 650,000 | 650,000 | 185,789 | 464,211 |
| TOTAL EXPENDITURES | <u>1,707,035</u> | <u>1,707,035</u> | <u>1,131,156</u> | <u>575,879</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(182,205)</u> | <u>(182,205)</u> | <u>293,546</u> | <u>475,751</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | 1,500 | 1,500 | - | (1,500) |
| Transfers out | (11,570) | (11,570) | (11,570) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(10,070)</u> | <u>(10,070)</u> | <u>(11,570)</u> | <u>(1,500)</u> |
| NET CHANGE IN FUND BALANCE | (192,275) | (192,275) | 281,976 | 474,251 |
| FUND BALANCE, Beginning | <u>528,670</u> | <u>528,670</u> | <u>528,514</u> | <u>(156)</u> |
| FUND BALANCE, Ending | <u>\$ 336,395</u> | <u>\$ 336,395</u> | <u>\$ 810,490</u> | <u>\$ 474,095</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, 2014

| | <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 | \$ 946 | \$ 2,503,599 | \$ 96,577 | \$ - | \$ 2,601,122 | \$ 1,077,928 |
| Receivables: | | | | | | |
| Accounts, net | 513,088 | 14,425 | 147,268 | - | 674,781 | 66,377 |
| Notes | - | - | 68,259 | - | 68,259 | - |
| Interest | - | 292 | - | - | 292 | - |
| Prepaid items | 4,900 | 8,500 | 1,750 | - | 15,150 | 28,025 |
| Inventories | 315,999 | 38,521 | - | - | 354,520 | - |
| Total current assets | <u>834,933</u> | <u>2,565,337</u> | <u>313,854</u> | <u>-</u> | <u>3,714,124</u> | <u>1,172,330</u> |
| Noncurrent assets: | | | | | | |
| Restricted cash and cash equivalents | - | 142,000 | - | - | 142,000 | - |
| Restricted investments | - | 809,926 | - | - | 809,926 | - |
| Advances to other funds | - | 2,356,381 | - | - | 2,356,381 | 47,000 |
| Prepaid bond insurance | - | 55,169 | - | - | 55,169 | - |
| Capital assets: | | | | | | |
| Land | 235,477 | 41,975 | 21,317 | - | 298,769 | - |
| Construction in progress | - | 412,802 | - | - | 412,802 | - |
| Depreciable assets, net of depreciation | <u>13,687,412</u> | <u>22,133,536</u> | <u>8,497,109</u> | <u>-</u> | <u>44,318,057</u> | <u>827,806</u> |
| Total noncurrent assets | <u>13,922,889</u> | <u>25,951,789</u> | <u>8,518,426</u> | <u>-</u> | <u>48,393,104</u> | <u>874,806</u> |
| Total assets | <u>14,757,822</u> | <u>28,517,126</u> | <u>8,832,280</u> | <u>-</u> | <u>52,107,228</u> | <u>2,047,136</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | |
| | - | - | - | - | - | - |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 239,084 | 210,085 | 205,217 | - | 654,386 | 147,781 |
| Retainage Payable | - | - | 20,000 | - | 20,000 | - |
| Accrued interest payable | 84,139 | 177,407 | - | - | 261,546 | - |
| Deposits | 4,277 | - | - | - | 4,277 | 33,648 |
| Compensated absences payable | 23,877 | 31,015 | 8,156 | - | 63,048 | 156,523 |
| Current portion of long-term debt | <u>305,255</u> | <u>712,789</u> | <u>-</u> | <u>-</u> | <u>1,018,044</u> | <u>-</u> |
| Total current liabilities | 656,632 | 1,131,296 | 233,373 | - | 2,021,301 | 337,952 |
| Long-term debt, net of current portion: | | | | | | |
| Advances from other funds | 493,681 | - | 2,191,000 | - | 2,684,681 | - |
| Other post employment benefits liability | 34,864 | 61,270 | 22,164 | - | 118,298 | 230,305 |
| Notes and contracts payable | 2,976,825 | - | - | - | 2,976,825 | - |
| Bonds payable | <u>-</u> | <u>13,364,518</u> | <u>-</u> | <u>-</u> | <u>13,364,518</u> | <u>-</u> |
| Total liabilities | <u>4,162,002</u> | <u>14,557,084</u> | <u>2,446,537</u> | <u>-</u> | <u>21,165,623</u> | <u>568,257</u> |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| | - | - | - | - | - | - |
| NET POSITION | | | | | | |
| Net investment in capital assets | 10,640,809 | 8,566,175 | 8,518,426 | - | 27,725,410 | 827,806 |
| Restricted for debt service | - | 951,926 | - | - | 951,926 | - |
| Unrestricted | <u>(44,989)</u> | <u>4,441,941</u> | <u>(2,132,683)</u> | <u>-</u> | <u>2,264,269</u> | <u>651,073</u> |
| Total net position | <u>\$10,595,820</u> | <u>\$13,960,042</u> | <u>\$ 6,385,743</u> | <u>\$ -</u> | <u>\$30,941,605</u> | <u>\$ 1,478,879</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, 2014

Net position- total enterprise funds \$ 30,941,605

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 | \$ 391,113 | |
| Accounts receivable, net | 1,460 | |
| Prepaid items | 10,150 | |
| Internal balances | (210,981) | |
| Capital assets, net | 698,710 | |
| Accounts payable and accrued expenses | (35,281) | |
| Compensated absences payable | (57,721) | |
| Other post employment benefits liability | (81,718) | |
| | 715,732 | 715,732 |

Net position of business - type activities \$ 31,657,337

CITY OF PENDLETON, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

| | 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 | \$ 3,561,487 | \$ 3,906,275 | \$ 398,661 | \$ - | \$ 7,866,423 | \$3,774,883 |
| Licenses and fees | - | - | - | - | - | 75,733 |
| Miscellaneous | 86,254 | 1,926 | - | - | 88,180 | 11,637 |
| TOTAL OPERATING REVENUES | <u>3,647,741</u> | <u>3,908,201</u> | <u>398,661</u> | <u>-</u> | <u>7,954,603</u> | <u>3,862,253</u> |
| OPERATING EXPENSES | | | | | | |
| Personal services | 365,329 | 484,880 | 269,228 | - | 1,119,437 | 2,527,268 |
| Materials and services | 2,187,684 | 1,915,383 | 437,172 | - | 4,540,239 | 1,047,122 |
| Depreciation | 554,818 | 1,330,284 | 884,429 | 10,740 | 2,780,271 | 209,653 |
| TOTAL OPERATING EXPENSES | <u>3,107,831</u> | <u>3,730,547</u> | <u>1,590,829</u> | <u>10,740</u> | <u>8,439,947</u> | <u>3,784,043</u> |
| OPERATING INCOME (LOSS) | <u>539,910</u> | <u>177,654</u> | <u>(1,192,168)</u> | <u>(10,740)</u> | <u>(485,344)</u> | <u>78,210</u> |
| NON-OPERATING INCOME (EXPENSES) | | | | | | |
| Intergovernmental | - | 588,030 | 38,704 | - | 626,734 | 60,000 |
| Contributions | - | - | 4,000 | - | 4,000 | 4,531 |
| Gain (loss) on disposal of capital assets | 200 | - | 299 | - | 499 | - |
| Interest on investments | 181 | 55,578 | 96 | - | 55,855 | 5,160 |
| Interest expense | (164,560) | (475,218) | (44,277) | - | (684,055) | - |
| TOTAL NON-OPERATING INCOME (EXPENSES) | <u>(164,179)</u> | <u>168,390</u> | <u>(1,178)</u> | <u>-</u> | <u>3,033</u> | <u>69,691</u> |
| NET INCOME (LOSS) BEFORE TRANSFERS | 375,731 | 346,044 | (1,193,346) | (10,740) | (482,311) | 147,901 |
| CAPITAL CONTRIBUTIONS | | | | | | |
| Intergovernmental | - | - | 876,684 | - | 876,684 | - |
| TRANSFERS | | | | | | |
| Transfers in | - | 1,240,773 | 399,600 | - | 1,640,373 | - |
| Transfers out | (14,210) | (1,255,463) | (8,800) | (112,156) | (1,390,629) | (95,570) |
| CHANGE IN NET POSITION | 361,521 | 331,354 | 74,138 | (122,896) | 644,117 | 52,331 |
| NET POSITION, Beginning, as restated (see note I.F) | <u>10,234,299</u> | <u>13,628,688</u> | <u>6,311,605</u> | <u>122,896</u> | <u>30,297,488</u> | <u>1,426,548</u> |
| NET POSITION, Ending | <u>\$10,595,820</u> | <u>\$13,960,042</u> | <u>\$ 6,385,743</u> | <u>\$ -</u> | <u>\$30,941,605</u> | <u>\$1,478,879</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, 2014

| | | |
|--|----|----------|
| Change in net position - total enterprise funds | \$ | 644,117 |
| <p>Amounts reported for business-type activities in the Statement of Activities are different because:</p> <p style="padding-left: 40px;">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.</p> | | |
| | | (15,661) |
| Change in net position of business - type activities | \$ | 628,456 |

CITY OF PENDLETON, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2014

| | 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 | \$3,673,393 | \$3,906,588 | \$ 260,949 | \$ 5,689 | \$ 7,846,619 | \$ 35,122 |
| Receipts from interfund services provided | - | - | - | - | - | 3,772,252 |
| Payments to suppliers | (1,020,936) | (616,307) | (210,222) | (18,944) | (1,866,409) | (1,611,423) |
| Payments to employees | (272,030) | (319,090) | (201,166) | - | (792,286) | (1,840,735) |
| Payments for interfund services used | (1,166,705) | (1,319,994) | (81,790) | - | (2,568,489) | (8,370) |
| Net cash provided from (used by) operating activities | <u>1,213,722</u> | <u>1,651,197</u> | <u>(232,229)</u> | <u>(13,255)</u> | <u>2,619,435</u> | <u>346,846</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfers in | - | 1,240,773 | 399,600 | 13,251 | 1,653,624 | - |
| Transfers out | (14,210) | (1,255,463) | (8,800) | - | (1,278,473) | (95,570) |
| Net cash provided from (used by) non-capital financing activities | <u>(14,210)</u> | <u>(14,690)</u> | <u>390,800</u> | <u>13,251</u> | <u>375,151</u> | <u>(95,570)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Proceeds from intergovernmental revenue | - | 588,030 | 915,388 | - | 1,503,418 | 60,000 |
| Contributions | - | - | 4,000 | - | 4,000 | 4,531 |
| Notes receivable principal collections | - | - | 70,836 | - | 70,836 | - |
| Proceeds from sale of capital assets | 200 | - | 299 | - | 499 | - |
| Interfund loan proceeds | - | - | - | - | - | (24,500) |
| Interfund loan payments | (330,831) | (406,869) | (57,000) | - | (794,700) | - |
| Acquisition of capital assets | (405,475) | (696,096) | (996,747) | - | (2,098,318) | (224,206) |
| Principal paid on long-term obligations | (292,321) | (687,693) | - | - | (980,014) | - |
| Interest paid on long-term obligations | (172,052) | (479,822) | (44,277) | - | (696,151) | - |
| Net cash provided from (used by) capital and related financing activities | <u>(1,200,479)</u> | <u>(1,682,450)</u> | <u>(107,501)</u> | <u>-</u> | <u>(2,990,430)</u> | <u>(184,175)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Net sales (purchases) of investments | - | (1,616) | - | - | (1,616) | - |
| Interest on investments | 181 | 55,578 | 96 | - | 55,855 | 5,160 |
| Net cash provided (used) by investing activities | <u>181</u> | <u>53,962</u> | <u>96</u> | <u>-</u> | <u>54,239</u> | <u>5,160</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (786) | 8,019 | 51,166 | (4) | 58,395 | 72,261 |
| CASH AND CASH EQUIVALENTS, Beginning | <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> |
| CASH AND CASH EQUIVALENTS, Ending | <u>\$ 946</u> | <u>\$2,645,599</u> | <u>\$ 96,577</u> | <u>\$ -</u> | <u>\$ 2,743,122</u> | <u>\$ 1,077,928</u> |
| COMPRISED AS FOLLOWS: | | | | | | |
| Cash and cash equivalents | \$ 946 | \$2,503,599 | \$ 96,577 | \$ - | \$ 2,601,122 | \$ 1,077,928 |
| Restricted cash and cash equivalents | - | 142,000 | - | - | 142,000 | - |
| | <u>\$ 946</u> | <u>\$2,645,599</u> | <u>\$ 96,577</u> | <u>\$ -</u> | <u>\$ 2,743,122</u> | <u>\$ 1,077,928</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, 2014

| | 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) | \$ 539,910 | \$ 177,654 | \$(1,192,168) | \$ (10,740) | \$ (485,344) | \$ 78,210 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | | |
| Depreciation | 554,818 | 1,330,284 | 884,429 | 10,740 | 2,780,271 | 209,653 |
| (Increase) decrease in assets: | | | | | | |
| Receivables | 21,974 | (1,613) | (137,712) | 5,689 | (111,662) | (52,072) |
| Prepaid | 1,450 | (1,400) | (575) | 1,300 | 775 | (616) |
| Inventories | (45,051) | (3,799) | - | - | (48,850) | - |
| Increase (decrease) in liabilities: | | | | | | |
| Accounts payable and accrued expenses | 146,017 | 136,503 | 204,173 | (6,516) | 480,177 | 82,927 |
| Deposits | 3,678 | - | - | - | 3,678 | (2,807) |
| Compensated absences payable | 6,907 | 4,452 | 6,482 | (13,728) | 4,113 | 14,229 |
| Other post employment benefits liability | (15,981) | 9,116 | 3,142 | - | (3,723) | 17,322 |
| Net cash provided from (used by) operating activities | <u>\$1,213,722</u> | <u>\$1,651,197</u> | <u>\$ (232,229)</u> | <u>\$ (13,255)</u> | <u>\$ 2,619,435</u> | <u>\$ 346,846</u> |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | | | | |
| Transfer of non-current assets and liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (125,407)</u> | <u>\$ (125,407)</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 three Agency Funds to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds. The assets and liabilities of these funds are not considered assets of the City of Pendleton, and have been excluded from the Government-Wide Financial Statements. Funds included are:

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

CITY OF PENDLETON, OREGON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

| | <u>Agency</u> |
|---------------------------|------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 79,920 |
| | |
| Total assets | <u>\$ 79,920</u> |
| | |
| LIABILITIES | |
| Accounts payable | \$ 8,883 |
| Due to other governments | <u>71,037</u> |
| | |
| Total liabilities | <u>\$ 79,920</u> |

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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Pendleton Development Commission

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

B. Government – Wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit

from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment, including special assessments. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 35 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

D. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables and Payables

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

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

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

3. Inventories and Prepaid Items

Inventories in Enterprise Funds are determined by physical count and are stated at the lower of cost (first in, first out) or market. Expenses are recognized when inventories are consumed. Other inventories are taken for control purposes only with no dollar value assigned. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

The Debt Service Fund is legally restricted to debt service, and the 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 are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Per GASB 65, bond issuance costs are expensed in the period incurred.

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

7. Compensated Absences

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

8. 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, 2014 were as follows:

| Fund Balances: | Combined General | Street | LID Construction | Other Governmental Funds | Total Governmental Funds |
|-----------------------|---------------------|------------|---------------------|--------------------------------|--------------------------------|
| Nonspendable | | | | | |
| Prepays/Contracts | \$ 66,017 | \$ 10,457 | \$ - | \$ 24,396 | \$ 100,870 |
| Permanent Trust | - | - | - | 762,668 | 762,668 |
| Interfund loans | 268,000 | 21,000 | - | 516,000 | 805,000 |
| Restricted | | | | | |
| Debt service | 34,689 | - | - | 885,920 | 920,609 |
| Highways and streets | - | - | - | 8,782 | 8,782 |
| Library services | - | - | - | 92,503 | 92,503 |
| Public safety | - | - | - | 61,072 | 61,072 |
| Program grants | - | - | - | 22,882 | 22,882 |
| Urban renewal | - | - | - | 466,421 | 466,421 |
| Committed | | | | | |
| Community enhancement | 87,792 | - | - | - | 87,792 |
| Economic development | 113,073 | - | - | - | 113,073 |
| Public safety | - | - | - | 100,458 | 100,458 |
| Highways and streets | - | - | - | 314,100 | 314,100 |
| Capital projects | - | - | - | 148,869 | 148,869 |
| Library services | - | - | - | 64,502 | 64,502 |
| Assigned | | | | | |
| Program operations | - | 779,033 | - | 397,363 | 1,176,396 |
| Park improvements | - | - | - | 128,408 | 128,408 |
| Economic development | 587,609 | - | - | - | 587,609 |
| Unassigned | 1,834,125 | - | (209,146) | (132,012) | 1,492,967 |
| Total Fund Balances | \$ 2,991,305 | \$ 810,490 | \$ (209,146) | \$ 3,862,332 | \$ 7,454,981 |

9. Estimates

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

E. Recently Issued and Adopted 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 City had bond issuance costs that were previously being amortized over the life of the bonds that per GASB 65 were required to be expensed in the period incurred. A prior period adjustment was made to the Governmental Activities and Sewer Fund for \$49,362 and \$43,847 respectively. The General Fund beginning equity was also reduced to recognize the unavailable portion of ambulance receivables at June 30, 2013 of \$245,476.

F. Pending Accounting Pronouncements

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

The GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. GASB 71 addresses an issue regarding application of the transition provisions of GASB Statement No. 68. The statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are applied simultaneously with the provisions of Statement 68.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis of accounting principles generally accepted in the United States of America (GAAP) for most special revenue funds, debt service funds, and most trust funds. The annual budget for the General, Community Rehabilitation, Sidewalk Repair, Pendleton Convention Center, LID Construction, 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 Sidewalk Repair, Pendleton Convention Center, 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, 2014, appropriation reclassifications and transfers were approved, and supplemental budgets were adopted. Appropriations are limited to a single fiscal year; therefore, all spending authority of the City lapses as of fiscal year-end.

B. Excess of Expenditures over Appropriations

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

| | |
|---------------------------|------------------|
| Airport Fund | <u>\$ 38,000</u> |
| PCC Fund | <u>\$ 82,767</u> |
| Fire Capital Reserve Fund | <u>\$ 14,000</u> |
| Street HB2001 Fund | <u>\$ 13,000</u> |

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

| | |
|--------------------------------|------------------|
| City/County Public Safety Fund | |
| Materials and Services | <u>\$ 17,517</u> |
| Water Fund | |
| Capital Outlay | <u>\$ 77,208</u> |
| Sewer Fund | |
| Materials and Services | <u>\$ 18,431</u> |
| Central Services Fund | |
| Insurance | <u>\$ 6,464</u> |

C. Deficit fund balances

Funds having a deficit fund balance on the budgetary basis at June 30, 2014 are as follows:

| | |
|----------------------------------|-----------------------|
| <u>General Fund sub-funds</u> | |
| Sidewalk Repair Loan Fund | <u>\$ (69,125)</u> |
| <u>Special Revenue Funds</u> | |
| Pendleton Convention Center Fund | <u>\$ (129,562)</u> |
| <u>Capital Project Funds</u> | |
| LID Construction Fund | <u>\$ (209,146)</u> |
| <u>Enterprise Funds</u> | |
| Airport Fund | <u>\$ (2,178,778)</u> |

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, 2014. 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, 2014, the carrying amount of the City and Urban Renewal Agency's deposits, including certificates of deposit categorized as investments of \$809,926, was \$2,396,307 and the bank balance was \$2,965,468. All deposits are held in the name of the City or the Pendleton Development Commission (blended component unit). Of the bank balance, \$1,100,039 was covered by federal depository insurance. The remaining \$1,865,429 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, 2014, the amount held in the escrow account for future scheduled payments was \$1.

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

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

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

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

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has Certificates of Deposit at Banner Bank, which represent 12% 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, 2014 include Certificates of Deposit with Banner Bank totaling \$809,926. All of the Certificates will mature within one year. In addition, the City is invested in the following:

Investments not subject to categorization:

| | |
|--------------------------|--------------------------|
| External Investment Pool | <u><u>\$ 752,253</u></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 | 13,242 |
| Deposits with financial institutions | 1,586,381 |
| Local Government Investment Pool | <u>8,644,975</u> |
| Total cash and cash equivalents | <u><u>\$10,246,793</u></u> |

Funds:

| | |
|---------------------------------|----------------------------|
| General | \$ 2,689,708 |
| Street | 784,424 |
| LID Construction | 351 |
| Non - major Governmental funds | 2,871,340 |
| Water | 946 |
| All Sewer funds | 2,645,599 |
| Airport | 96,577 |
| Internal Service funds | 1,077,928 |
| Fiduciary funds | <u>79,920</u> |
| Total cash and cash equivalents | <u><u>\$10,246,793</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 2013-2014, the City levied property taxes in the amount of \$6,305,010. 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 | \$ 334,770 | \$ - | \$ - | \$ 73,905 | \$ - | \$ 408,675 |
| Special assessments | 55,175 | - | 1,117,640 | 940 | - | 1,173,755 |
| Accounts | 1,514,967 | 406 | 86,833 | 204,416 | 4,917 | 1,811,539 |
| Intergovernmental | 69,484 | 74,636 | 118,354 | 138,047 | 60,000 | 460,521 |
| Notes | 417,219 | - | - | 130,898 | - | 548,117 |
| Interest | - | - | - | - | - | - |
| Gross Receivables | 2,391,615 | 75,042 | 1,322,827 | 548,206 | 64,917 | 4,402,607 |
| Less: Allowance for Uncollectibles | (573,434) | - | - | (26,493) | - | (599,927) |
| Net Total Receivables | <u>\$ 1,818,181</u> | <u>\$ 75,042</u> | <u>\$ 1,322,827</u> | <u>\$ 521,713</u> | <u>\$ 64,917</u> | <u>\$ 3,802,680</u> |

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

| | Water Fund | Sewer Funds | Airport | Internal Service | Total Business-type Activites |
|---------------------------------------|-------------------|------------------|-------------------|---------------------|-------------------------------------|
| Accounts | \$ 529,136 | \$ 14,425 | \$ 4,107 | \$ 1,460 | \$ 549,128 |
| Intergovernmental | - | - | 166,056 | - | 166,056 |
| Notes | - | - | 68,259 | - | 68,259 |
| Interest | - | 292 | - | - | 292 |
| Gross Receivables | 529,136 | 14,717 | 238,422 | 1,460 | 783,735 |
| Less: Allowance for Uncollectibles | (16,048) | - | (22,895) | - | (38,943) |
| Net Total Receivables | <u>\$ 513,088</u> | <u>\$ 14,717</u> | <u>\$ 215,527</u> | <u>\$ 1,460</u> | <u>\$ 744,792</u> |

The City also has a direct financing lease receivable for the sale of a building and improvements located near the airport, and an operating lease for the underlying land. The lease term is from April 1, 2010 to March 31, 2015. At the end of this term, the land lease can be renewed for up to two additional 10-year leases. Base rent during the initial lease is \$47,500 annually, including \$10,218 for the land portion and \$37,282 for the building portion, increased each year for the change in the Portland Consumer Price index. 95% of the building lease payment is credited toward the building purchase price of \$422,438. At the end of the 10-year lease term, the lessee has the option to purchase the building for \$422,438, less all amounts credited toward purchase. The expected residual balance at the end of the lease period is about \$65,000, and is considered a bargain purchase option. As such, the direct financing lease receivable related to the building has been recorded as a note receivable in the City's financial statements. No amounts have been recorded as a receivable for the operating lease related to the land. Rent received during the year includes \$13,386 for land rent, a building lease payment

of \$37,282 for April of 2013 to March 2014, and \$12,458 for land rent and a building lease payment of \$37,282 for April 2014 to March 2015. Total future minimum annual lease payments are expected to be \$12,458 for the land lease and \$37,282 for the building lease/purchase through the fiscal year ending June 30, 2015. At June 30, 2014, the principal balance due the City was \$68,259.

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 | | \$ 3,341,023 |
| Earnings (loss) on pension assets | \$ 607,146 | |
| Credit for annual actuarial liability change | <u>(330,883)</u> | |
| Increase in pension assets | | <u>276,263</u> |
| Pension assets, ending | | <u>\$ 3,617,286</u> |

D. Deferred Outflows of Resources

The City reports decreases in net assets that related to future period as deferred outflows of resources in a separate section of its government-wide and proprietary statements of net position. The only deferred outflow of resources reported in this year's financial statements is a deferred amount from refunding of debt in the amount of \$7,603 which is reported on the Statement of Net Position for the Governmental Activities.

E. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in

this category. Accordingly, the item unavailable revenue is reported only in the governmental fund balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The governmental funds report unavailable revenues from the following sources:

| | General | LID Construction | Other Governmental Funds | Total Governmental Activities |
|-----------------------|--------------------|---------------------|--------------------------------|-------------------------------------|
| Property taxes | \$ 309,063 | \$ - | \$ 68,680 | \$ 377,743 |
| Intergovernmental | - | - | 66,442 | 66,442 |
| Notes and assessments | 472,394 | 1,117,640 | 130,898 | 1,720,932 |
| Other | 410,188 | - | 12,883 | 423,071 |
| | <u>\$1,191,645</u> | <u>\$ 1,117,640</u> | <u>\$ 278,903</u> | <u>\$ 2,588,188</u> |

F. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2014 was as follows:

| Description | Beginning Balance | Increases | Transfers | Decreases | Ending Balance |
|---|----------------------|---------------------|-------------------|--------------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 3,761,554 | \$ - | \$ 21,150 | \$ - | \$ 3,782,704 |
| Land available for sale | 308,726 | - | - | - | 308,726 |
| Construction in progress | 30,444 | 699 | (16,044) | - | 15,099 |
| Total non-depreciable | <u>4,100,724</u> | <u>699</u> | <u>5,106</u> | <u>-</u> | <u>4,106,529</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 15,383,937 | 78,188 | 93,453 | - | 15,555,578 |
| Equipment | 7,050,757 | 190,897 | 31,035 | (86,414) | 7,186,275 |
| Improvements | 24,105,987 | 5,967,514 | 254,669 | (1,311) | 30,326,859 |
| Infrastructure | 20,926,650 | - | - | - | 20,926,650 |
| Total depreciable | <u>67,467,331</u> | <u>6,236,599</u> | <u>379,157</u> | <u>(87,725)</u> | <u>73,995,362</u> |
| Accumulated depreciation | | | | | |
| Buildings | (6,713,781) | (445,906) | (46,595) | - | (7,206,282) |
| Equipment | (5,270,884) | (425,432) | (29,431) | 45,878 | (5,679,869) |
| Improvements | (6,153,943) | (842,405) | (169,685) | 1,311 | (7,164,722) |
| Infrastructure | (16,218,152) | (523,166) | - | - | (16,741,318) |
| Total accumulated depreciation | <u>(34,356,760)</u> | <u>(2,236,909)</u> | <u>(245,711)</u> | <u>47,189</u> | <u>(36,792,191)</u> |
| Total capital assets being depreciated, net | <u>33,110,571</u> | <u>3,999,690</u> | <u>133,446</u> | <u>(40,536)</u> | <u>37,203,171</u> |
| Governmental activities capital assets, net | <u>\$ 37,211,295</u> | <u>\$ 4,000,389</u> | <u>\$ 138,552</u> | <u>\$ (40,536)</u> | <u>\$ 41,309,700</u> |

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

| | |
|--|--------------------------------|
| General government | \$ 224,265 |
| Public safety | 342,447 |
| Highways and streets | 1,083,260 |
| Culture and recreation | 522,010 |
| Internal service - Central Services | <u>64,927</u> |
| Total depreciation for governmental activities | <u><u>\$ 2,236,909</u></u> |

Capital asset activity for business-type activities for the year ended June 30, 2014 was as follows:

| <u>Description</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Transfers</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|----------------------------|----------------------------|----------------------------|--------------------|----------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 319,919 | \$ - | \$ (21,150) | \$ - | \$ 298,769 |
| Construction in progress | <u>26,197</u> | <u>386,605</u> | <u>-</u> | <u>-</u> | <u>412,802</u> |
| Total non-depreciable | <u>346,116</u> | <u>386,605</u> | <u>(21,150)</u> | <u>-</u> | <u>711,571</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 14,516,339 | 157,580 | (93,453) | - | 14,580,466 |
| Equipment | 18,387,786 | 213,477 | (31,035) | (17,650) | 18,552,578 |
| Improvements | <u>53,046,276</u> | <u>1,522,147</u> | <u>(238,625)</u> | <u>-</u> | <u>54,329,798</u> |
| Total depreciable | <u>85,950,401</u> | <u>1,893,204</u> | <u>(363,113)</u> | <u>(17,650)</u> | <u>87,462,842</u> |
| Accumulated depreciation | | | | | |
| Buildings | (5,307,513) | (397,069) | 46,595 | - | (5,657,987) |
| Equipment | (16,668,903) | (298,004) | 29,431 | 17,650 | (16,919,826) |
| Improvements | <u>(17,808,023)</u> | <u>(2,229,924)</u> | <u>169,685</u> | <u>-</u> | <u>(19,868,262)</u> |
| Total accumulated depreciation | <u>(39,784,439)</u> | <u>(2,924,997)</u> | <u>245,711</u> | <u>17,650</u> | <u>(42,446,075)</u> |
| Total capital assets being depreciated, net | <u>46,165,962</u> | <u>(1,031,793)</u> | <u>(117,402)</u> | <u>-</u> | <u>45,016,767</u> |
| Business-type activities capital assets, net | <u><u>\$46,512,078</u></u> | <u><u>\$ (645,188)</u></u> | <u><u>\$ (138,552)</u></u> | <u><u>\$ -</u></u> | <u><u>\$45,728,338</u></u> |

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

| | |
|---|----------------------------|
| Water | \$ 554,818 |
| Sewer | 1,330,284 |
| Airport | 884,429 |
| Cemetery | 10,740 |
| Internal service - Construction and Repair | <u>144,726</u> |
| Total depreciation for business-type activities | <u><u>\$ 2,924,997</u></u> |

G. Advances Receivable/Payable

In the government-wide financial statements, the business-type activities have internal balances payable to the governmental activities in the amount of \$539,281. At June 30, 2014, amounts due from other funds in the fund financial statements are as follows:

| | | |
|---|------------------|----------------------------|
| General Fund receivable from: | | |
| Sidewalk Repair Loan Fund | \$ 70,000 | |
| Airport Fund | <u>198,000</u> | \$ 268,000 |
| Street Fund receivable from: | | |
| HB2201 | | 21,000 |
| Construction and Repair Fund receivable from: | | |
| Water Fund | \$ 42,000 | |
| Pendleton Convention Center Fund | <u>5,000</u> | 47,000 |
| System Development Fees Fund receivable from: | | |
| Airport Fund | | 516,000 |
| Sewer Funds receivable from: | | |
| LID Construction Fund | \$ 177,700 | |
| Pendleton Convention Center Fund | 250,000 | |
| Water Fund | 451,681 | |
| Airport Fund | <u>1,477,000</u> | <u>2,356,381</u> |
| Total Interfund Receivables | | <u><u>\$ 3,208,381</u></u> |

Interfund loans were made for capital purposes in the Water Fund for \$451,681 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.

H. 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 \$221,974.

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

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------|---------------------|----------------------|
| General Fund | \$ 163,009 | \$ 503,381 |
| State Tax Street Fund | - | 11,570 |
| Non-major governmental funds | 97,824 | 25,463 |
| Enterprise Funds: | | |
| Water Fund | - | 14,210 |
| Sewer Fund | 1,240,773 | 1,255,463 |
| Airport Fund | 399,600 | 8,800 |
| Cemetery | 13,251 | - |
| Internal Service Funds: | | |
| Construction and Repair Fund | - | 27,770 |
| Central Services Fund | - | 67,800 |
| Total all funds | <u>\$ 1,914,457</u> | <u>\$ 1,914,457</u> |

Transfers out of the General Fund were for the City's contribution towards senior transportation, equipment replacement, a residual transfer to close out the cemetery fund, and to reimburse the library for central services charges. The non-major governmental funds transfers include the transfer of interest earnings from the library and cemetery permanent trust funds to the Library Trust Fund and General Fund; transfers of resources for debt service and transfers for capital expenditures. Transfers into the General Fund consist of reimbursement from various funds for PERS bond debt service.

I. 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, 2014 are as follows:

| <u>Description</u> | <u>Interest rates</u> | <u>Amount</u> |
|-----------------------------------|-----------------------|-------------------|
| Facilities Refunding Bonds - 2005 | 3.00% - 4.00% | <u>\$ 445,000</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 deferred outflow of resources and is amortized over eleven years. This refunding was undertaken to reduce total debt service payments over the next eleven years by \$180,958 and resulted in an economic gain of \$149,869.

Future maturities are as follows:

| Year Ending June 30 | Governmental Activities | |
|------------------------|-------------------------|------------------|
| | Principal | Interest |
| 2015 | \$ 215,000 | \$ 17,225 |
| 2016 | 230,000 | 8,625 |
| | <u>\$ 445,000</u> | <u>\$ 25,850</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 |
| 2015 | \$ 210,000 | \$ 314,194 |
| 2016 | 240,000 | 303,990 |
| 2017 | 270,000 | 292,328 |
| 2018 | 310,000 | 279,209 |
| 2019 | 345,000 | 264,146 |
| 2020-2024 | 2,415,000 | 1,022,002 |
| 2025-2028 | 2,540,000 | 301,741 |
| | <u>\$ 6,330,000</u> | <u>\$ 2,777,610</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 |
| 2015 | \$ 425,000 | \$ 319,573 |
| 2016 | 440,000 | 304,698 |
| 2017 | 455,000 | 288,923 |
| 2018 | 475,000 | 266,673 |
| 2019 | 495,000 | 247,673 |
| 2020-2024 | 2,790,000 | 923,185 |
| 2025-2028 | 2,680,000 | 291,593 |
| | <u>\$ 7,760,000</u> | <u>\$ 2,642,318</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, 2014 was \$1,952,707. 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 |
| 2015 | \$ 181,154 | \$ 93,756 |
| 2016 | 189,759 | 85,151 |
| 2017 | 198,773 | 76,138 |
| 2018 | 208,214 | 66,696 |
| 2019 | 218,105 | 56,806 |
| 2020-2023 | 977,810 | 118,585 |
| | <u>\$ 1,973,815</u> | <u>\$ 497,132</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 |
| 2015 | \$ 305,255 | \$ 144,238 |
| 2016 | 318,350 | 130,828 |
| 2017 | 332,620 | 116,838 |
| 2018 | 347,066 | 102,222 |
| 2019 | 362,698 | 86,970 |
| 2020-2023 | 1,616,091 | 183,392 |
| | <u>\$ 3,282,080</u> | <u>\$ 764,488</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 2012-13 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 |
| 2015 | \$ 287,789 | \$ 122,453 |
| 2016 | 293,027 | 117,215 |
| 2017 | 298,411 | 111,831 |
| 2018 | 303,945 | 106,297 |
| 2019 | 309,633 | 100,609 |
| 2020-2024 | 1,639,203 | 412,007 |
| 2025-2029 | 1,807,189 | 244,021 |
| 2030-2033 | 1,378,110 | 57,740 |
| | <u>\$ 6,317,307</u> | <u>\$ 1,272,173</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, 2014 was \$34,689.

Future maturities of the note are as follows:

| <u>Year Ending June 30</u> | <u>Governmental Activities</u> | |
|--------------------------------|--------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 33,381 | \$ 36,005 |
| 2016 | 34,993 | 34,343 |
| 2017 | 36,738 | 32,598 |
| 2018 | 38,569 | 30,767 |
| 2019 | 40,492 | 28,844 |
| 2020-2024 | 234,829 | 111,850 |
| 2025-2029 | 299,500 | 47,180 |
| 2030-2031 | 35,209 | 516 |
| | <u>\$ 753,711</u> | <u>\$ 322,103</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> |
| 2015 | \$ 76,465 | \$ 49,123 |
| 2016 | 80,296 | 45,328 |
| 2017 | 84,279 | 41,346 |
| 2018 | 88,459 | 37,165 |
| 2019 | 92,847 | 32,778 |
| 2020-2024 | 538,055 | 90,069 |
| 2025 | 60,860 | 1,494 |
| | <u>\$ 1,021,261</u> | <u>\$ 297,303</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%. The note was repaid in full at June 30, 2014.

The City received a Special Public Works Fund loan through the Oregon Infrastructure Authority to finance Tutuilla Road infrastructure improvements as part of LID 438. The total loan award is for \$626,067 and is received on the expense

reimbursement basis. Through June 30, 2014, the City has received \$444,597 and accrued an additional reimbursement of costs of \$118,354 for a total of \$562,951. The note payable requires interest only payments at 4.56% interest per annum through December 1, 2016 and then principal and interest payments for 20 years starting December 1, 2017 at 4.56% interest. An amortization schedule is not yet available.

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

| Year Ending June 30 | Governmental Activities | |
|------------------------|-------------------------|-------------------|
| | Principal | Interest |
| 2015 | \$ 203,089 | \$ 77,663 |
| 2016 | 216,679 | 64,073 |
| 2017 | 231,043 | 49,709 |
| 2018 | 246,639 | 34,113 |
| 2019 | 263,142 | 17,609 |
| | <u>\$ 1,160,592</u> | <u>\$ 243,167</u> |

6. Changes Long-Term Liabilities

Long-term liability activity for the year ending June 30, 2014 is as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| General Obligation Bonds | \$ 910,000 | \$ - | \$ 465,000 | \$ 445,000 | \$ 215,000 |
| Urban Renewal Bonds | 2,146,754 | - | 172,939 | 1,973,815 | 181,154 |
| Limited Tax Pension Bonds | 6,510,000 | - | 180,000 | 6,330,000 | 210,000 |
| Contracts, Loans and Notes | 3,279,850 | 562,951 | 344,286 | 3,498,515 | 312,935 |
| OPEB Liability | 695,853 | 90,817 | - | 786,670 | - |
| Compensated Absences | 485,627 | 497,814 | 485,627 | 497,814 | 497,814 |
| Governmental activity Long-term liabilities | <u>\$ 14,028,084</u> | <u>\$ 1,151,582</u> | <u>\$ 1,647,852</u> | <u>\$ 13,531,814</u> | <u>\$ 1,416,903</u> |
| Business-type activities: | | | | | |
| Revenue Bonds | \$ 8,165,000 | \$ - | \$ 405,000 | \$ 7,760,000 | \$ 425,000 |
| Contracts, Loans and Notes | 10,174,401 | - | 575,014 | 9,599,387 | 593,044 |
| OPEB Liability | 209,245 | 3,916 | 13,145 | 200,016 | - |
| Compensated Absences | 115,378 | 120,769 | 115,378 | 120,769 | 120,769 |
| Business-type activity Long-term liabilities | <u>\$ 18,664,024</u> | <u>\$ 124,685</u> | <u>\$ 1,108,537</u> | <u>\$ 17,680,172</u> | <u>\$ 1,138,813</u> |

The central services internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for compensated absences in the amount of \$98,802 are included in the above amounts. The construction and repair internal service fund predominantly serves the business-type activities and \$57,721 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, 2012, 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 \$79,939 and amortization of the UAAL of \$141,042. The Actuarial Accrued Liability is the present value of benefits that are attributed to past service only. The portion attributed to future service is excluded. For retirees, this is equal to the present value of benefits. For active employees, this is equal to the present value of benefits prorated by service to date over service at the expected retirement age. The normal cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. Normal costs are increased from the valuation date to the fiscal year end dates using a combination of the discount rate and health cost trend assumptions. The

following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's OPEB obligation to the plan. For fiscal year 2014-15, the City's implicit benefit payments were estimated to be \$61,946.

| | |
|--|--------------------------|
| Nominal cost at year end | \$ 79,939 |
| Interest on net OPEB obligation | 31,681 |
| One year's amortization of UAAL | 141,042 |
| Adjustment to annual required contribution | <u>(108,830)</u> |
| Annual OPEB cost (expense) | 143,832 |
| Contributions made (Implicit benefit payments) | <u>(61,946)</u> |
| Increase in net OPEB obligation | 81,886 |
| Net OPEB obligation - beginning of year | <u>905,100</u> |
| Net OPEB obligation - end of year | <u><u>\$ 986,986</u></u> |

Funding Policy. The City has elected to not prefund the actuarially determine future cost amount of \$986,986. 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 2012, 2013, and 2014 was as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percent of Annual OPEB Cost Contributions | Net OPEB Obligation |
|----------------------|---------------------|--|------------------------|
| 6/30/2014 | \$ 143,832 | 43% | \$ 986,986 |
| 6/30/2013 | \$ 223,252 | 35% | \$ 905,100 |
| 6/30/2012 | \$ 213,239 | 38% | \$ 760,277 |

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 plan include a general inflation rate of 2.75%, a 3.5% investment return and discount rate; an increase in health costs of 7.25% in the current year and trending down to 5.5% in future years; and retirement rates used by Oregon PERS for its December 31, 2011, actuarial valuation. 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.

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

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

| Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded (Overfunded) AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a percentage of Covered Payroll (b-a/c) |
|----------------|-------------------------------|---|--|--------------------|---------------------|---|
| 8/1/2012 | \$ - | \$ 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 13.45% of covered payroll for the Tier I and Tier II employees, 21.02% for Tier I and Tier II police and fire employees, 12.10% for OPSRP general services employees, and 14.83% 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, 2014, 2013, and 2012, were \$907,640, \$997,928, and \$1,006,248, 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, 2014 were as follows:

| | |
|--|----------------------------|
| Annual required contribution | \$ 907,640 |
| Loss (earnings) on pension assets | (607,146) |
| Adjustment to the annual required contribution | <u>330,883</u> |
| Annual pension cost | 631,377 |
| Contributions made | <u>907,640</u> |
| Increase (decrease) in pension asset | 276,263 |
| Pension assets, beginning of year | <u>3,341,023</u> |
| Pension assets, end of year | <u><u>\$ 3,617,286</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. To date, the DEQ has not demanded the City contribute to cleanup costs, but may do so in the future. Costs for cleanup are estimated between \$249,000 and \$334,000 but such estimates have a high degree of uncertainty and no definitive value has been assigned.

The City is defending a claim made by Vista Village for improper billing of water service for \$150,000 in damages. The City believes the claim to be without merit and expects no money to be paid out.

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, 2014. Major projects in progress at June 30, 2014 are as follows:

The City has incurred \$412,802 for a sewer master planning service.

The City is also in the design stage and has spent \$14,400 for work related to a pavement study and \$699 towards street projects.

F. Related Party Transactions

The Pendleton Development Commission owed the City of Pendleton \$60,000 for administrative services during the year.

G. Special Item

The City came to an agreement with the Pendleton Friends of the Library (PFOL) to transfer the Library endowment funds to PFOL, who will invest them with OCF under the hope of achieving better investment results than the City has achieved in prior years. A total of \$717,854 was transferred under this agreement. All monies raised through the new OCF endowment account and any other monies raised where the Pendleton Public Library is represented as the charitable purpose will be spent exclusively for library programs unless otherwise agreed upon by both parties. PFOL also agrees to submit to the City a copy of their most recent annual financial report by October 1 of each year. Payment to PFOL is unusual and infrequent in occurrence and under the control of management.

H. Subsequent Events

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

The City purchased a handicap accessible van in June but didn't receive the van until September. The van will be capital asset addition in FY 14/15 at \$40,124. The state contributed 89.73% of the cost through Federal 5310 Services to seniors and persons with disabilities and the City had the matching contribution of 10.27% and paid for it out of the transportation budget.

The City approved a bid to Pioneer Construction for \$166,241 for the installation of three downtown raised crosswalks on South Main St. The project is to be completed by October 15, 2014. At the time of the financial statement completion, the three raised crosswalks were completed.

The City approved a bid to Pioneer Construction for the SW 11th St. to SW 15th St. reconstruction and storm drainage improvements project in the amount of \$492,135. The goal of the project is to reduce the flooding at the bottom of the hill where inadequate storm system drainage currently exists.

The City purchased a new ambulance from Braun NW Inc. for a total of \$177,604 and declared the replaced 2001 Ford ambulance surplus property to be sold. The purchase will be completed by utilizing an inter-local purchasing agreement contract between the City of Pendleton and North Country Fire/Rescue pursuant to Oregon Revised.

The City approved a bid to Pioneer Asphalt, Inc. for the street construction of SW Nye Avenue from SW 2nd to SW 5th in the amount of \$186,915. The project is to reconstruct the strip of road designated due to cracking and erosion.

The City has approved a contract with Tyler Technologies for accounting software with projected fees to be \$313,192 in fiscal year 2015. The City is working with InterMountain Educational School District to pull their existing data and input it into the new Tyler Technology software system. \$175,000 was budgeted in fiscal year 2014 and carried over to fiscal year 2015 for this project. Other departments have budgeted to assist with the overall expense. The City is expecting to have the new software installed and in use during the 2015 fiscal year.

The City purchased a new street sweeper from Owen Equipment with a low bid of \$193,832 and traded in their existing sweeper as part of the purchase.

The Pendleton Development Commission approved a jump start loan to the Pendleton Coffee Bean for \$30,000 due in 7 years at 7% interest rate.

WMA Holdings, LLC paid off their jump-start loan of \$46,000 after year end. At June 30, 2014 the unpaid principle was \$45,648 at 7% interest rate. The loan was issued May 19, 2012 and matured on April 1, 2019.

The City issued debt with Banner Bank after year end for a \$825,000 loan over 15 years at 4.35% interest, for the financing of the Convention Center East Side expansion project. The loan will require payment of \$75,235 annually of principle and interest with payments due on July 15th and January 15th. The first payment is due January 15, 2015. The bid for the expansion construction was awarded to Mike Becker General Contractor Inc. in the amount of \$897,040. The project includes an addition of approximately 2,400 square feet onto the east side of the building, the remodel of the existing east side meeting rooms and administration offices, and an improved HVAC system.



SUPPLEMENTAL INFORMATION



COMBINING STATEMENTS

Non-Major Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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, 2014

| | Special Revenue | Capital Projects | Debt Service | Permanent Trust | Totals |
|--|---------------------|---------------------|---------------------|--------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,525,321 | \$ 388,819 | \$ 940,695 | \$ 16,505 | \$ 2,871,340 |
| Investments | - | - | - | 752,253 | 752,253 |
| Receivables: | | | | | |
| Property taxes | - | - | 73,905 | - | 73,905 |
| Accounts | 277,730 | 34,351 | - | 3,889 | 315,970 |
| Assessments | - | 940 | - | - | 940 |
| Notes | 130,898 | - | - | - | 130,898 |
| Advances to other funds | - | 516,000 | - | - | 516,000 |
| Prepaid items | 17,675 | 2,832 | - | - | 20,507 |
| | <u>1,951,624</u> | <u>942,942</u> | <u>1,014,600</u> | <u>772,647</u> | <u>4,681,813</u> |
| Total assets | <u>\$ 1,951,624</u> | <u>\$ 942,942</u> | <u>\$ 1,014,600</u> | <u>\$ 772,647</u> | <u>\$ 4,681,813</u> |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 156,471 | \$ - | \$ 60,000 | \$ - | \$ 216,471 |
| Deposits | 48,107 | - | - | - | 48,107 |
| Advances from other funds | 255,000 | 21,000 | - | - | 276,000 |
| | <u>459,578</u> | <u>21,000</u> | <u>60,000</u> | <u>-</u> | <u>540,578</u> |
| Total liabilities | <u>459,578</u> | <u>21,000</u> | <u>60,000</u> | <u>-</u> | <u>540,578</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | 208,986 | 1,237 | 68,680 | - | 278,903 |
| | <u>208,986</u> | <u>1,237</u> | <u>68,680</u> | <u>-</u> | <u>278,903</u> |
| Total deferred inflows of resources | <u>208,986</u> | <u>1,237</u> | <u>68,680</u> | <u>-</u> | <u>278,903</u> |
| FUND BALANCES (DEFICIT) | | | | | |
| Nonspendable | 17,675 | 518,832 | - | 766,557 | 1,303,064 |
| Restricted | 645,570 | - | 885,920 | 6,090 | 1,537,580 |
| Committed | 226,056 | 401,873 | - | - | 627,929 |
| Assigned | 525,771 | - | - | - | 525,771 |
| Unassigned | (132,012) | - | - | - | (132,012) |
| | <u>1,283,060</u> | <u>920,705</u> | <u>885,920</u> | <u>772,647</u> | <u>3,862,332</u> |
| Total fund balances | <u>1,283,060</u> | <u>920,705</u> | <u>885,920</u> | <u>772,647</u> | <u>3,862,332</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,951,624</u> | <u>\$ 942,942</u> | <u>\$ 1,014,600</u> | <u>\$ 772,647</u> | <u>\$ 4,681,813</u> |

See auditor's report.

CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2014

| | Bike Fund | Library Fund | Library Trust Fund | Transportation Services Fund | Community Development Block Grant Fund | Pendleton Convention Center Fund |
|---|-----------------|------------------|--------------------------|------------------------------------|---|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 8,028 | \$ 96,192 | \$ 66,244 | \$ 386,771 | \$ 2,626 | \$ 2,239 |
| Receivables: | | | | | | |
| Accounts | 754 | - | - | 80,550 | - | 148,506 |
| Notes | - | - | - | - | - | - |
| Prepaid items | - | 3,675 | - | - | - | 2,450 |
| | <u>-</u> | <u>3,675</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,450</u> |
| Total assets | <u>\$ 8,782</u> | <u>\$ 99,867</u> | <u>\$ 66,244</u> | <u>\$ 467,321</u> | <u>\$ 2,626</u> | <u>\$ 153,195</u> |
| LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 9,779 | \$ 1,742 | \$ 15,158 | \$ - | \$ 16,098 |
| Deposits | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | 255,000 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>255,000</u> |
| Total liabilities | <u>-</u> | <u>9,779</u> | <u>1,742</u> | <u>15,158</u> | <u>-</u> | <u>271,098</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | - | - | - | 54,800 | - | 11,659 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>54,800</u> | <u>-</u> | <u>11,659</u> |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>54,800</u> | <u>-</u> | <u>11,659</u> |
| FUND BALANCES (DEFICIT) | | | | | | |
| Nonspendable | - | 3,675 | - | - | - | 2,450 |
| Restricted | 8,782 | 86,413 | - | - | 2,626 | - |
| Committed | - | - | 64,502 | - | - | - |
| Assigned | - | - | - | 397,363 | - | - |
| Unassigned | - | - | - | - | - | (132,012) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(132,012)</u> |
| Total fund balances | <u>8,782</u> | <u>90,088</u> | <u>64,502</u> | <u>397,363</u> | <u>2,626</u> | <u>(129,562)</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 8,782</u> | <u>\$ 99,867</u> | <u>\$ 66,244</u> | <u>\$ 467,321</u> | <u>\$ 2,626</u> | <u>\$ 153,195</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 Renwal District Operating Fund | Totals |
|---------------------|---|------------------------|---|------------------------|--|--------------------|
| \$ 110,763 | \$ 103,059 | \$ 129,158 | \$133,208 | \$ 20,256 | \$ 466,777 | \$1,525,321 |
| 25,528 | 22,392 | - | - | - | - | 277,730 |
| - | - | - | - | - | 130,898 | 130,898 |
| - | 11,550 | - | - | - | - | 17,675 |
| <u>\$ 136,291</u> | <u>\$ 137,001</u> | <u>\$ 129,158</u> | <u>\$133,208</u> | <u>\$ 20,256</u> | <u>\$ 597,675</u> | <u>\$1,951,624</u> |
| \$ 8,305 | \$ 4,927 | \$ 750 | \$ 99,356 | \$ - | \$ 356 | \$ 156,471 |
| - | 48,107 | - | - | - | - | 48,107 |
| - | - | - | - | - | - | 255,000 |
| <u>8,305</u> | <u>53,034</u> | <u>750</u> | <u>99,356</u> | <u>-</u> | <u>356</u> | <u>459,578</u> |
| <u>284</u> | <u>11,345</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>130,898</u> | <u>208,986</u> |
| <u>284</u> | <u>11,345</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>130,898</u> | <u>208,986</u> |
| - | 11,550 | - | - | - | - | 17,675 |
| - | 61,072 | - | - | 20,256 | 466,421 | 645,570 |
| 127,702 | - | - | 33,852 | - | - | 226,056 |
| - | - | 128,408 | - | - | - | 525,771 |
| - | - | - | - | - | - | (132,012) |
| <u>127,702</u> | <u>72,622</u> | <u>128,408</u> | <u>33,852</u> | <u>20,256</u> | <u>466,421</u> | <u>1,283,060</u> |
| <u>\$ 136,291</u> | <u>\$ 137,001</u> | <u>\$ 129,158</u> | <u>\$133,208</u> | <u>\$ 20,256</u> | <u>\$ 597,675</u> | <u>\$1,951,624</u> |

See auditor's report.

CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2014

| | System Development Fees Fund | Parks Capital Reserve Fund | Fire Capital Reserve Fund | Street HB2001 Fund | Hospital Road Fund | Totals |
|--|---------------------------------------|-------------------------------------|---------------------------------|--------------------------|-----------------------|-------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 300,924 | \$ 21,167 | \$ 66,606 | \$ 122 | \$ - | \$ 388,819 |
| Receivables: | | | | | | |
| Accounts | - | - | - | 34,351 | - | 34,351 |
| Assessments | 940 | - | - | - | - | 940 |
| Advances to other funds | 516,000 | - | - | - | - | 516,000 |
| Prepaid items | 2,832 | - | - | - | - | 2,832 |
| | | | | | | |
| Total assets | <u>\$ 820,696</u> | <u>\$ 21,167</u> | <u>\$ 66,606</u> | <u>\$ 34,473</u> | <u>\$ -</u> | <u>\$ 942,942</u> |
| LIABILITIES | | | | | | |
| Advances from other funds | - | - | - | 21,000 | - | 21,000 |
| | | | | | | |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,000</u> | <u>-</u> | <u>21,000</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue | 940 | - | - | 297 | - | 1,237 |
| | | | | | | |
| Total deferred inflows of resources | <u>940</u> | <u>-</u> | <u>-</u> | <u>297</u> | <u>-</u> | <u>1,237</u> |
| FUND BALANCES (DEFICIT) | | | | | | |
| Nonspendable | 518,832 | - | - | - | - | 518,832 |
| Committed | 300,924 | 21,167 | 66,606 | 13,176 | - | 401,873 |
| | | | | | | |
| Total fund balances | <u>819,756</u> | <u>21,167</u> | <u>66,606</u> | <u>13,176</u> | <u>-</u> | <u>920,705</u> |
| | | | | | | |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 820,696</u> | <u>\$ 21,167</u> | <u>\$ 66,606</u> | <u>\$ 34,473</u> | <u>\$ -</u> | <u>\$ 942,942</u> |

See auditor's report.

**CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2014**

| | Debt Service Fund | Urban Renewal Debt Service Fund | Totals |
|--|----------------------|--|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 12,509 | \$ 928,186 | \$ 940,695 |
| Receivables: | | | |
| Property taxes | 33,130 | 40,775 | 73,905 |
| Total assets | <u>\$ 45,639</u> | <u>\$ 968,961</u> | <u>\$ 1,014,600</u> |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 60,000 | \$ 60,000 |
| Total liabilities | - | 60,000 | 60,000 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | \$ 30,534 | \$ 38,146 | \$ 68,680 |
| Total deferred inflows of resources | 30,534 | 38,146 | 68,680 |
| FUND BALANCES | | | |
| Restricted | 15,105 | 870,815 | 885,920 |
| Total fund balances | 15,105 | 870,815 | 885,920 |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 45,639</u> | <u>\$ 968,961</u> | <u>\$ 1,014,600</u> |

See auditor's report.

**CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR PERMANENT TRUST FUNDS
June 30, 2014**

| | Library Permanent Trust Fund | Cemetery Perpetual Care Trust Fund | Totals |
|---------------------------|---------------------------------------|---|------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 6,090 | \$ 10,415 | \$ 16,505 |
| Investments | - | 752,253 | 752,253 |
| Receivables: | | | |
| Accounts | - | 3,889 | 3,889 |
| Total assets | \$ 6,090 | \$ 766,557 | \$ 772,647 |
| FUND BALANCES | | | |
| Nonspendable | \$ - | \$ 766,557 | \$ 766,557 |
| Restricted | 6,090 | - | 6,090 |
| Total fund balances | \$ 6,090 | \$ 766,557 | \$ 772,647 |

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, 2014

| | Special Revenue | Capital Projects | Debt Service | Permanent Trust | Totals |
|---|---------------------|---------------------|-------------------|--------------------|---------------------|
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ 1,161,624 | \$ - | \$ 1,161,624 |
| Other taxes | 509,515 | - | - | - | 509,515 |
| Licenses and fees | 66,425 | 163,215 | - | 3,573 | 233,213 |
| Charges for services | 266,260 | 114,157 | - | - | 380,417 |
| Intergovernmental | 765,868 | 835,340 | - | - | 1,601,208 |
| Assessments | - | 573 | - | - | 573 |
| Loan repayments | 14,589 | - | - | - | 14,589 |
| Contributions | 49,215 | - | - | - | 49,215 |
| Interest on investments | 16,365 | 11,673 | 3,915 | 39,749 | 71,702 |
| Miscellaneous | 20,030 | - | - | - | 20,030 |
| TOTAL REVENUES | <u>1,708,267</u> | <u>1,124,958</u> | <u>1,165,539</u> | <u>43,322</u> | <u>4,042,086</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 1,134,344 | - | 60,000 | - | 1,194,344 |
| Public safety | 118,626 | - | - | - | 118,626 |
| Culture and recreation | 507,276 | - | - | - | 507,276 |
| Capital outlay | 111,512 | 925,408 | - | - | 1,036,920 |
| Debt service | 4,267 | 494 | 1,039,012 | - | 1,043,773 |
| TOTAL EXPENDITURES | <u>1,876,025</u> | <u>925,902</u> | <u>1,099,012</u> | <u>-</u> | <u>3,900,939</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(167,758)</u> | <u>199,056</u> | <u>66,527</u> | <u>43,322</u> | <u>141,147</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of property | 10,000 | - | - | - | 10,000 |
| Transfers in | 85,824 | 12,000 | - | - | 97,824 |
| Transfers out | (19,160) | - | - | (6,303) | (25,463) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>76,664</u> | <u>12,000</u> | <u>-</u> | <u>(6,303)</u> | <u>82,361</u> |
| SPECIAL ITEM | | | | | |
| Transfer of endowment funds | (583,366) | - | - | (134,488) | (717,854) |
| NET CHANGE IN FUND BALANCE | (674,460) | 211,056 | 66,527 | (97,469) | (494,346) |
| FUND BALANCE, Beginning | <u>1,957,520</u> | <u>709,649</u> | <u>819,393</u> | <u>870,116</u> | <u>4,356,678</u> |
| FUND BALANCE, Ending | <u>\$ 1,283,060</u> | <u>\$ 920,705</u> | <u>\$ 885,920</u> | <u>\$ 772,647</u> | <u>\$ 3,862,332</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, 2014

| | Bike Fund | Library Fund | Library Trust Fund | Transpor- tation Services Fund | Community Development Block Grant Fund | Pendleton Convention Center Fund |
|---|-----------------|------------------|--------------------------|---|---|---|
| REVENUES | | | | | | |
| Other taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 416,811 |
| Licenses and fees | - | 13,256 | - | - | - | 47,925 |
| Charges for services | - | - | - | 20,557 | - | 181,303 |
| Intergovernmental | 9,572 | 417,343 | - | 209,419 | - | - |
| Loan repayments | - | - | - | - | - | - |
| Contributions | - | 38,690 | 888 | - | - | 7,233 |
| Interest on investments | 53 | 575 | 9,864 | 1,698 | 13 | 5 |
| Miscellaneous | - | 94 | - | - | 8,750 | 11,023 |
| TOTAL REVENUES | <u>9,625</u> | <u>469,958</u> | <u>10,752</u> | <u>231,674</u> | <u>8,763</u> | <u>664,300</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | 249,399 | 8,750 | 623,365 |
| Public safety | - | - | - | - | - | - |
| Culture and recreation | 8,000 | 484,124 | 15,152 | - | - | - |
| Capital outlay | - | 16,500 | - | 6,790 | - | - |
| Debt service | - | - | - | - | - | 4,267 |
| TOTAL EXPENDITURES | <u>8,000</u> | <u>500,624</u> | <u>15,152</u> | <u>256,189</u> | <u>8,750</u> | <u>627,632</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,625</u> | <u>(30,666)</u> | <u>(4,400)</u> | <u>(24,515)</u> | <u>13</u> | <u>36,668</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of property | - | - | - | 10,000 | - | - |
| Transfers in | - | 63,030 | 294 | 22,500 | - | - |
| Transfers out | - | (11,470) | - | - | - | (7,690) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>51,560</u> | <u>294</u> | <u>32,500</u> | <u>-</u> | <u>(7,690)</u> |
| SPECIAL ITEM | | | | | | |
| Transfer of endowment funds | - | - | (583,366) | - | - | - |
| NET CHANGE IN FUND BALANCE | 1,625 | 20,894 | (587,472) | 7,985 | 13 | 28,978 |
| FUND BALANCE (DEFICIT), Beginning | 7,157 | 69,194 | 651,974 | 389,378 | 2,613 | (158,540) |
| FUND BALANCE (DEFICIT), Ending | <u>\$ 8,782</u> | <u>\$ 90,088</u> | <u>\$ 64,502</u> | <u>\$ 397,363</u> | <u>\$ 2,626</u> | <u>\$ (129,562)</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 |
|---------------------|---|------------------------|---|------------------------|---|--------------------|
| \$ 92,704 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 509,515 |
| - | - | 5,244 | - | - | - | 66,425 |
| - | 4,400 | - | 60,000 | - | - | 266,260 |
| - | 129,534 | - | - | - | - | 765,868 |
| - | - | - | - | - | 14,589 | 14,589 |
| - | - | 2,404 | - | - | - | 49,215 |
| 376 | 638 | 603 | 903 | 97 | 1,540 | 16,365 |
| - | 163 | - | - | - | - | 20,030 |
| <u>93,080</u> | <u>134,735</u> | <u>8,251</u> | <u>60,903</u> | <u>97</u> | <u>16,129</u> | <u>1,708,267</u> |
| - | - | - | 143,817 | 87 | 108,926 | 1,134,344 |
| - | 118,626 | - | - | - | - | 118,626 |
| - | - | - | - | - | - | 507,276 |
| 8,305 | - | 1,200 | 78,717 | - | - | 111,512 |
| - | - | - | - | - | - | 4,267 |
| <u>8,305</u> | <u>118,626</u> | <u>1,200</u> | <u>222,534</u> | <u>87</u> | <u>108,926</u> | <u>1,876,025</u> |
| <u>84,775</u> | <u>16,109</u> | <u>7,051</u> | <u>(161,631)</u> | <u>10</u> | <u>(92,797)</u> | <u>(167,758)</u> |
| - | - | - | - | - | - | 10,000 |
| - | - | - | - | - | - | 85,824 |
| - | - | - | - | - | - | (19,160) |
| - | - | - | - | - | - | 76,664 |
| - | - | - | - | - | - | (583,366) |
| 84,775 | 16,109 | 7,051 | (161,631) | 10 | (92,797) | (674,460) |
| 42,927 | 56,513 | 121,357 | 195,483 | 20,246 | 559,218 | 1,957,520 |
| <u>\$ 127,702</u> | <u>\$ 72,622</u> | <u>\$128,408</u> | <u>\$ 33,852</u> | <u>\$ 20,256</u> | <u>\$466,421</u> | <u>\$1,283,060</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, 2014

| | System Development Fees Fund | Parks Capital Reserve Fund | Fire Capital Reserve Fund | Street HB2001 Fund | Hospital Road Fund | Totals |
|--|---------------------------------------|----------------------------------|---------------------------------|--------------------------|--------------------------|-------------------|
| REVENUES | | | | | | |
| Licenses and fees | \$ - | \$ - | \$163,215 | \$ - | \$ - | \$ 163,215 |
| Charges for services | 114,157 | - | - | - | - | 114,157 |
| Intergovernmental | - | - | - | 457,600 | 377,740 | 835,340 |
| Assessments | 573 | - | - | - | - | 573 |
| Interest on investments | 11,376 | 205 | 79 | 13 | - | 11,673 |
| TOTAL REVENUES | <u>126,106</u> | <u>205</u> | <u>163,294</u> | <u>457,613</u> | <u>377,740</u> | <u>1,124,958</u> |
| EXPENDITURES | | | | | | |
| Capital outlay | 6,796 | 37,181 | 57,544 | 446,147 | 377,740 | 925,408 |
| Debt service | - | - | 120 | 374 | - | 494 |
| TOTAL EXPENDITURES | <u>6,796</u> | <u>37,181</u> | <u>57,664</u> | <u>446,521</u> | <u>377,740</u> | <u>925,902</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>119,310</u> | <u>(36,976)</u> | <u>105,630</u> | <u>11,092</u> | <u>-</u> | <u>199,056</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | 12,000 | - | - | - | 12,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>12,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>12,000</u> |
| NET CHANGE IN FUND BALANCE | 119,310 | (24,976) | 105,630 | 11,092 | - | 211,056 |
| FUND BALANCE (DEFICIT), Beginning | <u>700,446</u> | <u>46,143</u> | <u>(39,024)</u> | <u>2,084</u> | <u>-</u> | <u>709,649</u> |
| FUND BALANCE (DEFICIT), Ending | <u>\$ 819,756</u> | <u>\$ 21,167</u> | <u>\$ 66,606</u> | <u>\$ 13,176</u> | <u>\$ -</u> | <u>\$ 920,705</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, 2014

| | Debt Service Fund | Urban Renewal Debt Service Fund | Totals |
|---|-------------------------|--|--------------------------|
| REVENUES | | | |
| Property taxes | \$ 481,932 | \$ 679,692 | \$ 1,161,624 |
| Interest on investments | <u>633</u> | <u>3,282</u> | <u>3,915</u> |
| TOTAL REVENUES | <u>482,565</u> | <u>682,974</u> | <u>1,165,539</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | - | 60,000 | 60,000 |
| Debt service | <u>502,610</u> | <u>536,402</u> | <u>1,039,012</u> |
| TOTAL EXPENDITURES | <u>502,610</u> | <u>596,402</u> | <u>1,099,012</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(20,045)</u> | <u>86,572</u> | <u>66,527</u> |
| NET CHANGE IN FUND BALANCE | (20,045) | 86,572 | 66,527 |
| FUND BALANCE, Beginning | <u>35,150</u> | <u>784,243</u> | <u>819,393</u> |
| FUND BALANCE, Ending | <u><u>\$ 15,105</u></u> | <u><u>\$ 870,815</u></u> | <u><u>\$ 885,920</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, 2014

| | Library Permanent Trust Fund | Cemetery Perpetual Care Trust Fund | Totals |
|---|---------------------------------------|---|-------------------|
| REVENUES | | | |
| Licenses and fees | \$ - | \$ 3,573 | \$ 3,573 |
| Interest on investments | <u>294</u> | <u>39,455</u> | <u>39,749</u> |
| TOTAL REVENUES | <u>294</u> | <u>43,028</u> | <u>43,322</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(294)</u> | <u>(6,009)</u> | <u>(6,303)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(294)</u> | <u>(6,009)</u> | <u>(6,303)</u> |
| SPECIAL ITEM | | | |
| Transfer of endowment funds | <u>(134,488)</u> | <u>-</u> | <u>(134,488)</u> |
| NET CHANGE IN FUND BALANCE | (134,488) | 37,019 | (97,469) |
| FUND BALANCE, Beginning | <u>140,578</u> | <u>729,538</u> | <u>870,116</u> |
| FUND BALANCE, Ending | <u>\$ 6,090</u> | <u>\$ 766,557</u> | <u>\$ 772,647</u> |

**CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
COMBINED GENERAL FUND
June 30, 2014**

| | General Fund | Community Rehabilitation Fund | Sidewalk Repair Fund | Totals |
|--|---------------------|-------------------------------------|----------------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,100,864 | \$ 587,969 | \$ 875 | \$ 2,689,708 |
| Receivables: | | | | |
| Property taxes | 334,770 | - | - | 334,770 |
| Accounts | 899,578 | - | - | 899,578 |
| Assessments | - | - | 55,175 | 55,175 |
| Notes | - | 417,219 | - | 417,219 |
| Advances to other funds | 268,000 | - | - | 268,000 |
| Prepaid items | 66,017 | - | - | 66,017 |
| | <u>3,669,229</u> | <u>1,005,188</u> | <u>56,050</u> | <u>4,730,467</u> |
| Total assets | <u>\$ 3,669,229</u> | <u>\$ 1,005,188</u> | <u>\$ 56,050</u> | <u>\$ 4,730,467</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 477,082 | \$ 360 | \$ - | \$ 477,442 |
| Deposits | 75 | - | - | 75 |
| Advances from other funds | - | - | 70,000 | 70,000 |
| | <u>477,157</u> | <u>360</u> | <u>70,000</u> | <u>547,517</u> |
| Total liabilities | <u>477,157</u> | <u>360</u> | <u>70,000</u> | <u>547,517</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 719,251 | 417,219 | 55,175 | 1,191,645 |
| | <u>719,251</u> | <u>417,219</u> | <u>55,175</u> | <u>1,191,645</u> |
| Total deferred inflows of resources | <u>719,251</u> | <u>417,219</u> | <u>55,175</u> | <u>1,191,645</u> |
| FUND BALANCES | | | | |
| Nonspendable | 334,017 | - | - | 334,017 |
| Restricted | 34,689 | - | - | 34,689 |
| Committed | 200,865 | - | - | 200,865 |
| Assigned | - | 587,609 | - | 587,609 |
| Unassigned | 1,903,250 | - | (69,125) | 1,834,125 |
| | <u>2,472,821</u> | <u>587,609</u> | <u>(69,125)</u> | <u>2,991,305</u> |
| Total fund balances | <u>2,472,821</u> | <u>587,609</u> | <u>(69,125)</u> | <u>2,991,305</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 3,669,229</u> | <u>\$ 1,005,188</u> | <u>\$ 56,050</u> | <u>\$ 4,730,467</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, 2014

| | General Fund | Community Rehabilitation Fund | Sidewalk Repair Fund | Totals |
|--|---------------------|-------------------------------------|----------------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 5,048,048 | \$ - | \$ - | \$ 5,048,048 |
| Other taxes | 558,228 | - | - | 558,228 |
| Franchise fees | 2,534,599 | - | - | 2,534,599 |
| Licenses and fees | 917,763 | - | - | 917,763 |
| Charges for services | 1,029,598 | - | - | 1,029,598 |
| Intergovernmental | 835,671 | - | - | 835,671 |
| Fines and forfeitures | 404,308 | - | - | 404,308 |
| Assessments | - | - | 30,268 | 30,268 |
| Loan repayments | - | 134,051 | - | 134,051 |
| Contributions | 77,901 | - | - | 77,901 |
| Interest on investments | 23,540 | 3,714 | 3 | 27,257 |
| Miscellaneous | 92,746 | 4,248 | 75 | 97,069 |
| TOTAL REVENUES | <u>11,522,402</u> | <u>142,013</u> | <u>30,346</u> | <u>11,694,761</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,431,462 | 4,980 | - | 1,436,442 |
| Public safety | 7,104,307 | - | - | 7,104,307 |
| Culture and recreation | 1,904,488 | - | - | 1,904,488 |
| Capital outlay | 196,837 | - | - | 196,837 |
| Debt service | 571,925 | 51,042 | 1,757 | 624,724 |
| TOTAL EXPENDITURES | <u>11,209,019</u> | <u>56,022</u> | <u>1,757</u> | <u>11,266,798</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>313,383</u> | <u>85,991</u> | <u>28,589</u> | <u>427,963</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | - | 50,000 | - | 50,000 |
| Transfers in | 163,009 | - | - | 163,009 |
| Transfers out | (180,681) | (322,700) | - | (503,381) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(17,672)</u> | <u>(272,700)</u> | <u>-</u> | <u>(290,372)</u> |
| NET CHANGE IN FUND BALANCE | 295,711 | (186,709) | 28,589 | 137,591 |
| FUND BALANCE (DEFICIT), Beginning, as restated (see note I.F) | <u>2,177,110</u> | <u>774,318</u> | <u>(97,714)</u> | <u>2,853,714</u> |
| FUND BALANCE (DEFICIT), Ending | <u>\$ 2,472,821</u> | <u>\$ 587,609</u> | <u>\$ (69,125)</u> | <u>\$ 2,991,305</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, 2014**

| | Construction and Repair Fund | Central Services Fund | Totals |
|--|---------------------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 391,113 | \$ 686,815 | \$ 1,077,928 |
| Receivables: | | | |
| Accounts | 1,460 | 64,917 | 66,377 |
| Prepaid items | <u>10,150</u> | <u>17,875</u> | <u>28,025</u> |
| Total current assets | <u>402,723</u> | <u>769,607</u> | <u>1,172,330</u> |
| Noncurrent assets: | | | |
| Advances to other funds | - | 47,000 | 47,000 |
| Capital assets: | | | |
| Depreciable assets, net of depreciation | <u>698,710</u> | <u>129,096</u> | <u>827,806</u> |
| Total noncurrent assets | <u>698,710</u> | <u>176,096</u> | <u>874,806</u> |
| Total assets | <u>1,101,433</u> | <u>945,703</u> | <u>2,047,136</u> |
| DEFERRED OUTFLOW OF RESOURCES | <u>-</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 35,281 | 112,500 | 147,781 |
| Deposits | - | 33,648 | 33,648 |
| Compensated absences payable | <u>57,721</u> | <u>98,802</u> | <u>156,523</u> |
| Total current liabilities | 93,002 | 244,950 | 337,952 |
| Long-term debt, net of current portion | | | |
| Other post employment benefits liability | <u>81,718</u> | <u>148,587</u> | <u>230,305</u> |
| Total liabilities | <u>174,720</u> | <u>393,537</u> | <u>568,257</u> |
| DEFERRED INFLOW OF RESOURCES | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | |
| Net investment in capital assets | 698,710 | 129,096 | 827,806 |
| Unrestricted | <u>228,003</u> | <u>423,070</u> | <u>651,073</u> |
| Total net position | <u>\$ 926,713</u> | <u>\$ 552,166</u> | <u>\$ 1,478,879</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, 2014

| | Construction and Repair Fund | Central Services Fund | Totals |
|--|---------------------------------------|-----------------------------|---------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 1,206,413 | \$ 2,568,470 | \$ 3,774,883 |
| Licenses and fees | - | 75,733 | 75,733 |
| Miscellaneous | 438 | 11,199 | 11,637 |
| TOTAL OPERATING REVENUES | <u>1,206,851</u> | <u>2,655,402</u> | <u>3,862,253</u> |
| OPERATING EXPENSES | | | |
| Personal services | 840,971 | 1,686,297 | 2,527,268 |
| Materials and services | 194,983 | 852,139 | 1,047,122 |
| Depreciation | 144,726 | 64,927 | 209,653 |
| TOTAL OPERATING EXPENSES | <u>1,180,680</u> | <u>2,603,363</u> | <u>3,784,043</u> |
| OPERATING INCOME (LOSS) | <u>26,171</u> | <u>52,039</u> | <u>78,210</u> |
| NON-OPERATING INCOME (EXPENSES) | | | |
| Intergovernmental | - | 60,000 | 60,000 |
| Contributions | - | 4,531 | 4,531 |
| Interest on investments | 2,169 | 2,991 | 5,160 |
| TOTAL NON-OPERATING INCOME (EXPENSES) | <u>2,169</u> | <u>67,522</u> | <u>69,691</u> |
| NET INCOME (LOSS) BEFORE TRANSFERS | <u>28,340</u> | <u>119,561</u> | <u>147,901</u> |
| TRANSFERS | | | |
| Transfers out | <u>(27,770)</u> | <u>(67,800)</u> | <u>(95,570)</u> |
| TOTAL TRANSFERS | <u>(27,770)</u> | <u>(67,800)</u> | <u>(95,570)</u> |
| CHANGE IN NET POSITION | 570 | 51,761 | 52,331 |
| NET POSITION, Beginning | <u>926,143</u> | <u>500,405</u> | <u>1,426,548</u> |
| NET POSITION, Ending | <u>\$ 926,713</u> | <u>\$ 552,166</u> | <u>\$ 1,478,879</u> |

See auditor's report.

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2014

| | Construction and Repair Fund | Central Services Fund | Totals |
|--|------------------------------------|-----------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 2,877 | \$ 32,245 | \$ 35,122 |
| Receipts from interfund services provided | 1,203,782 | 2,568,470 | 3,772,252 |
| Payments to suppliers | (403,098) | (1,208,325) | (1,611,423) |
| Payments to employees | (598,208) | (1,242,527) | (1,840,735) |
| Payments for interfund services used | <u>(8,370)</u> | <u>-</u> | <u>(8,370)</u> |
| Net cash provided from (used by) operating activities | <u>196,983</u> | <u>149,863</u> | <u>346,846</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers out | <u>(27,770)</u> | <u>(67,800)</u> | <u>(95,570)</u> |
| Net cash provided from (used by) non-capital financing activities | <u>(27,770)</u> | <u>(67,800)</u> | <u>(95,570)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from intergovernmental revenue | - | 60,000 | 60,000 |
| Contributions | - | 4,531 | 4,531 |
| Interfund loan payments | - | (24,500) | (24,500) |
| Acquisition of capital assets | <u>(181,492)</u> | <u>(42,714)</u> | <u>(224,206)</u> |
| Net cash provided from (used by) capital and related financing activities | <u>(181,492)</u> | <u>(2,683)</u> | <u>(184,175)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest on investments | <u>2,169</u> | <u>2,991</u> | <u>5,160</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (10,110) | 82,371 | 72,261 |
| CASH AND CASH EQUIVALENTS, Beginning | <u>401,223</u> | <u>604,444</u> | <u>1,005,667</u> |
| CASH AND CASH EQUIVALENTS, Ending | <u>\$ 391,113</u> | <u>\$ 686,815</u> | <u>\$ 1,077,928</u> |

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2014

| | 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) | \$ 26,171 | \$ 52,039 | \$ 78,210 |
| Adjustments to reconcile operating income (loss) to net cash provided (used in) operating activities | | | |
| Depreciation | 144,726 | 64,927 | 209,653 |
| (Increase) decrease in assets: | | | |
| Receivables | (192) | (51,880) | (52,072) |
| Prepaid Items | (650) | 34 | (616) |
| Increase (decrease) in liabilities: | | | |
| Accounts payable and accrued expenses | 18,012 | 64,915 | 82,927 |
| Deposits | - | (2,807) | (2,807) |
| Compensated absences payable | 1,278 | 12,951 | 14,229 |
| Other post employment benefits liability | <u>7,638</u> | <u>9,684</u> | <u>17,322</u> |
| Net cash provided from (used by) operating activities | <u>\$ 196,983</u> | <u>\$ 149,863</u> | <u>\$ 346,846</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.

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2014

| | Northeast Oregon Air Task Force Fund | Bail Fund | Pendleton Foundation Trust Fund | Totals |
|---------------------------|---|------------------|--|------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,053 | \$ 29,486 | \$ 49,381 | \$ 79,920 |
| Total assets | <u>\$ 1,053</u> | <u>\$ 29,486</u> | <u>\$ 49,381</u> | <u>\$ 79,920</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 8,883 | \$ - | \$ 8,883 |
| Due to other governments | <u>1,053</u> | <u>20,603</u> | <u>49,381</u> | <u>71,037</u> |
| Total liabilities | <u>\$ 1,053</u> | <u>\$ 29,486</u> | <u>\$ 49,381</u> | <u>\$ 79,920</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|----------------------|----------------------|----------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| EXPENDITURES AND TRANSFERS | | | | |
| Planning and building | \$ 518,600 | \$ 518,600 | \$ 492,280 | \$ 26,320 |
| Municipal court | 329,200 | 329,200 | 310,854 | 18,346 |
| Economic development | 67,250 | 67,250 | 36,974 | 30,276 |
| Police | 4,181,860 | 4,181,860 | 3,894,570 | 287,290 |
| Fire / Ambulance | 3,610,250 | 3,690,050 | 3,505,127 | 184,923 |
| Parks and recreation | 1,990,850 | 2,013,700 | 1,893,551 | 120,149 |
| Non-departmental | 1,112,410 | 1,127,610 | 1,029,129 | 98,481 |
| Debt service | 226,195 | 227,895 | 227,215 | 680 |
| Contingency | 1,886,360 | 2,101,160 | - | 2,101,160 |
| TOTAL EXPENDITURES AND TRANSFERS | \$ 13,922,975 | \$ 14,257,325 | \$ 11,389,700 | \$ 2,867,625 |

See auditor's report.

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

Governmental Funds

Special Revenue Funds

- Bike
- Library
- Library Trust
- Transportation Services
- Community Development Block Grant
- Community Rehabilitation
- 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
BIKE FUND
For the Fiscal Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|-----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 9,505 | \$ 9,505 | \$ 9,572 | \$ 67 |
| Interest on investments | <u>50</u> | <u>50</u> | <u>53</u> | <u>3</u> |
| TOTAL REVENUES | <u>9,555</u> | <u>9,555</u> | <u>9,625</u> | <u>70</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>1,555</u> | <u>1,555</u> | <u>1,625</u> | <u>70</u> |
| NET CHANGE IN FUND BALANCE | 1,555 | 1,555 | 1,625 | 70 |
| FUND BALANCE, Beginning | <u>6,100</u> | <u>6,100</u> | <u>7,157</u> | <u>1,057</u> |
| FUND BALANCE, Ending | <u>\$ 7,655</u> | <u>\$ 7,655</u> | <u>\$ 8,782</u> | <u>\$ 1,127</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Licenses and fees | \$ 18,000 | \$ 18,000 | \$ 13,256 | \$ (4,744) |
| Intergovernmental | 397,575 | 397,575 | 417,343 | 19,768 |
| Contributions | 40,500 | 41,500 | 38,690 | (2,810) |
| Interest on investments | 20 | 20 | 575 | 555 |
| Miscellaneous | - | - | 94 | 94 |
| TOTAL REVENUES | <u>456,095</u> | <u>457,095</u> | <u>469,958</u> | <u>12,863</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation: | | | | |
| Personal services | 413,400 | 394,400 | 350,452 | 43,948 |
| Materials and services | 124,030 | 143,030 | 133,672 | 9,358 |
| Capital outlay | 15,500 | 16,500 | 16,500 | - |
| Debt service | 1,200 | 1,200 | - | 1,200 |
| Contingency | 35,825 | 35,825 | - | 35,825 |
| TOTAL EXPENDITURES | <u>589,955</u> | <u>590,955</u> | <u>500,624</u> | <u>90,331</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(133,860)</u> | <u>(133,860)</u> | <u>(30,666)</u> | <u>103,194</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 63,030 | 63,030 | 63,030 | - |
| Transfers out | (11,470) | (11,470) | (11,470) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>51,560</u> | <u>51,560</u> | <u>51,560</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (82,300) | (82,300) | 20,894 | 103,194 |
| FUND BALANCE, Beginning | 82,300 | 82,300 | 69,194 | (13,106) |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 90,088</u> | <u>\$ 90,088</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Contributions | \$ - | \$ - | \$ 888 | \$ 888 |
| Interest on investments | <u>26,000</u> | <u>26,000</u> | <u>9,864</u> | <u>(16,136)</u> |
| TOTAL REVENUES | <u>26,000</u> | <u>26,000</u> | <u>10,752</u> | <u>(15,248)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation: | | | | |
| Materials and services | <u>25,000</u> | <u>25,000</u> | <u>15,152</u> | <u>9,848</u> |
| TOTAL EXPENDITURES | <u>25,000</u> | <u>25,000</u> | <u>15,152</u> | <u>9,848</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,000</u> | <u>1,000</u> | <u>(4,400)</u> | <u>(5,400)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>3,305</u> | <u>3,305</u> | <u>294</u> | <u>(3,011)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>3,305</u> | <u>3,305</u> | <u>294</u> | <u>(3,011)</u> |
| SPECIAL ITEM | | | | |
| Transfer of endowment funds | <u>(585,655)</u> | <u>(585,655)</u> | <u>(583,366)</u> | <u>2,289</u> |
| NET CHANGE IN FUND BALANCE | (581,350) | (581,350) | (587,472) | (6,122) |
| FUND BALANCE, Beginning | <u>647,000</u> | <u>647,000</u> | <u>651,974</u> | <u>4,974</u> |
| FUND BALANCE, Ending | <u>\$ 65,650</u> | <u>\$ 65,650</u> | <u>\$ 64,502</u> | <u>\$ (1,148)</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|-----------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Charges for services | \$ 15,000 | \$ 15,000 | \$ 20,557 | \$ 5,557 |
| Intergovernmental | 295,700 | 333,400 | 209,419 | (123,981) |
| Interest on investments | 1,600 | 1,600 | 1,698 | 98 |
| Miscellaneous | 5,500 | 5,500 | - | (5,500) |
| TOTAL REVENUES | <u>317,800</u> | <u>355,500</u> | <u>231,674</u> | <u>(123,826)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Materials and services | 335,500 | 335,500 | 249,399 | 86,101 |
| Capital outlay | 12,000 | 54,000 | 6,790 | 47,210 |
| Contingency | 28,800 | 24,500 | - | 24,500 |
| TOTAL EXPENDITURES | <u>376,300</u> | <u>414,000</u> | <u>256,189</u> | <u>157,811</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(58,500)</u> | <u>(58,500)</u> | <u>(24,515)</u> | <u>33,985</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | - | - | 10,000 | 10,000 |
| Transfers in | 22,500 | 22,500 | 22,500 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>22,500</u> | <u>22,500</u> | <u>32,500</u> | <u>10,000</u> |
| NET CHANGE IN FUND BALANCE | (36,000) | (36,000) | 7,985 | 43,985 |
| FUND BALANCE, Beginning | <u>36,000</u> | <u>36,000</u> | <u>389,378</u> | <u>353,378</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 397,363</u> | <u>\$ 397,363</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|----------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$ 741,250 | \$ 741,250 | \$ - | \$ (741,250) |
| Interest on investments | - | - | 13 | 13 |
| Miscellaneous | - | - | 8,750 | 8,750 |
| TOTAL REVENUES | <u>741,250</u> | <u>741,250</u> | <u>8,763</u> | <u>(732,487)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Culture and recreation: | | | | |
| Materials and services | <u>743,850</u> | <u>743,850</u> | <u>8,750</u> | <u>735,100</u> |
| TOTAL EXPENDITURES | <u>743,850</u> | <u>743,850</u> | <u>8,750</u> | <u>735,100</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(2,600)</u> | <u>(2,600)</u> | <u>13</u> | <u>2,613</u> |
| NET CHANGE IN FUND BALANCE | (2,600) | (2,600) | 13 | 2,613 |
| FUND BALANCE, Beginning | <u>2,600</u> | <u>2,600</u> | <u>2,613</u> | <u>13</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,626</u> | <u>\$ 2,626</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|-------------------|-------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Loan repayments | \$ 95,000 | \$ 95,000 | \$ 134,051 | \$ 39,051 |
| Interest on investments | 3,000 | 3,000 | 3,714 | 714 |
| Miscellaneous | 50,000 | 50,000 | 4,248 | (45,752) |
| TOTAL REVENUES | <u>148,000</u> | <u>148,000</u> | <u>142,013</u> | <u>(5,987)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Materials and services | 21,000 | 71,000 | 4,980 | 66,020 |
| Debt service | 58,500 | 58,500 | 51,042 | 7,458 |
| TOTAL EXPENDITURES | <u>79,500</u> | <u>129,500</u> | <u>56,022</u> | <u>73,478</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>68,500</u> | <u>18,500</u> | <u>85,991</u> | <u>67,491</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | - | - | 50,000 | 50,000 |
| Interfund loan proceeds | 65,500 | 115,500 | - | (115,500) |
| Interfund loan repayment | (140,000) | (140,000) | - | 140,000 |
| Transfers out | - | (322,700) | (322,700) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(74,500)</u> | <u>(347,200)</u> | <u>(272,700)</u> | <u>74,500</u> |
| NET CHANGE IN FUND BALANCE | (6,000) | (328,700) | (186,709) | 141,991 |
| FUND BALANCE, Beginning | <u>750,000</u> | <u>750,000</u> | <u>774,318</u> | <u>24,318</u> |
| FUND BALANCE, Ending | <u>\$ 744,000</u> | <u>\$ 421,300</u> | <u>\$ 587,609</u> | <u>\$ 166,309</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|-----------------|--------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Assessments | \$ 16,500 | \$ 16,500 | \$ 30,268 | \$ 13,768 |
| Interest on investments | - | - | 3 | 3 |
| Miscellaneous | 50 | 50 | 75 | 25 |
| TOTAL REVENUES | <u>16,550</u> | <u>16,550</u> | <u>30,346</u> | <u>13,796</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | 300 | 300 | - | 300 |
| Debt service | 2,200 | 2,200 | 1,757 | 443 |
| TOTAL EXPENDITURES | <u>2,500</u> | <u>2,500</u> | <u>1,757</u> | <u>743</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>14,050</u> | <u>14,050</u> | <u>28,589</u> | <u>14,539</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund loan proceeds | 85,950 | 85,950 | 70,000 | (15,950) |
| Interfund loan repayment | (100,000) | (100,000) | (98,000) | 2,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(14,050)</u> | <u>(14,050)</u> | <u>(28,000)</u> | <u>(13,950)</u> |
| NET CHANGE IN FUND BALANCE | - | - | 589 | 589 |
| Budgetary basis adjustment | - | - | 28,000 | 28,000 |
| FUND BALANCE (DEFICIT), Beginning | <u>-</u> | <u>-</u> | <u>(97,714)</u> | <u>(97,714)</u> |
| FUND BALANCE (DEFICIT), Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (69,125)</u> | <u>\$ (69,125)</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|-----------------|---------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Other taxes | \$ 390,000 | \$ 390,000 | \$ 416,811 | \$ 26,811 |
| Licenses and fees | 50,000 | 50,000 | 47,925 | (2,075) |
| Charges for services | 257,500 | 257,500 | 181,303 | (76,197) |
| Contributions | - | - | 7,233 | 7,233 |
| Interest on investments | - | - | 5 | 5 |
| Miscellaneous | 10,000 | 10,000 | 11,023 | 1,023 |
| TOTAL REVENUES | <u>707,500</u> | <u>707,500</u> | <u>664,300</u> | <u>(43,200)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services | 243,100 | 268,100 | 253,147 | 14,953 |
| Materials and services | 415,510 | 390,510 | 370,218 | 20,292 |
| Debt service | 4,000 | 4,000 | 4,267 | (267) |
| TOTAL EXPENDITURES | <u>662,610</u> | <u>662,610</u> | <u>627,632</u> | <u>34,978</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>44,890</u> | <u>44,890</u> | <u>36,668</u> | <u>(8,222)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund loan proceeds | 152,800 | 152,800 | 255,000 | 102,200 |
| Interfund loan repayment | (190,000) | (190,000) | (272,500) | (82,500) |
| Transfers out | (7,690) | (7,690) | (7,690) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(44,890)</u> | <u>(44,890)</u> | <u>(25,190)</u> | <u>19,700</u> |
| NET CHANGE IN FUND BALANCE | - | - | 11,478 | 11,478 |
| Budgetary basis adjustment | - | - | 17,500 | 17,500 |
| FUND BALANCE (DEFICIT), Beginning | <u>-</u> | <u>-</u> | <u>(158,540)</u> | <u>(158,540)</u> |
| FUND BALANCE (DEFICIT), Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (129,562)</u> | <u>\$ (129,562)</u> |

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PCC TPAC FUND
For the Fiscal Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Other taxes | \$ 90,000 | \$ 90,000 | \$ 92,704 | \$ 2,704 |
| Interest on investments | - | - | 376 | 376 |
| TOTAL REVENUES | <u>90,000</u> | <u>90,000</u> | <u>93,080</u> | <u>3,080</u> |
| EXPENDITURES | | | | |
| Capital outlay | 650,000 | 650,000 | 8,305 | 641,695 |
| Debt service | <u>32,000</u> | <u>32,000</u> | - | <u>32,000</u> |
| TOTAL EXPENDITURES | <u>682,000</u> | <u>682,000</u> | <u>8,305</u> | <u>673,695</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(592,000)</u> | <u>(592,000)</u> | <u>84,775</u> | <u>676,775</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund loan proceeds | <u>600,000</u> | <u>600,000</u> | - | <u>(600,000)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>600,000</u> | <u>600,000</u> | <u>-</u> | <u>(600,000)</u> |
| NET CHANGE IN FUND BALANCE | 8,000 | 8,000 | 84,775 | 76,775 |
| FUND BALANCE, Beginning | <u>60,000</u> | <u>60,000</u> | <u>42,927</u> | <u>(17,073)</u> |
| FUND BALANCE, Ending | <u>\$ 68,000</u> | <u>\$ 68,000</u> | <u>\$ 127,702</u> | <u>\$ 59,702</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|-----------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Charges for services | \$ - | \$ - | \$ 4,400 | \$ 4,400 |
| Intergovernmental | 140,500 | 140,500 | 129,534 | (10,966) |
| Interest on investments | 900 | 900 | 638 | (262) |
| Miscellaneous | 200 | 200 | 163 | (37) |
| TOTAL REVENUES | <u>141,600</u> | <u>141,600</u> | <u>134,735</u> | <u>(6,865)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Materials and services | <u>182,700</u> | <u>182,700</u> | <u>118,626</u> | <u>64,074</u> |
| TOTAL EXPENDITURES | <u>182,700</u> | <u>182,700</u> | <u>118,626</u> | <u>64,074</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(41,100)</u> | <u>(41,100)</u> | <u>16,109</u> | <u>57,209</u> |
| NET CHANGE IN FUND BALANCE | (41,100) | (41,100) | 16,109 | 57,209 |
| FUND BALANCE, Beginning | <u>41,100</u> | <u>41,100</u> | <u>56,513</u> | <u>15,413</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 72,622</u> | <u>\$ 72,622</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|-------------------------|-------------------------|--------------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Licenses and fees | \$ 1,500 | \$ 1,500 | \$ 5,244 | \$ 3,744 |
| Contributions | 2,000 | 2,000 | 2,404 | 404 |
| Interest on investments | 500 | 500 | 603 | 103 |
| TOTAL REVENUES | <u>4,000</u> | <u>4,000</u> | <u>8,251</u> | <u>4,251</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>45,000</u> | <u>45,000</u> | <u>1,200</u> | <u>43,800</u> |
| TOTAL EXPENDITURES | <u>45,000</u> | <u>45,000</u> | <u>1,200</u> | <u>43,800</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(41,000)</u> | <u>(41,000)</u> | <u>7,051</u> | <u>48,051</u> |
| NET CHANGE IN FUND BALANCE | (41,000) | (41,000) | 7,051 | 48,051 |
| FUND BALANCE, Beginning | <u>80,700</u> | <u>80,700</u> | <u>121,357</u> | <u>40,657</u> |
| FUND BALANCE, Ending | <u><u>\$ 39,700</u></u> | <u><u>\$ 39,700</u></u> | <u><u>\$ 128,408</u></u> | <u><u>\$ 88,708</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, 2014

| | 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>600</u> | <u>600</u> | <u>903</u> | <u>303</u> |
| TOTAL REVENUES | <u>60,600</u> | <u>60,600</u> | <u>60,903</u> | <u>303</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Materials and services | 5,100 | 126,300 | 143,817 | (17,517) |
| Capital outlay | <u>250,000</u> | <u>128,800</u> | <u>78,717</u> | <u>50,083</u> |
| TOTAL EXPENDITURES | <u>255,100</u> | <u>255,100</u> | <u>222,534</u> | <u>32,566</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(194,500)</u> | <u>(194,500)</u> | <u>(161,631)</u> | <u>32,869</u> |
| NET CHANGE IN FUND BALANCE | (194,500) | (194,500) | (161,631) | 32,869 |
| FUND BALANCE, Beginning | <u>194,500</u> | <u>194,500</u> | <u>195,483</u> | <u>983</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 33,852</u> | <u>\$ 33,852</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest on investments | \$ 100 | \$ 100 | \$ 97 | \$ (3) |
| TOTAL REVENUES | <u>100</u> | <u>100</u> | <u>97</u> | <u>(3)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Materials and services | <u>200</u> | <u>200</u> | <u>87</u> | <u>113</u> |
| TOTAL EXPENDITURES | <u>200</u> | <u>200</u> | <u>87</u> | <u>113</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(100)</u> | <u>(100)</u> | <u>10</u> | <u>110</u> |
| NET CHANGE IN FUND BALANCE | (100) | (100) | 10 | 110 |
| FUND BALANCE, Beginning | <u>20,175</u> | <u>20,175</u> | <u>20,246</u> | <u>71</u> |
| FUND BALANCE, Ending | <u>\$ 20,075</u> | <u>\$ 20,075</u> | <u>\$ 20,256</u> | <u>\$ 181</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Loan repayments | \$ 17,900 | \$ 17,900 | \$ 14,589 | \$ (3,311) |
| Interest on investments | <u>2,000</u> | <u>2,000</u> | <u>1,540</u> | <u>(460)</u> |
| TOTAL REVENUES | <u>19,900</u> | <u>19,900</u> | <u>16,129</u> | <u>(3,771)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Materials and services | 335,000 | 335,000 | 108,926 | 226,074 |
| Capital outlay | 25,000 | 25,000 | - | 25,000 |
| Contingency | <u>194,400</u> | <u>194,400</u> | <u>-</u> | <u>194,400</u> |
| TOTAL EXPENDITURES | <u>554,400</u> | <u>554,400</u> | <u>108,926</u> | <u>445,474</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(534,500)</u> | <u>(534,500)</u> | <u>(92,797)</u> | <u>441,703</u> |
| NET CHANGE IN FUND BALANCE | (534,500) | (534,500) | (92,797) | 441,703 |
| FUND BALANCE, Beginning | <u>534,500</u> | <u>534,500</u> | <u>559,218</u> | <u>24,718</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 466,421</u> | <u>\$ 466,421</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|-----------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Property taxes | \$ 476,840 | \$ 476,840 | \$ 481,932 | \$ 5,092 |
| Interest on investments | <u>350</u> | <u>350</u> | <u>633</u> | <u>283</u> |
| TOTAL REVENUES | <u>477,190</u> | <u>477,190</u> | <u>482,565</u> | <u>5,375</u> |
| EXPENDITURES | | | | |
| Debt service | <u>502,610</u> | <u>502,610</u> | <u>502,610</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>502,610</u> | <u>502,610</u> | <u>502,610</u> | <u>-</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(25,420)</u> | <u>(25,420)</u> | <u>(20,045)</u> | <u>5,375</u> |
| NET CHANGE IN FUND BALANCE | (25,420) | (25,420) | (20,045) | 5,375 |
| FUND BALANCE, Beginning | <u>34,033</u> | <u>34,033</u> | <u>35,150</u> | <u>1,117</u> |
| FUND BALANCE, Ending | <u>\$ 8,613</u> | <u>\$ 8,613</u> | <u>\$ 15,105</u> | <u>\$ 6,492</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|-------------------|-------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Property taxes | \$ 565,000 | \$ 565,000 | \$ 679,692 | \$ 114,692 |
| Interest on investments | <u>2,000</u> | <u>2,000</u> | <u>3,282</u> | <u>1,282</u> |
| TOTAL REVENUES | <u>567,000</u> | <u>567,000</u> | <u>682,974</u> | <u>115,974</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Materials and services | 60,500 | 60,500 | 60,000 | 500 |
| Debt service | <u>557,816</u> | <u>557,816</u> | <u>536,402</u> | <u>21,414</u> |
| TOTAL EXPENDITURES | <u>618,316</u> | <u>618,316</u> | <u>596,402</u> | <u>21,914</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(51,316)</u> | <u>(51,316)</u> | <u>86,572</u> | <u>137,888</u> |
| NET CHANGE IN FUND BALANCE | (51,316) | (51,316) | 86,572 | 137,888 |
| FUND BALANCE, Beginning | <u>762,000</u> | <u>762,000</u> | <u>784,243</u> | <u>22,243</u> |
| FUND BALANCE, Ending | <u>\$ 710,684</u> | <u>\$ 710,684</u> | <u>\$ 870,815</u> | <u>\$ 160,131</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest on investments | \$ 2,000 | \$ 2,000 | \$ 294 | \$ (1,706) |
| TOTAL REVENUES | <u>2,000</u> | <u>2,000</u> | <u>294</u> | <u>(1,706)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (3,305) | (3,305) | (294) | 3,011 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(3,305)</u> | <u>(3,305)</u> | <u>(294)</u> | <u>3,011</u> |
| SPECIAL ITEM | | | | |
| Transfer of endowment funds | (139,295) | (139,295) | (134,488) | 4,807 |
| NET CHANGE IN FUND BALANCE | (140,600) | (140,600) | (134,488) | 6,112 |
| FUND BALANCE, Beginning | <u>140,600</u> | <u>140,600</u> | <u>140,578</u> | <u>(22)</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,090</u> | <u>\$ 6,090</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|--------------------------|--------------------------|--------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses and fees | \$ 3,725 | \$ 3,725 | \$ 3,573 | \$ (152) |
| Interest on investments | <u>25,000</u> | <u>25,000</u> | <u>39,455</u> | <u>14,455</u> |
| TOTAL REVENUES | <u>28,725</u> | <u>28,725</u> | <u>43,028</u> | <u>14,303</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(25,000)</u> | <u>(25,000)</u> | <u>(6,009)</u> | <u>18,991</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(25,000)</u> | <u>(25,000)</u> | <u>(6,009)</u> | <u>18,991</u> |
| NET CHANGE IN FUND BALANCE | 3,725 | 3,725 | 37,019 | 33,294 |
| FUND BALANCE, Beginning | <u>735,500</u> | <u>735,500</u> | <u>729,538</u> | <u>(5,962)</u> |
| FUND BALANCE, Ending | <u><u>\$ 739,225</u></u> | <u><u>\$ 739,225</u></u> | <u><u>\$ 766,557</u></u> | <u><u>\$ 27,332</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|--------------------|---------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Assessments | \$ 92,000 | \$ 92,000 | \$ 218,726 | \$ 126,726 |
| Interest on investments | - | - | 71 | 71 |
| Miscellaneous | - | - | 86,903 | 86,903 |
| TOTAL REVENUES | <u>92,000</u> | <u>92,000</u> | <u>305,700</u> | <u>213,700</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| Materials and services | 500 | 500 | 360 | 140 |
| Capital outlay | 800,000 | 1,000,000 | 935,273 | 64,727 |
| Debt service | <u>178,700</u> | <u>178,700</u> | <u>129,183</u> | <u>49,517</u> |
| TOTAL EXPENDITURES | <u>979,200</u> | <u>1,179,200</u> | <u>1,064,816</u> | <u>114,384</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(887,200)</u> | <u>(1,087,200)</u> | <u>(759,116)</u> | <u>328,084</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of debt | 1,111,200 | 1,311,200 | 562,951 | (748,249) |
| Interfund loan proceeds | - | - | 177,700 | 177,700 |
| Interfund loan repayment | <u>(112,000)</u> | <u>(112,000)</u> | <u>(13,000)</u> | <u>99,000</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>999,200</u> | <u>1,199,200</u> | <u>727,651</u> | <u>(471,549)</u> |
| NET CHANGE IN FUND BALANCE | 112,000 | 112,000 | (31,465) | (143,465) |
| Budgetary basis adjustment | - | - | (164,700) | (164,700) |
| FUND BALANCE (DEFICIT), Beginning | <u>(112,000)</u> | <u>(112,000)</u> | <u>(12,981)</u> | <u>99,019</u> |
| FUND BALANCE (DEFICIT), Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (209,146)</u> | <u>\$ (209,146)</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Charges for services | \$ 300,000 | \$ 300,000 | \$ 114,157 | \$ (185,843) |
| Assessments | 550 | 550 | 573 | 23 |
| Interest on investments | <u>7,500</u> | <u>7,500</u> | <u>11,376</u> | <u>3,876</u> |
| TOTAL REVENUES | <u>308,050</u> | <u>308,050</u> | <u>126,106</u> | <u>(181,944)</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>999,800</u> | <u>999,800</u> | <u>6,796</u> | <u>993,004</u> |
| TOTAL EXPENDITURES | <u>999,800</u> | <u>999,800</u> | <u>6,796</u> | <u>993,004</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(691,750)</u> | <u>(691,750)</u> | <u>119,310</u> | <u>811,060</u> |
| NET CHANGE IN FUND BALANCE | (691,750) | (691,750) | 119,310 | 811,060 |
| FUND BALANCE, Beginning | <u>691,750</u> | <u>691,750</u> | <u>700,446</u> | <u>8,696</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 819,756</u> | <u>\$ 819,756</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest on investments | \$ 250 | \$ 250 | \$ 205 | \$ (45) |
| TOTAL REVENUES | <u>250</u> | <u>250</u> | <u>205</u> | <u>(45)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 25,000 | 38,000 | 37,181 | 819 |
| TOTAL EXPENDITURES | <u>25,000</u> | <u>38,000</u> | <u>37,181</u> | <u>819</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(24,750)</u> | <u>(37,750)</u> | <u>(36,976)</u> | <u>774</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 12,000 | 12,000 | 12,000 | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>12,000</u> | <u>12,000</u> | <u>12,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (12,750) | (25,750) | (24,976) | 774 |
| FUND BALANCE, Beginning | <u>13,000</u> | <u>46,150</u> | <u>46,143</u> | <u>(7)</u> |
| FUND BALANCE, Ending | <u>\$ 250</u> | <u>\$ 20,400</u> | <u>\$ 21,167</u> | <u>\$ 767</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|-------------------|-------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Licenses and fees | \$ 174,000 | \$ 174,000 | \$ 163,215 | \$ (10,785) |
| Interest on investments | <u>100</u> | <u>100</u> | <u>79</u> | <u>(21)</u> |
| TOTAL REVENUES | <u>174,100</u> | <u>174,100</u> | <u>163,294</u> | <u>(10,806)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 62,500 | 62,500 | 57,544 | 4,956 |
| Debt service | <u>8,500</u> | <u>8,500</u> | <u>120</u> | <u>8,380</u> |
| TOTAL EXPENDITURES | <u>71,000</u> | <u>71,000</u> | <u>57,664</u> | <u>13,336</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>103,100</u> | <u>103,100</u> | <u>105,630</u> | <u>2,530</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund loan repayment | <u>-</u> | <u>-</u> | <u>(14,000)</u> | <u>(14,000)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>(14,000)</u> | <u>(14,000)</u> |
| NET CHANGE IN FUND BALANCE | 103,100 | 103,100 | 91,630 | (11,470) |
| Budgetary basis adjustment | - | - | 14,000 | 14,000 |
| FUND BALANCE (DEFICIT), Beginning | <u>-</u> | <u>-</u> | <u>(39,024)</u> | <u>(39,024)</u> |
| FUND BALANCE (DEFICIT), Ending | <u>\$ 103,100</u> | <u>\$ 103,100</u> | <u>\$ 66,606</u> | <u>\$ (36,494)</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$ 1,215,000 | \$ 1,215,000 | \$ 457,600 | \$ (757,400) |
| Interest on investments | <u>-</u> | <u>-</u> | <u>13</u> | <u>13</u> |
| TOTAL REVENUES | <u>1,215,000</u> | <u>1,215,000</u> | <u>457,613</u> | <u>(757,387)</u> |
| EXPENDITURES | | | | |
| Capital outlay | 1,215,000 | 1,215,000 | 446,147 | 768,853 |
| Debt service | <u>-</u> | <u>2,075</u> | <u>374</u> | <u>1,701</u> |
| TOTAL EXPENDITURES | <u>1,215,000</u> | <u>1,217,075</u> | <u>446,521</u> | <u>770,554</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>(2,075)</u> | <u>11,092</u> | <u>13,167</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Interfund loan proceeds | - | - | 21,000 | 21,000 |
| Interfund loan repayment | <u>-</u> | <u>-</u> | <u>(13,000)</u> | <u>(13,000)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>8,000</u> | <u>8,000</u> |
| NET CHANGE IN FUND BALANCE | - | (2,075) | 19,092 | 21,167 |
| Budgetary basis adjustment | - | - | (8,000) | (8,000) |
| FUND BALANCE (DEFICIT), Beginning | <u>-</u> | <u>2,075</u> | <u>2,084</u> | <u>9</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,176</u> | <u>\$ 13,176</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|-----------------------------------|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 550,000 | \$ 550,000 | \$ 377,740 | \$ (172,260) |
| TOTAL REVENUES | <u>550,000</u> | <u>550,000</u> | <u>377,740</u> | <u>(172,260)</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>550,000</u> | <u>550,000</u> | <u>377,740</u> | <u>172,260</u> |
| TOTAL EXPENDITURES | <u>550,000</u> | <u>550,000</u> | <u>377,740</u> | <u>172,260</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|------------------|----------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Charges for services | \$ 3,601,000 | \$ 3,601,000 | \$ 3,561,487 | \$ (39,513) |
| Interest on investments | 500 | 500 | 181 | (319) |
| Miscellaneous | 2,000 | 2,000 | 86,254 | 84,254 |
| TOTAL REVENUES | <u>3,603,500</u> | <u>3,603,500</u> | <u>3,647,922</u> | <u>44,422</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal services | 498,650 | 498,650 | 381,311 | 117,339 |
| Materials and services | 1,884,910 | 2,019,910 | 2,015,949 | 3,961 |
| Capital outlay | 500,000 | 500,000 | 577,208 | (77,208) |
| Debt service | 265,130 | 515,130 | 464,372 | 50,758 |
| Contingency | 69,100 | - | - | - |
| TOTAL EXPENDITURES | <u>3,217,790</u> | <u>3,533,690</u> | <u>3,438,840</u> | <u>94,850</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>385,710</u> | <u>69,810</u> | <u>209,082</u> | <u>139,272</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | 1,500 | 1,500 | 200 | (1,300) |
| Interfund loan proceeds | - | 315,900 | 42,000 | (273,900) |
| Interfund loan repayment | (373,000) | (373,000) | (372,831) | 169 |
| Transfers out | (14,210) | (14,210) | (14,210) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(385,710)</u> | <u>(69,810)</u> | <u>(344,841)</u> | <u>(275,031)</u> |
| NET CHANGE IN FUND BALANCE | - | - | (135,759) | (135,759) |
| Budgetary basis adjustment | - | - | 330,831 | 330,831 |
| FUND BALANCE (DEFICIT), Beginning | <u>-</u> | <u>-</u> | <u>(121,058)</u> | <u>(121,058)</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | 74,014 | <u>\$ 74,014</u> |
| RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES | | | | |
| Capital assets, net of depreciation | | | 13,922,889 | |
| Accrued interest payable | | | (84,139) | |
| Other post employment benefits liability | | | (34,864) | |
| Long-term debt | | | <u>(3,282,080)</u> | |
| NET POSITION, Ending | | | <u>\$ 10,595,820</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|--------------------|--------------------|---------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Charges for services | \$ 3,900,500 | \$ 3,900,500 | \$ 3,906,275 | \$ 5,775 |
| Intergovernmental | 150,000 | 150,000 | 588,030 | 438,030 |
| Interest on investments | 32,000 | 32,000 | 24,160 | (7,840) |
| Miscellaneous | 65,725 | 65,725 | 1,926 | (63,799) |
| TOTAL REVENUES | <u>4,148,225</u> | <u>4,148,225</u> | <u>4,520,391</u> | <u>372,166</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal services | 508,600 | 508,600 | 475,763 | 32,837 |
| Materials and services | 1,775,200 | 1,830,200 | 1,848,631 | (18,431) |
| Capital outlay | 850,000 | 850,000 | 762,849 | 87,151 |
| Debt service | 426,742 | 426,742 | 426,742 | - |
| Contingency | 158,818 | 103,818 | - | 103,818 |
| TOTAL EXPENDITURES | <u>3,719,360</u> | <u>3,719,360</u> | <u>3,513,985</u> | <u>205,375</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>428,865</u> | <u>428,865</u> | <u>1,006,406</u> | <u>577,541</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (1,255,465) | (1,255,465) | (1,255,463) | 2 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,255,465)</u> | <u>(1,255,465)</u> | <u>(1,255,463)</u> | <u>2</u> |
| NET CHANGE IN FUND BALANCE | (826,600) | (826,600) | (249,057) | 577,543 |
| FUND BALANCE, Beginning | <u>826,600</u> | <u>826,600</u> | <u>1,368,872</u> | <u>542,272</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,119,815</u> | <u>\$ 1,119,815</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Interest on investments | \$ 15,000 | \$ 15,000 | \$ 31,418 | \$ 16,418 |
| TOTAL REVENUES | <u>15,000</u> | <u>15,000</u> | <u>31,418</u> | <u>16,418</u> |
| EXPENDITURES | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | <u>15,000</u> | <u>15,000</u> | <u>31,418</u> | <u>16,418</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 515,000 | 515,000 | 531,418 | 16,418 |
| FUND BALANCE, Beginning | <u>3,725,450</u> | <u>3,725,450</u> | <u>2,645,194</u> | <u>(1,080,256)</u> |
| FUND BALANCE, Ending | <u>\$ 4,240,450</u> | <u>\$ 4,240,450</u> | <u>\$ 3,176,612</u> | <u>\$ (1,063,838)</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|--------------------------------|------------------|-------------|-------------------|---|
| | Original | Final | | |
| FUND BALANCE, Beginning | \$ - | \$ - | \$ 141,419 | \$ 141,419 |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 141,419</u> | <u>\$ 141,419</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, 2014

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

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|----------------|-------------------|---|
| | Original | Final | | |
| EXPENDITURES | | | | |
| Debt service | \$ 740,775 | \$ 740,775 | \$ 740,773 | \$ 2 |
| TOTAL EXPENDITURES | <u>740,775</u> | <u>740,775</u> | <u>740,773</u> | <u>2</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>740,775</u> | <u>740,775</u> | <u>740,773</u> | <u>(2)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>740,775</u> | <u>740,775</u> | <u>740,773</u> | <u>(2)</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, 2014

| | 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, 2014**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

| | |
|-------------------------------|----------------|
| Sewer | \$ 1,119,815 |
| Sewer Capital Reserve | 3,176,612 |
| Wastewater Capital Project | 141,419 |
| Wastewater Rate Reserve | 744,698 |
| Wastewater Rate Stabilization | <u>450,000</u> |

5,632,544

Adjustments:

| | |
|--|---------------------|
| Capital assets, net of depreciation | 22,588,313 |
| Prepaid bond insurance | 55,169 |
| Accrued interest payable | (177,407) |
| Other post employment benefits liability | (61,270) |
| Long-term debt | <u>(14,077,307)</u> |

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

\$ 13,960,042

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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|------------------|---------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Charges for services | \$ 410,260 | \$ 410,260 | \$ 398,661 | \$ (11,599) |
| Intergovernmental | 421,950 | 1,051,850 | 915,388 | (136,462) |
| Contributions | - | 6,000 | 4,000 | (2,000) |
| Interest on investments | - | - | 96 | 96 |
| Miscellaneous | 1,050 | 1,050 | - | (1,050) |
| TOTAL REVENUES | <u>833,260</u> | <u>1,469,160</u> | <u>1,318,145</u> | <u>(151,015)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal services | 250,400 | 275,400 | 266,087 | 9,313 |
| Materials and services | 200,150 | 465,650 | 437,173 | 28,477 |
| Capital outlay | 430,000 | 1,115,000 | 996,746 | 118,254 |
| Debt service | 46,000 | 46,000 | 44,277 | 1,723 |
| TOTAL EXPENDITURES | <u>926,550</u> | <u>1,902,050</u> | <u>1,744,283</u> | <u>157,767</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(93,290)</u> | <u>(432,890)</u> | <u>(426,138)</u> | <u>6,752</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | 35,000 | 35,000 | 71,135 | 36,135 |
| Transfers in | 60,000 | 399,600 | 399,600 | - |
| Interfund loan proceeds | 2,217,090 | 2,217,090 | 2,191,000 | (26,090) |
| Interfund loan repayment | (2,210,000) | (2,210,000) | (2,248,000) | (38,000) |
| Transfers out | (8,800) | (8,800) | (8,800) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>93,290</u> | <u>432,890</u> | <u>404,935</u> | <u>(27,955)</u> |
| NET CHANGE IN FUND BALANCE | - | - | (21,203) | (21,203) |
| Budgetary basis adjustment | - | - | 57,000 | 57,000 |
| FUND BALANCE (DEFICIT), Beginning | <u>-</u> | <u>-</u> | <u>(2,214,575)</u> | <u>(2,214,575)</u> |
| FUND BALANCE (DEFICIT), Ending | <u>\$ -</u> | <u>\$ -</u> | <u>(2,178,778)</u> | <u>\$ (2,178,778)</u> |
| RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES | | | | |
| Capital assets, net of depreciation | | | 8,518,426 | |
| Notes receivable | | | 68,259 | |
| Other post employment benefits liability | | | (22,164) | |
| NET POSITION Ending | | | <u>\$ 6,385,743</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|-------------|-------------------|---|
| | Original | Final | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ - | \$ 13,251 | \$ 13,251 |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | 13,251 | 13,251 |
| NET CHANGE IN FUND BALANCE | - | - | 13,251 | 13,251 |
| FUND BALANCE (DEFICIT), Beginning | - | - | (13,251) | (13,251) |
| FUND BALANCE (DEFICIT), 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)
CONSTRUCTION AND REPAIR FUND
For the Fiscal Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Charges for services | \$ 1,204,190 | \$ 1,204,190 | \$ 1,206,413 | \$ 2,223 |
| Interest on investments | 1,410 | 1,410 | 2,169 | 759 |
| Miscellaneous | <u>2,600</u> | <u>2,600</u> | <u>438</u> | <u>(2,162)</u> |
| TOTAL REVENUES | <u>1,208,200</u> | <u>1,208,200</u> | <u>1,209,020</u> | <u>820</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal services | 841,650 | 841,650 | 833,333 | 8,317 |
| Materials and services | 200,000 | 200,000 | 194,983 | 5,017 |
| Capital outlay | 261,500 | 261,500 | 181,492 | 80,008 |
| Contingency | <u>54,080</u> | <u>54,080</u> | <u>-</u> | <u>54,080</u> |
| TOTAL EXPENDITURES | <u>1,357,230</u> | <u>1,357,230</u> | <u>1,209,808</u> | <u>147,422</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(149,030)</u> | <u>(149,030)</u> | <u>(788)</u> | <u>148,242</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of property | 5,000 | 5,000 | - | (5,000) |
| Transfers out | <u>(27,770)</u> | <u>(27,770)</u> | <u>(27,770)</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(22,770)</u> | <u>(22,770)</u> | <u>(27,770)</u> | <u>(5,000)</u> |
| NET CHANGE IN FUND BALANCE | (171,800) | (171,800) | (28,558) | 143,242 |
| FUND BALANCE, Beginning | <u>231,800</u> | <u>231,800</u> | <u>338,279</u> | <u>106,479</u> |
| FUND BALANCE, Ending | <u>\$ 60,000</u> | <u>\$ 60,000</u> | 309,721 | <u>\$ 249,721</u> |
| RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES | | | | |
| Capital assets, net of depreciation | | | 698,710 | |
| Other post employment benefits liability | | | <u>(81,718)</u> | |
| NET POSITION, Ending | | | <u>\$ 926,713</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|------------------|------------------|-------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| REVENUES | | | | |
| Licenses and fees | \$ 65,830 | \$ 65,830 | \$ 75,733 | \$ 9,903 |
| Charges for services | 2,569,970 | 2,569,970 | 2,568,470 | (1,500) |
| Intergovernmental | 60,000 | 60,000 | 60,000 | - |
| Contributions | 1,000 | 5,500 | 4,531 | (969) |
| Interest on investments | 2,700 | 2,700 | 2,991 | 291 |
| Miscellaneous | 5,100 | 5,100 | 11,199 | 6,099 |
| TOTAL REVENUES | <u>2,704,600</u> | <u>2,709,100</u> | <u>2,722,924</u> | <u>13,824</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Personal services | 1,814,930 | 1,814,930 | 1,676,614 | 138,316 |
| Materials and services | 875,910 | 920,410 | 852,139 | 68,271 |
| Capital outlay | 235,000 | 235,000 | 42,714 | 192,286 |
| Contingency | 100,960 | 158,960 | - | 158,960 |
| TOTAL EXPENDITURES | <u>3,026,800</u> | <u>3,129,300</u> | <u>2,571,467</u> | <u>557,833</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(322,200)</u> | <u>(420,200)</u> | <u>151,457</u> | <u>571,657</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (67,800) | (67,800) | (67,800) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(67,800)</u> | <u>(67,800)</u> | <u>(67,800)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (390,000) | (488,000) | 83,657 | 571,657 |
| FUND BALANCE, Beginning | <u>390,000</u> | <u>488,000</u> | <u>488,000</u> | <u>-</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | 571,657 | <u>\$ 571,657</u> |
| RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES | | | | |
| Capital assets, net of depreciation | | | 129,096 | |
| Other post employment benefits liability | | | <u>(148,587)</u> | |
| NET POSITION, Ending | | | <u>\$ 552,166</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, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - |
|---|----------------------------|----------------------------|----------------------------|---------------------------------|
| | Original | Final | | Positive / (Negative) |
| EXPENDITURES AND TRANSFERS | | | | |
| City manager's office | \$ 369,050 | \$ 370,550 | \$ 359,621 | \$ 10,929 |
| Insurance | 254,500 | 294,500 | 300,964 | (6,464) |
| Mayor and City Council | 52,300 | 55,300 | 52,616 | 2,684 |
| Legal | 287,750 | 287,750 | 265,399 | 22,351 |
| Finance | 788,650 | 788,650 | 570,254 | 218,396 |
| Engineering | 422,490 | 422,490 | 339,953 | 82,537 |
| Facilities | 562,600 | 562,600 | 520,131 | 42,469 |
| Information technology | 188,500 | 188,500 | 162,529 | 25,971 |
| Contingency | 100,960 | 158,960 | - | 158,960 |
| | <u>3,026,800</u> | <u>3,129,300</u> | <u>2,571,467</u> | <u>557,833</u> |
| Total expenditures | | | | |
| Transfers | <u>67,800</u> | <u>67,800</u> | <u>67,800</u> | <u>-</u> |
| TOTAL EXPENDITURES AND TRANSFERS | <u><u>\$ 3,094,600</u></u> | <u><u>\$ 3,197,100</u></u> | <u><u>\$ 2,639,267</u></u> | <u><u>\$ 557,833</u></u> |

See auditor's report.

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

Fiduciary Funds

Agency Fund

- Pendleton Foundation Trust

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PENDLETON FOUNDATION TRUST FUND
For the Fiscal Year Ended June 30, 2014

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive / (Negative) |
|---|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Contributions | \$ 232,500 | \$ 232,500 | \$ 154,425 | \$ (78,075) |
| Interest on investments | <u>2,500</u> | <u>2,500</u> | <u>88</u> | <u>(2,412)</u> |
| TOTAL REVENUES | <u>235,000</u> | <u>235,000</u> | <u>154,513</u> | <u>(80,487)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Materials and services | <u>240,000</u> | <u>240,000</u> | <u>146,395</u> | <u>93,605</u> |
| TOTAL EXPENDITURES | <u>240,000</u> | <u>240,000</u> | <u>146,395</u> | <u>93,605</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(5,000)</u> | <u>(5,000)</u> | <u>8,118</u> | <u>13,118</u> |
| NET CHANGE IN FUND BALANCE | (5,000) | (5,000) | 8,118 | 13,118 |
| FUND BALANCE, Beginning | <u>5,000</u> | <u>5,000</u> | <u>41,263</u> | <u>36,263</u> |
| FUND BALANCE, Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 49,381</u> | <u>\$ 49,381</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, 2014

| | <u>Balance</u> <u>June 30, 2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2014</u> |
|---|--|------------------|------------------|--|
| <hr/> Northeast Oregon Air Task Force Agency <hr/> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,048 | \$ 5 | \$ - | \$ 1,053 |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities: | | | | |
| Due to other governments | \$ 1,048 | \$ 5 | \$ - | \$ 1,053 |
| <hr/> Bail Fund <hr/> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 23,430 | \$ 6,056 | \$ - | \$ 29,486 |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 7,323 | \$ 1,560 | \$ - | \$ 8,883 |
| Due to other governments | 16,107 | 4,496 | | 20,603 |
| Total liabilities | \$ 23,430 | \$ 6,056 | \$ - | \$ 29,486 |
| <hr/> Pendleton Foundation Trust <hr/> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 41,263 | \$ 154,513 | \$ 146,395 | \$ 49,381 |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities: | | | | |
| Due to other governments | \$ 41,263 | \$ 154,513 | \$ 146,395 | \$ 49,381 |

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
For the fiscal year ended June 30, 2014

| | Taxes Uncollected July 1, 2013 | Add Levy Extended by Assessor | Add (Deduct) Discounts Interest Cancellations Adjustments | Deduct Interest and Tax Collections | Taxes Uncollected June 30, 2014 |
|---------|---|--|---|--|--|
| 2013-14 | \$ - | \$ 6,305,010 | \$ (177,961) | \$ (5,915,659) | \$ 211,390 |
| 2012-13 | 217,116 | - | 3,376 | (116,793) | 103,699 |
| 2011-12 | 131,385 | - | 6,971 | (85,074) | 53,282 |
| 2010-11 | 78,305 | - | 11,144 | (62,738) | 26,711 |
| 2009-10 | 42,720 | - | 9,677 | (46,512) | 5,885 |
| 2008-09 | 9,419 | - | 1,958 | (7,957) | 3,420 |
| 2007-08 | 5,866 | - | 2,105 | (7,249) | 722 |
| 2006-07 | 901 | - | 4 | (172) | 733 |
| 2005-06 | 834 | - | (174) | (149) | 511 |
| 2004-05 | 537 | - | 63 | (149) | 451 |
| 2003-04 | 463 | - | 34 | (203) | 294 |
| 2002-03 | 343 | - | 104 | (221) | 226 |
| 2001-02 | 211 | - | 87 | (178) | 120 |
| 2000-01 | 185 | - | 22 | (43) | 164 |
| 1999-00 | 282 | - | 121 | (103) | 300 |
| 1998-99 | 233 | - | 18 | (32) | 219 |
| Prior | 557 | - | 16 | (25) | 548 |
| | <u>\$ 489,357</u> | <u>\$ 6,305,010</u> | <u>\$ (142,435)</u> | <u>\$ (6,243,257)</u> | <u>\$ 408,675</u> |

| Tax Collections to June 30, 2014 | Taxes Receivable June 30, 2014 |
|---|---|
|---|---|

Taxes receivable and tax collections classified by fund:

| | | |
|---|---------------------|-------------------|
| General Fund | \$ 5,075,989 | \$ 334,770 |
| Urban Renewal Debt Service Fund | 682,025 | 40,775 |
| Debt Service Fund | 485,795 | 33,130 |
| Plus: appeals and foreclosure adjustments | <u>(552)</u> | <u>-</u> |
| Totals | <u>\$ 6,243,257</u> | <u>\$ 408,675</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 | \$ 5,075,989 | \$ (53,649) | \$ 25,708 | \$ 5,048,048 |
| Urban Renewal Debt Service Fund | 682,025 | (4,963) | 2,630 | 679,692 |
| Debt Service Fund | <u>485,795</u> | <u>(6,459)</u> | <u>2,596</u> | <u>481,932</u> |
| | <u>\$ 6,243,809</u> | <u>\$ (65,071)</u> | <u>\$ 30,934</u> | <u>\$ 6,209,672</u> |

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL AND INTEREST TRANSACTIONS
For the fiscal year ended June 30, 2014

| | Terms | | | Original Amount | Outstanding June 30, 2013 |
|---|------------------|------------------|------------------|--------------------|---------------------------------|
| | Date of Issue | Interest Rate | Maturity Date | | |
| Governmental Funds: | | | | | |
| General Obligation Bonds: | | | | | |
| 1998 McCune Refunding | 06/01/98 | 4.45% - 4.70% | 01/01/14 | \$ 2,110,000 | \$ 255,000 |
| 2005 Facilities Refunding | 01/10/05 | 3.00% - 4.00% | 01/01/16 | \$ 1,945,000 | 655,000 |
| Total General Obligation Bonds | | | | | 910,000 |
| Limited Tax Pension Bonds: | | | | | |
| Series 2005 | 09/23/05 | 4.21% - 5.004% | 06/01/28 | \$ 7,160,000 | 6,510,000 |
| Urban Renewal Bonds: | | | | | |
| Series 2013 | 03/31/13 | 4.75% | 01/15/23 | \$ 2,150,000 | 2,146,754 |
| Notes payable: | | | | | |
| Community Bank - Pendleton Development Commission | 01/28/09 | 6.60% | 01/28/19 | \$ 2,000,000 | 1,349,657 |
| USDA- Pendlton Academies | 03/05/98 | 4.88% | 03/05/38 | \$ 889,533 | 785,457 |
| Sunridge LID | 07/29/09 | 4.90% | 07/29/24 | \$ 1,300,000 | 1,094,736 |
| Horizon Olney Project | 07/24/12 | 5.00% | 06/30/14 | \$ 50,000 | 50,000 |
| OR IFA Olney Project | 01/02/14 | 4.56% | 01/02/17 | \$ 626,067 | - |
| Total General Long Term Debt | | | | | <u>\$ 12,846,604</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 | \$ 2,433,000 |
| Safe Drinking Water State Revolving Loan Fund | 06/30/03 | 4.17% | 12/01/22 | \$ 1,900,000 | 1,141,401 |
| Total Water Fund | | | | | 3,574,401 |
| Sewer Fund: | | | | | |
| Clean Water State Revolving Fund | 09/22/09 | 0.00% | 04/01/31 | \$ 4,000,000 | 1,950,000 |
| Clean Water State Revolving Fund | 04/15/10 | 2.77% | 04/01/31 | \$ 4,650,000 | 4,650,000 |
| Waste Water Revenue Bonds | 12/11/07 | 3.00% - 4.30% | 01/15/28 | \$ 9,980,000 | 8,165,000 |
| Total Sewer Fund | | | | | <u>14,765,000</u> |
| Total Enterprise Funds | | | | | <u>\$ 18,339,401</u> |

| Debt Principal | | | | Matured Interest Payable | | | |
|--------------------|---------------------------|---------------------|---------------------------|---------------------------|---------------------|-------------------|---------------------------|
| Issued During Year | Transfers and Adjustments | Paid During Year | Outstanding June 30, 2014 | Outstanding June 30, 2013 | Matured During Year | Paid During Year | Outstanding June 30, 2014 |
| \$ - | \$ - | \$ 255,000 | \$ - | \$ - | \$ 11,985 | \$ 11,985 | \$ - |
| - | - | 210,000 | 445,000 | - | 25,625 | 25,625 | - |
| - | - | 465,000 | 445,000 | - | 37,610 | 37,610 | - |
| - | - | 180,000 | 6,330,000 | - | 322,591 | 322,591 | - |
| - | - | 172,939 | 1,973,815 | - | 82,710 | 82,710 | - |
| - | - | 189,065 | 1,160,592 | - | 91,687 | 91,687 | - |
| - | - | 31,746 | 753,711 | - | 37,591 | 37,591 | - |
| - | - | 73,475 | 1,021,261 | - | 52,150 | 52,150 | - |
| - | - | 50,000 | - | - | 1,042 | 1,042 | - |
| 562,951 | - | - | 562,951 | - | - | - | - |
| <u>\$ 562,951</u> | <u>\$ -</u> | <u>\$ 1,162,225</u> | <u>\$ 12,247,330</u> | <u>\$ -</u> | <u>\$ 625,381</u> | <u>\$ 625,381</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ 198,000 | \$ 2,235,000 | \$ - | \$ 109,485 | \$ 109,485 | \$ - |
| - | - | 94,321 | 1,047,080 | - | 47,596 | 47,596 | - |
| - | - | 292,321 | 3,282,080 | - | 157,081 | 157,081 | - |
| - | - | 100,000 | 1,850,000 | - | 4,875 | 4,875 | - |
| - | - | 182,693 | 4,467,307 | - | 139,174 | 139,174 | - |
| - | - | 405,000 | 7,760,000 | - | 335,773 | 335,773 | - |
| - | - | 687,693 | 14,077,307 | - | 479,822 | 479,822 | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 980,014</u> | <u>\$ 17,359,387</u> | <u>\$ -</u> | <u>\$ 636,903</u> | <u>\$ 636,903</u> | <u>\$ -</u> |

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE GENERAL OBLIGATION BONDED DEBT
REQUIREMENTS- GOVERNMENTAL FUNDS
June 30, 2014

| Year of Maturity | Facilities Refunding | |
|---------------------|----------------------|-----------|
| | Principal | Interest |
| 2014-15 | \$ 215,000 | \$ 17,225 |
| 2015-16 | 230,000 | 8,625 |
| | \$ 445,000 | \$ 25,850 |

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE LIMITED TAX PENSION
BONDED DEBT REQUIREMENTS - GOVERNMENTAL FUNDS
June 30, 2014

| Year of Maturity | Limited Tax Pension Bonds | |
|---------------------|---------------------------|---------------------|
| | Principal | Interest |
| 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>\$ 6,330,000</u> | <u>\$ 2,777,610</u> |

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE URBAN RENEWAL
BONDED DEBT REQUIREMENTS - GOVERNMENTAL FUNDS
June 30, 2014

| Year of Maturity | Urban Renewal Bond | |
|---------------------|---------------------|-------------------|
| | Principal | Interest |
| 2014-15 | \$ 181,154 | \$ 93,756 |
| 2015-16 | 189,759 | 85,151 |
| 2016-17 | 198,773 | 76,138 |
| 2017-18 | 208,214 | 66,696 |
| 2018-19 | 218,105 | 56,806 |
| 2019-20 | 228,464 | 46,446 |
| 2020-21 | 239,316 | 35,594 |
| 2021-22 | 250,684 | 24,226 |
| 2022-23 | 259,346 | 12,319 |
| | <u>\$ 1,973,815</u> | <u>\$ 497,132</u> |

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
GOVERNMENTAL FUNDS
June 30, 2014

| Year of Maturity | Notes Payable | | Community Bank - Pendleton Development Commission | | USDA- Pendleton Academies | |
|------------------|---------------------|-------------------|---|-------------------|---------------------------|-------------------|
| | Totals | | Principal | Interest | Principal | Interest |
| | Principal | Interest | | | | |
| 2014-15 | \$ 312,935 | \$ 162,791 | \$ 203,089 | \$ 77,663 | \$ 33,381 | \$ 36,005 |
| 2015-16 | 331,968 | 143,744 | 216,679 | 64,073 | 34,993 | 34,343 |
| 2016-17 | 352,060 | 123,653 | 231,043 | 49,709 | 36,738 | 32,598 |
| 2017-18 | 373,667 | 102,045 | 246,639 | 34,113 | 38,569 | 30,767 |
| 2018-19 | 396,481 | 79,231 | 263,142 | 17,609 | 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 | 169,917 | 25,045 | - | - | 51,643 | 17,693 |
| 2024-25 | 115,078 | 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 | 35,209 | 516 | - | - | 35,209 | 516 |
| | <u>\$ 2,935,564</u> | <u>\$ 862,573</u> | <u>\$ 1,160,592</u> | <u>\$ 243,167</u> | <u>\$ 753,711</u> | <u>\$ 322,103</u> |

| Year of Maturity | Sunridge LID | |
|------------------|---------------------|-------------------|
| | Principal | Interest |
| | 2014-15 | \$ 76,465 |
| 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 | 118,274 | 7,352 |
| 2024-25 | 60,860 | 1,494 |
| 2025-26 | - | - |
| 2026-27 | - | - |
| 2027-28 | - | - |
| 2028-29 | - | - |
| 2029-30 | - | - |
| | <u>\$ 1,021,261</u> | <u>\$ 297,303</u> |

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
WATER FUND
June 30, 2014

| Year of Maturity | Notes Payable Totals | | Safe Drinking Water State Revolving Loan Fund | | | |
|---------------------|-------------------------|-------------------|--|-------------------|---------------------|-------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 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 | 430,238 | 18,911 | 294,000 | 13,230 | 136,238 | 5,681 |
| | <u>\$ 3,282,080</u> | <u>\$ 764,488</u> | <u>\$ 2,235,000</u> | <u>\$ 532,305</u> | <u>\$ 1,047,080</u> | <u>\$ 232,183</u> |

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
SEWER FUND
June 30, 2014

| 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 |
| 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>\$ 14,077,307</u> | <u>\$ 3,914,491</u> | <u>\$ 7,760,000</u> | <u>\$ 2,642,318</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 | - |
| 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>\$ 4,467,307</u> | <u>\$ 1,272,173</u> | <u>\$ 1,850,000</u> | <u>\$ -</u> |

See auditor's report.



STATISTICAL SECTION

City of Pendleton
Major Wastewater Accounts FY14

| ACCOUNT | TOTAL ANNUAL REVENUE FY14 | % OF TOTAL ANNUAL REV FY14 |
|---------------------|---------------------------------|----------------------------------|
| EOCI | \$381,240 | 10.12% |
| TRIBES/WILDHORSE | 135,616 | 3.60% |
| RED LION | 44,993 | 1.19% |
| CRAIG NEUBO | 29,409 | 0.78% |
| RON MORRIS | 28,692 | 0.76% |
| WILLIAM SMITH | 26,616 | 0.71% |
| RIETH SANITARY | 25,197 | 0.67% |
| HILL MEAT | 22,121 | 0.59% |
| OREGON TRAIL MANOR | 21,329 | 0.57% |
| ST ANTHONY | 17,933 | 0.48% |
| TOTAL | \$733,145 | 19.46% |
| ALL OTHER CUSTOMERS | 3,034,590 | 80.54% |
| TOTAL SEWER REVENUE | \$3,767,735 | 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 | 2015 |
| Operating Revenues: | | | | | | | | | | | |
| Transfers from Other Funds - IN | \$0 | \$301,100 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| State Revenues: | 3500 | 0 | 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 | 3,906,275 | 4,003,932 | 4,104,030 |
| Intergovernmental revenues: | 8,207 | 1,142 | 6,013 | 1,487 | 11,722 | 9,341 | 16,547 | 283,499 | 588,030 | 602,731 | 617,799 |
| 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 | 4,494,305 | 4,606,663 | 4,721,829 |
| Operating Expenses: | | | | | | | | | | | |
| Personal Services | 297,575 | 316,595 | 331,780 | 385,723 | 450,321 | 427,970 | 437,313 | 463,542 | 475,763 | 487,657 | 499,849 |
| 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 | 1,848,631 | 1,894,847 | 1,942,218 |
| Transfers to other fund- OUT | 21,725 | 12,100 | 9,870 | 10,100 | 9,090 | 9,730 | 12,730 | 13,000 | 14,690 | 15,057 | 15,434 |
| Contingency | 0 | 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 | 2,339,084 | 2,397,561 | 2,457,500 |
| 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 | 2,155,221 | 2,209,102 | 2,264,329 |
| Non-operating Income (Expenses): | | | | | | | | | | | |
| Sale of Equipment/land | 0 | 10,000 | 10,377 | 3,727 | 3,727 | 3,727 | 3,727 | 0 | 0 | 2,000 | 2,000 |
| Other miscellaneous | 0 | 0 | 0 | 0 | 8,616 | 0 | 0 | 2 | 1,667 | 0 | 0 |
| Reimbursement of expense | 0 | 919 | 868 | 13,108 | 17,500 | 0 | 0 | 0 | 259 | 1,000 | 1,000 |
| Investment Income | | | | | | | | | | | |
| Sewer Fund | 13,745 | 35,209 | 42,883 | 43,774 | 11,782 | 30,671 | 32,598 | 26,464 | 24,160 | 20,000 | 20,000 |
| Sewer Capital Reserve Fund | 20,244 | 13,481 | 11,802 | 5,814 | 9,323 | 9,485 | 4,906 | 25,507 | 31,418 | 25,000 | 25,000 |
| Total Non-operating Income (Expense) | 33,989 | 59,609 | 65,930 | 66,423 | 50,948 | 43,883 | 41,231 | 51,973 | 57,504 | 48,000 | 48,000 |
| 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 | 2,212,725 | 2,257,102 | 2,312,329 |
| Senior Lien Debt Service: | | | | | | | | | | | |
| OCEDD Special Public Works Fund Loan | 3,836 | 3,836 | 10,387 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sewer System Revenue Bonds 2007 | | | | 742,471 | 743,198 | 743,998 | 742,898 | 744,598 | 740,773 | 744,573 | 744,698 |
| CWSRF \$4 million, \$2 million Debt Forgiveness | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,000 | 104,875 | 108,750 | 108,250 |
| CWSRF \$4.650 million | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 239,387 | 321,867 | 321,411 | 331,640 |
| Total Senior Lien Debt Service | 3,836 | 3,836 | 10,387 | 742,471 | 743,198 | 743,998 | 742,898 | 1,033,985 | 1,167,515 | 1,174,734 | 1,184,588 |
| 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 | 1,045,210 | \$1,082,368 | \$1,127,741 |
| Debt Service Coverage | 77.16 | 201.02 | 126.11 | 2.63 | 2.51 | 2.61 | 2.37 | 1.89 | 1.90 | 1.92 | 1.95 |

**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 | |
| 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 | \$7,760,000 | \$2,642,319 | \$1,850,000 | \$85,625 | \$4,467,307 | \$1,496,378 | \$18,301,629 |

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, 2014, and have issued our report thereon dated January 20, 2015. 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 four funds that the City did not fully budget for the repayment as follows:

| | |
|---------------------------|------------------|
| Airport Fund | <u>\$ 38,000</u> |
| PCC Fund | <u>\$ 82,767</u> |
| Fire Capital Reserve Fund | <u>\$ 14,000</u> |
| Street HB2001 Fund | <u>\$ 13,000</u> |

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

| | |
|--------------------------------|------------------|
| City/County Public Safety Fund | |
| Materials and Services | <u>\$ 17,517</u> |
| Water Fund | |
| Capital Outlay | <u>\$ 77,208</u> |
| Sewer Fund | |
| Materials and Services | <u>\$ 18,431</u> |
| Central Services Fund | |
| Insurance | <u>\$ 6,464</u> |

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 20, 2015.

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 20, 2015



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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, 2014, 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 20, 2015.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as 2014-001, to be material weaknesses.

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

Compliance and other Matters

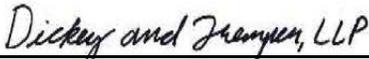
As part of obtaining reasonable assurance about whether the City of Pendleton, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Pendleton, Oregon's Response to Findings

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

Purpose of this Report

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



Dickey and Tremper, LLP
Certified Public Accountants

Pendleton, Oregon
January 20, 2015



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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, 2014. We have also audited the City of Pendleton, Oregon's compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration. The City of Pendleton's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Pendleton's major federal programs and passenger facility charges based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *Passenger Facility Charge Guide for Public Agencies*. Those standards, OMB Circular A-133, and the PFC guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Pendleton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and on its passenger facility charge program. However, our audit does not provide a legal determination of the City of Pendleton, Oregon's compliance.

Opinion on Each Major Federal Programs

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, 2014.

Report on Internal Control Over Compliance

Management of the City of Pendleton, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Pendleton, Oregon's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Pendleton, Oregon's internal control over compliance.

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

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

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



Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

January 20, 2015

CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2014

| 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 | \$ 876,685 ** |
| Small Community Air Service Development Program | | 20.930 | 23,704 |
| Passed through the Oregon Department of Transportation: | | | |
| Formula Grants for Other than Urbanized Areas | 27414 | 20.509 | 103,213 |
| Capital Assistance Program for Elderly Persons and Persons with Disabilities | 22704/22705 | 20.513 | <u>100,744</u> |
| Total U.S. Department of Transportation | | | <u>1,104,346</u> |
| U.S. Department of Justice: | | | |
| Direct programs: | | | |
| Bulletproof Vest Partnership Grant | | 16.607 | <u>2,922</u> |
| Executive Office of the President | | | |
| Office of the National Drug Control Policy | | | |
| High Intensity Drug Trafficking Areas Program | DOJ-HIDTA | 16.AAC | <u>105,215</u> |
| Total expenditures of Federal Funds | | | <u>\$ 1,212,483</u> |

** Signifies Major Program

CITY OF PENDLETON, OREGON
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For The Fiscal Year Ended June 30, 2014

| <u>Federal Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Expenditures</u> |
|--------------------------------------|------------------------------------|---------------------|
| Passenger Facility Charges (PFC's) | N/A | <u>\$ 18,131</u> |

CITY OF PENDLETON, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2014

Note A – Basis of Accounting

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

CITY OF PENDLETON, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2014

US DEPARTMENT OF TRANSPORTATION

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

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.

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.

Current Status: The City has revised and resubmitted the reports to reflect audited figures and has submitted the 2014 report. The finding appears to have been fully resolved.

Effect: The number of months the balances have been outstanding decreases the likelihood of collection of the balances and a material adjustment was required to increase the allowance for doubtful accounts. In addition, the revenues during the year were overstated causing management to rely on inaccurate information.

Cause: There were changes to both staffing and software within the Fire Department that contributed to the situation.

Auditor's recommendation: We recommend that billings, write offs, and collections be reviewed more closely and be done consistently on a monthly basis within the Fire Department. We also recommend that all accounts be reviewed in detail and be rebilled, sent to collections, or otherwise be followed up on, as necessary.

Management's response: Management agrees with recommendations and has outsourced the function as of October 2014, starting with July 2014 billings. Collection of the balances billed prior to June 30, 2014 remains the responsibility of the Fire Department. The Fire Department will increase their efforts to resolve and collect the remaining accounts.

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

None

