

CITY OF PENDLETON, OREGON

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018





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ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2018**

TABLE OF CONTENTS

	<u>Page</u>
OFFICIALS OF THE CITY	1
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	2-4
MANAGEMENT’S DISCUSSION AND ANALYSIS	5-20
BASIC FINANCIAL STATEMENTS:	
Government – Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet – Governmental Funds	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	28
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Fund	29
Statement of Net Position – Proprietary Funds	31
Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position	32
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	33
Reconciliation of the Statement of Revenues, Expenses, and Changes In Fund Net Position of Enterprise Funds to the Statement of Activities	34
Statement of Cash Flows – Proprietary Funds	35-36
Statement of Fiduciary Net Position – Fiduciary Funds	38
Notes to the Basic Financial Statements	39-81
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of City’s Proportionate Share of the Net Pension Liability (Asset)	82
Schedule of City’s Contributions to the Oregon Public Employee Retirement System	82
Schedule of City’s Proportionate Share of Net OPEB Liability (Asset) OPERS Retirement Health Insurance Account	83
Schedule of Contributions OPERS Retirement Health Insurance Account	83
Schedule of Changes in City’s OPEB Liability and Related Ratios	84
Notes to Required Supplementary Information	85
SUPPLEMENTAL INFORMATION	
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Non-Major Governmental Funds	88
Sub-Combining Balance Sheet:	
Non-Major Special Revenue Funds	89-90
Non-Major Capital Projects Funds	91
Non-Major Debt Service Funds	92
Non-Major Permanent Trust Funds	93

	<u>Page</u>
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Governmental Funds	94
Sub-Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance:	
Non-Major Special Revenue Funds	95-96
Non-Major Capital Projects Funds	97
Non-Major Debt Service Funds	98
Non-Major Permanent Trust Funds	99
Combining Balance Sheet – Combined General Fund	100
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Combined General Fund	101
Combining Balance Sheet – Internal Service Funds	103
Combining Schedule of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	104
Combining Schedule of Cash Flows – Internal Service Funds	105-106
Combining Schedule of Fiduciary Net Position – Agency Funds	108
Schedule of Expenditures and Transfers – Budget and Actual (Non-GAAP Budgetary Basis), by Department – General Fund	110
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Governmental Funds:	
Special Revenue Funds:	
Bike Fund	112
Library Fund	113
Library Trust Fund	114
Transportation Services Fund	115
Community Development Block Grant Fund	116
Community Rehabilitation Fund	117
Sidewalk Repair Loan Fund	118
Pendleton Convention Center Fund	119
PCC TPAC Fund	120
Police Interagency Special Revolving Fund	121
Parks Trust Fund	122
City / County Public Safety Fund	123
Horne Trust Fund	124
Urban Renewal District Operating Fund	125
Debt Service Fund:	
Debt Service Fund	126
Urban Renewal District Debt Service Fund	127
Permanent Trust Funds:	
Library Permanent Trust Fund	128
Cemetery Perpetual Care Trust Fund	129
Capital Projects Funds:	
System Development Fees Fund	130
Parks Capital Reserve Fund	131
Public Safety Capital Reserve Fund	132
L.I.D. Construction Fund	133
Street HB2001 Fund	134
Fire Bond Capital Construction Fund	135
Proprietary Funds:	
Enterprise Funds:	
Water Fund	137
Water Capital Reserve Fund	138
Reconciliation to Generally Accepted Accounting Principles	139

	<u>Page</u>
All Sewer Funds:	
Sewer Fund	140
Sewer Capital Reserve Fund	141
Wastewater Rate Reserve Fund	142
Wastewater Debt Service Fund	143
Wastewater Rate Stabilization Fund	144
Reconciliation to Generally Accepted Accounting Principles	145
Airport Fund	146
Internal Service Funds:	
PW Administration and Fleet Fund	147
Central Services Fund	148
Schedule of Expenditures and Transfers – Budget and Actual (Non-GAAP Budgetary Basis) – Central Services Fund	149
Fiduciary Funds:	
Agency Funds:	
Pendleton Foundation Trust	151
Other Financial Schedules:	
Schedule of Changes in Assets and Liabilities – All Agency Funds	152
Schedule of Outstanding Debt Principal and Interest Transactions	153
Schedule of Future Limited Tax Pension Bonded Debt Requirements – Governmental Funds	154
Schedule of Future Urban Renewal Bonded Debt Requirements – Governmental Funds	155
Schedule of Future Note Payable Debt Requirements – Governmental Funds	156
Water Fund	157
Sewer Fund	158
Airport Fund	159
STATISTICAL SECTION	
Major Wastewater Accounts FY18	160
Coverage Table – Historical and Projected Operating Results	161
Sewer Fund Projected Debt Service Requirements	162
Taxable Property Values and GO Debt Capacity	163
Representative Levy Rates	164-166
Debt Ratios	167-168
Major Taxpayers	169-171
Tax Collections	172
Debt Obligation – General Government	173
ACCOMPANYING INFORMATION	
Independent Auditor’s Comments Required by Oregon State Regulations	174-175
Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	176-177
Report on Compliance for Each Major Program and Passenger Facility Charge Program and on Internal Control Over Compliance Required by the Uniform Guidance and Passenger Facility Charge Audit Guide for Public Agencies	178-180
Notes to Schedule of Expenditures of Federal Awards	181
Schedule of Expenditures of Federal Awards	182
Schedule of Expenditures of Passenger Facility Charges	183
Schedule of Prior Year Audit Findings	184
Schedule of Findings and Questioned Costs	185-188



**CITY OF PENDLETON, OREGON
OFFICIALS OF THE CITY
AS OF JUNE 30, 2018**

MAYOR AND CITY COUNCIL

<u>Name and Address</u>	<u>Term Expires December 31,</u>
John Turner, Mayor 701 NW 23 rd Street Pendleton, OR 97801	2020
Becky Marks, Council Member 212 NW Despain Ave. Pendleton, OR 97801	2020
Chuck LeValle, Council Member 423 S. Main St. Apt 204 Pendleton, OR 97801	2018
Scott Farley, Council Member 115 NW 7 th Street Pendleton, OR 97801	2020
McKennon McDonald, Council Member 806 NW 8 th Street Pendleton, OR 97801	2018
Neil Brown, Council President 3305 SW Hailey Avenue Pendleton, OR 97801	2018
Dale Primmer, Council Member 101 SW Quinney Place Pendleton, OR 97801	2020
Paul Chalmers, Council Member (At Large) 330 SW Tahoe Ave. Pendleton, OR 97801	2020
Jacob Cambier, Council Member (At Large) 1324 NW King Pendleton, OR 97801	2018

CITY STAFF

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

CITY ADDRESS

Administrative Offices
500 SW Dorion Avenue
Pendleton, Oregon 97801



FINANCIAL SECTION



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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Pendleton, OR 97801
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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2018, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pendleton, Oregon's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, other financial schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title two U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Guide for Public Agencies*, issued by the Federal Aviation Administration, and is also not a required part of the financial statements.

The combining and individual 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 22, 2019, 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 22, 2019, 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 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018. 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 \$2,345,790 or 14 percent. Property taxes increased by 12% due to the voter approval of the Fire Station Bonds. Capital grants and contributions increased by over 120%. The largest increase was in Streets with ODOT Lee Street Bridge and HB2001 improvements up at the airport.
- Business-type activities revenue increased by \$952,477. Charges for Services increased by \$1,455,915 due to the utility rate increases and Airport increased charges. Capital Grants and Contributions went down at the Airport. State and Federal funds are a large contribution towards these projects at the Airport and no federal improvement projects were active during the year. Expenditures increased overall by a total of \$824,286, 8 percent for the year. Water, Sewer and Airport fund all showed an increase in expenditures.
- The unassigned fund balance for the combined General Fund was \$1,056,700 and the total fund balance was \$2,931,085 or approximately 21% of total general fund expenditures & transfers out. The ending fund balance decreased by 20% from the previous year.
- The City's governmental activities total debt increased by \$8.06 million or 83% over FY2016-17. The voters approved a general obligation bond issue for the construction of a new fire station for just over \$9 million. The City did a refinancing on the police station debt for a lower rate. The PERS limited tax pension obligation bonds remain with \$5.3 million left.
- Enterprise fund debt leveled out to a total of \$15.35 million. The City had entered into a loan with the State of Oregon for water infrastructure. Drawdowns totaled approximately \$1 million.
- The Water Fund provided funding for the investment in utility infrastructure for the waterline replacement on SE 3rd and S Main for \$901,350 along with various other replacements totaling over \$2.3 million.

Overview of Financial Statements

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

A. Government-wide financial statements

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The

statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Highways and Streets, and Culture and Recreation. The business-type activities of the City include Water, Sewer, and Airport.

The government-wide financials also include the Pendleton 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 Fire Bond Capital 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 Fire Bond Capital 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 10 proprietary funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Of the 10 proprietary funds, eight 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 10 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 39-81 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 \$61,846,062 at the close of the FY2017-18 year. Restricted net assets in the governmental funds include \$864,137 for debt service, and \$14,711 street tax monies reserved for street operations and construction, \$787,661 of restricted funds for the Cemetery Perpetual Care funds. Proprietary Funds have a restricted balance of \$205,943 in the Sewer Fund due to amount of debt associated with the Wastewater Treatment Plant improvement bonds and \$744,698 for system development.

The largest portion of the City's net position reflects an investment of \$63,375,768 in capital asset (i.e. land, buildings, and equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to pay for these liabilities.

A. Analysis of Net Position

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

Governmental Activities

	FY 2016-17	FY 2017-18	Change
Assets			
Current and other assets	\$13,379,948	\$22,420,928	\$9,040,980
Capital assets	\$38,914,745	\$39,788,890	874,145
Total assets	\$52,294,693	\$62,209,818	9,915,125
 Deferred Outflow of Resources	 \$6,191,334	 \$4,112,405	 (\$2,078,929)
Liabilities			
Long-term liabilities outstanding	\$23,417,162	\$31,581,501	\$8,164,339
Other liabilities	1,238,841	2,223,038	984,197
Total liabilities	\$24,656,003	\$33,804,539	9,148,536
 Deferred Inflow of Resources	 \$436,880	 \$445,081	 \$8,201
Net Position			
Invested in capital assets, net of related debt	\$35,775,058	\$35,252,675	(\$522,383)
Restricted	2,379,491	2,459,198	79,707
Unrestricted (deficit)	(4,761,405)	(5,639,270)	(877,865)
Total Net Position	\$33,393,144	\$32,072,603	(\$1,320,541)

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

	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>Change</u>
Assets			
Current and other assets	\$4,486,984	\$3,553,158	(\$933,826)
Capital assets	43,407,488	44,478,286	1,070,798
Total assets	<u>\$47,894,472</u>	<u>\$48,031,444</u>	<u>\$136,972</u>
Deferred Outflow of Resources	<u>\$1,049,981</u>	<u>\$701,328</u>	<u>(\$348,653)</u>
Liabilities			
Long-term liabilities outstanding	\$18,010,094	\$17,665,535	(\$344,559)
Other liabilities	954,774	1,211,162	256,388
Total liabilities	<u>\$18,964,868</u>	<u>\$18,876,697</u>	<u>(\$88,171)</u>
Deferred Inflow of Resources	<u>\$74,090</u>	<u>\$82,616</u>	<u>\$8,526</u>
Net Position			
Invested in capital assets, net of related debt	\$27,920,678	\$29,123,093	\$1,202,415
Restricted	950,641	950,641	0
Unrestricted	1,034,176	(300,275)	(1,334,451)
Total Net Position	<u><u>\$29,905,495</u></u>	<u><u>\$29,773,459</u></u>	<u><u>(\$132,036)</u></u>

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

	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>Change</u>
Assets			
Current and other assets	17,866,932	25,974,086	8,107,154
Capital assets	82,322,233	84,267,176	1,944,943
Total assets	<u>100,189,165</u>	<u>110,241,262</u>	<u>10,052,097</u>
Deferred Outflow of Resources	<u>7,241,315</u>	<u>4,813,733</u>	<u>(2,427,582)</u>
Liabilities			
Long-term liabilities outstanding	41,427,256	49,247,036	7,819,780
Other liabilities	2,193,615	3,434,200	1,240,585
Total liabilities	<u>43,620,871</u>	<u>52,681,236</u>	<u>9,060,365</u>
Deferred Inflow of Resources	<u>510,970</u>	<u>527,697</u>	<u>16,727</u>
Net Positions			
Invested in capital assets, net of related debt	63,695,736	64,375,768	680,032
Restricted	3,330,132	3,409,839	79,707
Unrestricted (deficit)	(3,727,229)	(5,939,545)	(2,212,316)
Total Net Positions	<u><u>63,298,639</u></u>	<u><u>61,846,062</u></u>	<u><u>(1,452,577)</u></u>

An additional portion of the City's net position \$3,409,839 approximately six percent, represents resources that are subject to external restrictions on how they may be used. The remaining, balance is *unrestricted net position* totaling a negative \$5,939,545. Unrestricted net position decreased from the previous year by \$2,212,316.

At the end of the current fiscal year, the City of Pendleton is reported a negative balance in only one category of net position, 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 2016-17	FY 2017-18	Change
Revenues			
<i>Program revenues:</i>			
Charges for services	\$4,007,605	\$4,319,337	\$311,732
Operating grants & contributions	2,145,351	2,374,323	228,972
Capital grants & contributions	593,497	1,303,410	709,913
<i>General revenues:</i>			
Property taxes	6,201,190	6,905,693	704,503
Franchise fees	4,233,222	4,542,201	308,979
Investment earnings	133,311	271,424	138,113
Other	223,744	167,322	(56,422)
Total revenues	\$17,537,920	\$19,883,710	\$2,345,790
Expenditures			
General government	\$3,491,228	\$3,815,795	\$324,567
Public safety	9,143,975	10,397,569	1,253,594
Highways & streets	3,277,389	2,527,751	(749,638)
Culture & recreation	3,072,489	3,347,386	274,897
Interest on long-term debt	553,619	713,284	159,665
Total expenses	\$19,538,700	\$20,801,785	\$1,263,085
Change in net position	(\$2,000,780)	(\$918,075)	\$1,082,705
Transfers	(103,308)	(358,850)	(255,542)
Change in net position	(2,104,088)	(1,276,925)	827,163
Net Position -- beginning (restated *)	\$35,497,232	\$33,349,528	* (\$2,147,704)
Net Position -- ending	\$33,393,144	\$32,072,603	(\$1,320,541)

Table 2-B

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

Business-type Activities

	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>Change</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$9,293,063	\$10,748,978	\$1,455,915
Operating grants & contributions	235,000	231,506	(3,494)
Capital grants & contributions	692,369	194,840	(497,529)
<i>General revenues:</i>			
Investment earnings	63,618	65,480	1,862
Other	4,286	9	(4,277)
Total revenues	<u>\$10,288,336</u>	<u>\$11,240,813</u>	<u>\$952,477</u>
Expenses			
Water	\$4,237,033	\$4,298,096	\$61,063
Sewer	4,793,273	5,226,835	433,562
Airport	1,860,426	2,190,087	329,661
Total expenses	<u>\$10,890,732</u>	<u>\$11,715,018</u>	<u>\$824,286</u>
Change in net position	(\$602,396)	(\$474,205)	\$128,191
Transfers	103,308	358,850	255,542
Change in net position	(499,088)	(115,355)	383,733
Net Position -- beginning (restated *)	<u>\$30,404,583</u>	<u>\$29,888,814</u> *	<u>(\$515,769)</u>
Net position -- ending	<u>\$29,905,495</u>	<u>\$29,773,459</u>	<u>(\$132,036)</u>

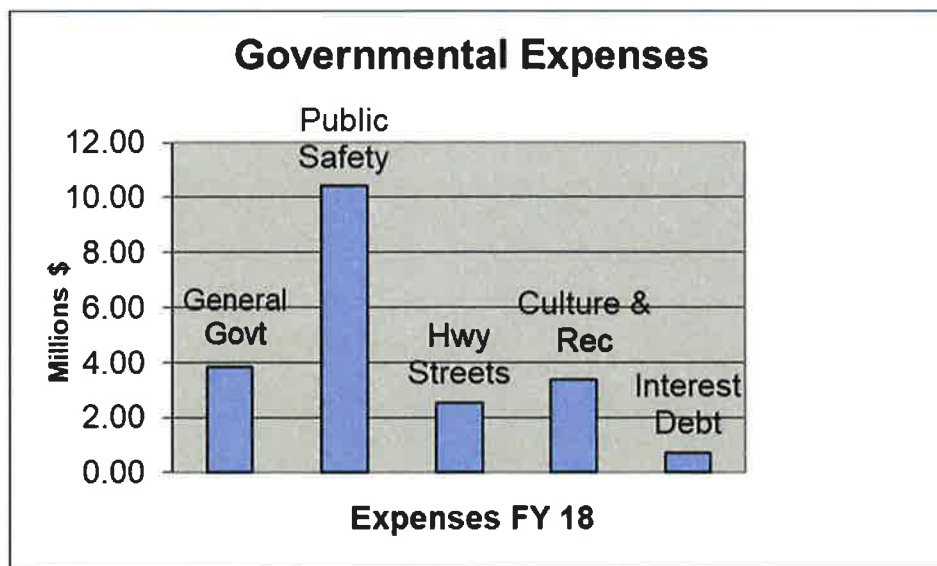
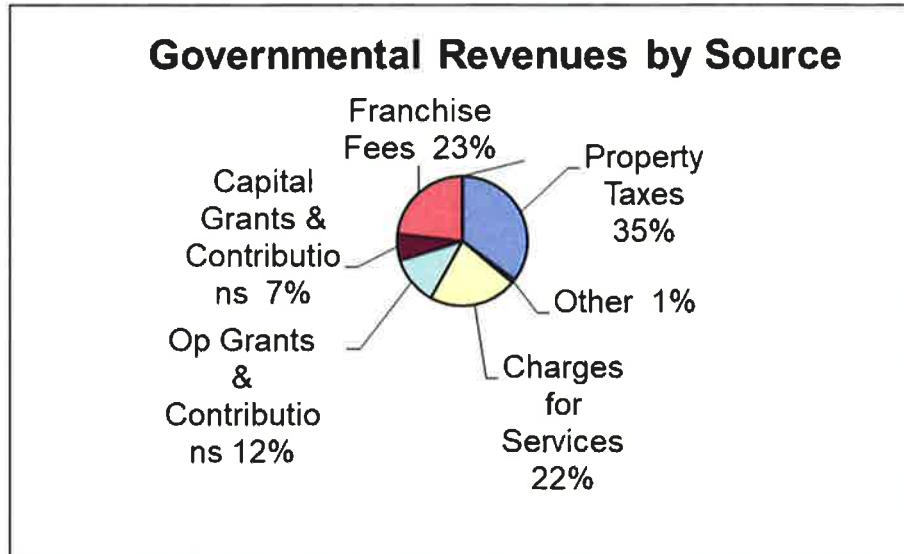
**Table 2-C
City of Pendleton
Summary of Changes in Net Position
For Years as Stated**

Total Net Assets			
	FY 2016-17	FY 2017-18	Change
Revenues			
<i>Program revenues:</i>			
Charges for services	\$13,300,668	\$15,068,315	\$1,767,647
Operating grants & contributions	2,380,351	2,605,829	225,478
Capital grants & contributions	1,285,866	1,498,250	212,384
<i>General revenues:</i>			
Property taxes	6,201,190	6,905,693	704,503
Franchise fees	4,233,222	4,542,201	308,979
Investment earnings	196,929	336,904	139,975
Other	228,030	167,331	(60,699)
Total revenues	\$27,826,256	\$31,124,523	\$3,298,267
Expenses			
General government	\$3,491,228	\$3,815,795	\$324,567
Public safety	9,143,975	10,397,569	1,253,594
Highways & streets	3,277,389	2,527,751	(749,638)
Culture & recreation	3,072,489	3,347,386	274,897
Interest on long-term debt	553,619	713,284	159,665
Water	4,237,033	4,298,096	61,063
Sewer	4,793,273	5,226,835	433,562
Airport	1,860,426	2,190,087	329,661
Total expenses	\$30,429,432	\$32,516,803	\$2,087,371
Change in net position	(\$2,603,176)	(\$1,392,280)	\$1,210,896
Transfers	0	0	0
Change in net position	(2,603,176)	(1,392,280)	1,210,896
Net Position -- beginning (restated *)	\$65,901,815	\$63,238,342 *	(\$2,663,473)
Net position -- ending	\$63,298,639	\$61,846,062	(\$1,452,577)

As noted above, the City of Pendleton's overall net position decreased by \$1,452,577 during FY2017-18. This decrease is explained in the following government and business-type activities discussion.

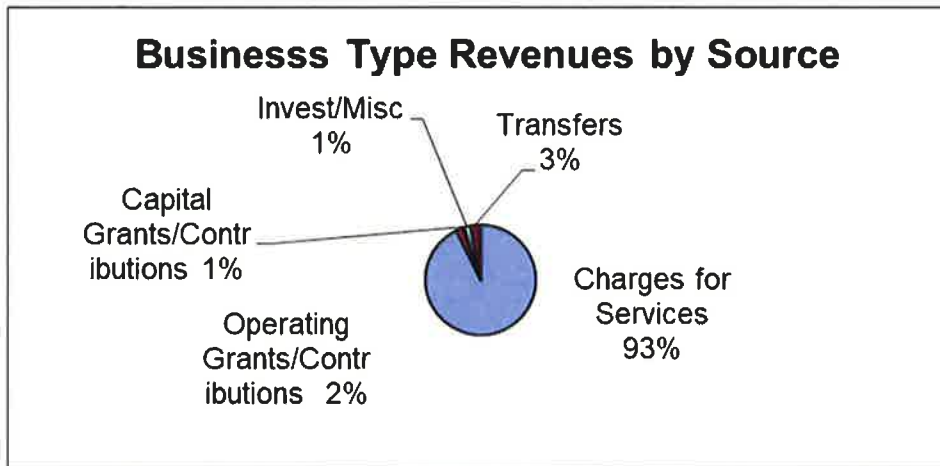
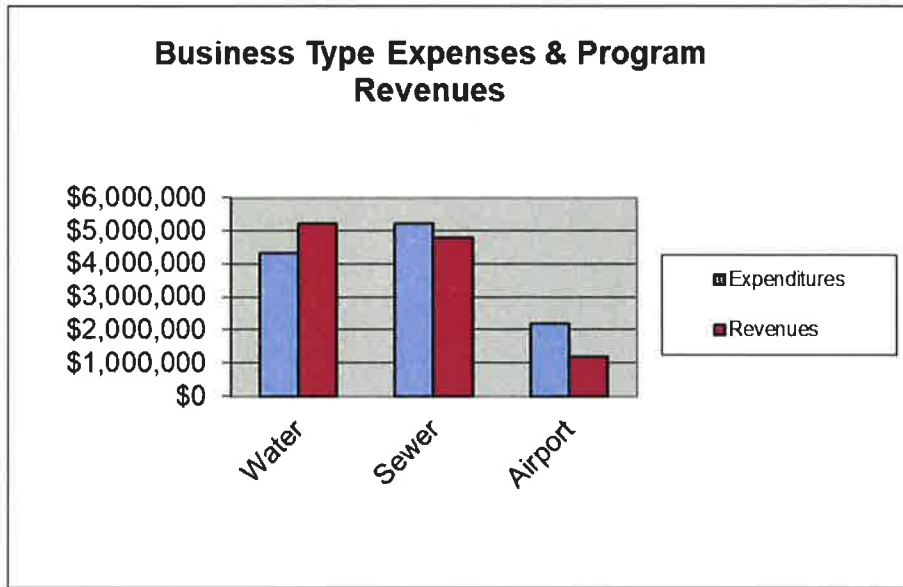
Governmental activities. The major factor for the governmental activities net asset decrease is the trend in increasing expenditures over revenues. Expenditures increased by 7%, although revenues increased by over \$2 million from the previous year, the expenditures outpaced the revenues by \$918,075. Public Safety saw an increase of \$1,253,594 in expenditures from the previous year. The net affect was net position ending balance of \$32,072,603, a four percent decrease.

The following graphs provide visual representation of the expenses and revenues for governmental activities for FY2017-18.



Business-type activities. Business-type activities decreased the City's net assets by \$132,036 from FY17. Charges for services increased by \$1,455,915 overall with increases in all three enterprise funds, water, sewer and airport. Capital grants and contributions decreased by \$497,529. Only the water fund took in more revenue than expenses for FY18, but \$1 million was in loan dollars. Grants include Airport Improvement Project (AIP) FAA dollars for airport improvements along with Unmanned Aircraft System (UAS) projects with grant dollars from the State of Oregon. Total combined revenues taken in were less than total combined expenses by \$474,205 for FY18.

The following graphs provide visual representation of the expenses and revenues for business-type activities for FY2017-18.



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 \$16,800,754, an increase of \$7,537,749. The majority of that increase came from the sale of GOB Bonds for the fire station. Of the combined ending fund balances, \$514,401 or 3 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. Ending fund balance also includes: 1) State street tax and contributions of \$916,247 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 \$793,751, 3) to pay for future debt service of \$864,137 and 4) 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 \$1,056,700.

As a measure of the combined General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total fund balance represents 21 percent of total General Fund expenditures and transfers out.

The combined General Fund balance decreased by \$741,089 during FY2017-18 as compared to an increase of \$424,431 in FY17. Key factors in that affected fund balance are as follows:

- Revenues received by the General Fund increased by 5%, taking in \$13,207,755 for the year. Most of the revenue categories were somewhat stable between FY17 and FY18. Intergovernmental Revenues went up due to a new revenue source and out-of-district fire reimbursements by 51%. Franchise Fees only increased by 1 percent and miscellaneous revenues went down by \$173,564.
- Expenditures & transfers increased over the last year for a total of \$14,202,194, total increase of \$1.7 million. The General transferred \$200,000 to the Airport to help pay down the Airport interfund loan.
- General Fund capital outlay of \$307,021 was modestly increased as compared to \$243,557 for the prior year for governmental projects. Majority of the improvements were within the Parks and Police Departments.

See pages 86-101 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 \$19,127, \$3,026,143 and (\$2,432,888) respectively. The Water Fund owed \$1.98 million to the State for the water treatment plant at the end of the fiscal year. The Water Fund also entered into a new loan with the State of Oregon for system developments and repairs and had borrowed just over \$1 million at the end of the year. The Sewer Fund has borrowed \$5.13 million from the Clean Water State Revolving Loan Fund (CWSRF) for the wastewater treatment plant upgrades required by the DEQ along with the remaining \$5.94 million in sewer bonds. The Airport Fund owes approximately \$2.24 million to other City funds for AIP capital improvements and operating expenses along with two loans from the State of Oregon for Unmanned Aircraft Systems (UAS) development for \$1.014 million. The Airport also purchased a building and the debt for the building was \$283,410 at June 30th. Total net position for business-type activities decreased by \$132,036.

See Combining Statements on pages 102-106 for the internal service funds, and pages 136-149 for the proprietary funds budgetary schedules.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Reduce Capital Outlay in Nondepartmental and transfer \$34,930 which was scheduled for City Hall window replacement to TPAC to repair Convention Center Roof. Resolution #2710.
- Record out-of-district fire revenue for \$76,900 and increase appropriate corresponding OT and training costs. Increase personnel by \$12,000 to include the revised contract with the Municipal Court Judge and reduce contingency to balance. Resolution #2719.
- Record out-of-district fire revenue and increase appropriate corresponding OT by \$330,000. Transfer funds to the Airport Fund to pay down the interfund loan for \$200,000, reduce contingency to balance Resolution #2724..

The net change in appropriations during the year was an increase of \$406,900.

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, 2018, amounts to \$84,267,176 (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 \$1,944,945 or a three percent change (a three percent increase for governmental activities and a three percent increase for business-type activities).

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

- The City purchased \$457,551 in life saving equipment and stretchers with voter approved bond funds.
- The new fire station land on SE Court was purchased for \$338,005. Construction began on the new building and \$1,096,503 was spent on the ongoing bond project.
- The Parks department spent \$92,681 on trailers, tractors and a leaf sweeper along with \$135,172 in parks and aquatic center improvements.
- The City purchased five new police vehicles and one new ambulance for \$225,755.
- Street overlays and maintenance totaled \$203,903. The City parking lot next to Crabby's was repaved for \$44,703 in FY18. The Pendleton Development Commission helped fund the repair.
- Eighth Street Bridge, also known as Lee Street Grade, construction is a work in progress and the City spent \$246,127 in FY18. ODOT and Umatilla County have contributed to the project.
- Airport area street overlays were completed for \$743,898 with funds from House Bill 2001 through the State of Oregon.
- The City replaced the HVAC system at the Police Department for \$75,717.
- The water lines on SE 3rd and Main were replaced for \$901,350. SW 20th waterline was replaced for \$193,403 and NE Ellis was replaced for \$334,124. Overall the City replaced over \$2 million in waterlines in FY18.
- \$109,176 was spent on sewer line pipe cleaning in FY18. Sewer Department also purchased a 5600 Toolcat combo bucket/sweeper truck for \$47,024.
- Airport Improvement Projects 23 (Wildlife Hazard Assessment), 24 (Airport Master Plan Update) and 25 (Airport Runway Rehab) saw \$204,414 in expenses with expected grants to cover 95% of the costs.
- The City Vahana Test Hanger rehabilitation expense was \$44,991.

- Depreciation for governmental activities expense for FY18 was \$2,535,516 versus capital outlay expenditures of \$3,906,746. Depreciation for business-type activities expense for FY18 was \$3,255,065 versus capital outlay expenditures of \$4,325,865.

The following table provides comparative information on the City's capital assets for FY2016-17 and FY2017-18.

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

Governmental Activities

Asset Category	FY 2016-17	FY 2017-18	Change
Land	\$3,782,704	\$4,080,709	\$298,005
Assets available for sale	1,028,261	866,261	(162,000)
Buildings	17,092,849	16,789,504	(303,345)
Equipment	7,152,075	7,853,073	700,998
Improvements	31,325,862	32,465,793	1,139,931
Infrastructure	20,926,650	20,926,650	0
Work in progress	161,822	1,341,933	1,180,110
Accumulated depreciation & amort.	(42,555,479)	(44,535,033)	(1,979,554)
Total	<u>\$38,914,745</u>	<u>\$39,788,890</u>	<u>\$874,145</u>

Business-type Activities

Asset Category	FY 2016-17	FY 2017-18	Change
Land	\$298,769	\$298,769	\$0
Buildings	17,072,793	17,131,693	58,900
Equipment	18,887,407	19,084,817	197,410
Improvements	57,418,065	60,282,768	2,864,703
Work in progress	55,112	1,255,179	1,200,066
Accumulated depreciation & amort.	(50,324,658)	(53,574,940)	(3,250,281)
Total	<u>\$43,407,488</u>	<u>\$44,478,286</u>	<u>\$1,070,798</u>

Total Net Capital Assets

Asset Category	FY 2016-17	FY 2017-18	Change
Land	\$4,081,473	\$4,379,478	\$298,005
Assets available for sale	1,028,261	866,261	(162,000)
Buildings	34,165,641	33,921,197	(244,445)
Equipment	26,039,482	26,937,890	898,408
Improvements	88,743,927	92,748,561	4,004,634
Infrastructure	20,926,650	20,926,650	0
Work in progress	216,935	2,597,111	2,380,177
Accumulated depreciation & amort.	(92,880,137)	(98,109,972)	(5,229,834)
Total	<u>\$82,322,231</u>	<u>\$84,267,176</u>	<u>\$1,944,945</u>

Additional information on the City of Pendleton's capital assets can be found in footnote III.D. on pages 50-52 of this report.

B. Debt Administration

As of June 30, 2018, the City had \$8,760,000 in General Obligation Bond (GOB) debt outstanding. General obligation debt is backed by the full faith and credit and taxing power of the City. All GOB debt is related to governmental activities and is funded by property taxes. The residents of Pendleton approved a new GOB bond for the fire station construction in May 2017 and FY18 say the first collection of property taxes to repay the debt.

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, 2018, the City had PERS debt outstanding of \$5,300,000. Principal payment of \$310,000 was made on time.

A construction loan for the local improvement district (LID) construction at Sunridge Estates was received for \$1.3 million and had a balance of \$664,668 at June 30th. This loan will be paid back as lots are sold. The City obtained ownership of the lots in 2017. The City also assumed a USDA loan in the purchase of the Airport Road police station. This loan was refinanced with the Sewer Revenue bonds as a full faith and credit bond in FY18. The portion prorated to the police station is \$625,066. 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 \$573,809. A construction loan for \$825,000 for the development of the Pendleton Convention Center Eastside Expansion was entered into during the FY15 fiscal year. The balance of the loan at June 30th was \$671,885.

The Pendleton Development Commission (PDC) has one loan outstanding for PDC projects including façade restoration and Jump Start loans. Total PDC loan balance outstanding at June 30th was \$1,193,751. The PDC has an open credit line and borrowed \$300,000 during the year but that balance was paid off by fiscal year end.

In addition, the Water Fund owed \$1,978,787, 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. A new Oregon State Drinking Water State Revolving Loan was obtained and has a principal draw of \$1,008,649 for capital infrastructure improvements at June 30th.

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. This loan was refinanced as a full faith and credit loan for a lower interest rate and the balance is now \$5,935,713. The City has also obtained Clean Water Revolving Loan funds for the wastewater treatment plan upgrades. The loan balances as of June 30th was \$5,134,135.

The Airport has two loans out through the State of Oregon for development of the UAS site and related hanger construction. The balance of those loans are June 30th was \$1,014,497. The City purchased a building from Community bank to remodel into a UAS command center, the loan outstanding is \$283,411.

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 2016-17	FY 2017-18	Change
General Obligation Bonds	\$0	\$8,760,000	\$8,760,000
General Obligation Bonds - PDC Limited Tax Pension Obligation Bonds	1,401,965	1,193,751	(208,214)
Notes Payable	5,610,000	5,300,000	(310,000)
Full Faith & Credit Bonds	2,716,447	1,910,362	(806,085)
	<u>0</u>	<u>625,066</u>	<u>625,066</u>
Total	<u>\$9,728,412</u>	<u>\$17,789,179</u>	<u>\$8,060,767</u>

Business-type Activities			
Debt Category	FY 2016-17	FY 2017-18	Change
Revenue Bonds Payable	\$6,440,000	\$0	(\$6,440,000)
Full Faith & Credit Bonds	\$0	\$5,935,713	5,935,713
Notes Payable	9,089,718	9,419,479	329,761
	<u></u>	<u></u>	<u></u>
Total	<u>\$15,529,718</u>	<u>\$15,355,192</u>	<u>(\$174,526)</u>

Total Outstanding Debt			
Debt Category	FY 2016-17	FY 2017-18	Change
General Obligation Bonds	\$0	\$8,760,000	\$8,760,000
General Obligation Bonds - PDC Limited Tax Pension Obligation Bonds	1,401,965	1,193,751	(208,214)
Full Faith & Credit Bonds	5,610,000	5,300,000	(310,000)
Revenue Bonds Payable	0	6,560,779	6,560,779
Notes Payable	6,440,000	0	(6,440,000)
	<u>11,806,165</u>	<u>11,329,841</u>	<u>(476,324)</u>
Total	<u>\$25,258,130</u>	<u>\$33,144,371</u>	<u>\$7,886,241</u>

The City's total debt increased by \$7,886,241 (32 percent) during the current fiscal year. Debt for governmental activities increased by \$8,060,797 while debt for business-type activities decreased by \$174,526.

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 FY2017-18 real market value, this debt limitation is \$37,349,539. The amount of outstanding City debt subject to this limitation is \$20,620,779.

Additional information on the City of Pendleton's bonded debt can be found in the notes to the basic financial statements on pages 53-60.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY2019 budget:

- Assessed values, the basis of property tax revenues, will grow by 2.8%.
- Property tax rate is set at 6.5771 as a permanent rate due to Measure 50.
- SEIU, Exempt and Police health insurance rates expected a 4% increase and Workers Comp rates would raise by 6%.
- Fire salaries would increase by 1.5% in July. Health insurance would increase by 4%.
- SEIU would increase by 3.5% in July.
- Exempt salaries would increase by 3% in July.
- Police salaries would increase by 2% in July.
- General Fund capital improvements budgeted would be based on maintenance deferred priorities and grant funded improvements.
- Water and sewer rates would increase by 10.5% based on the Master Plans for both approved by Council.

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, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,764,168	\$ 1,975,595	\$ 7,739,763
Receivables:			
Accounts, net	2,830,516	1,900,628	4,731,144
Property taxes	370,963	-	370,963
Assessments	878,044	17,497	895,541
Notes	218,532	-	218,532
Interest	-	299	299
Internal balances	1,907,241	(1,907,241)	-
Prepaid items	789,701	243,475	1,033,176
Inventories	-	372,264	372,264
Prepaid bond insurance	13,952	-	13,952
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	8,854,060	134,211	8,988,271
Investments	-	816,430	816,430
Permanently restricted:			
Cash and cash equivalents	19,842	-	19,842
Investments	773,909	-	773,909
Capital assets:			
Land	4,080,709	298,769	4,379,478
Assets available for sale	866,261	-	866,261
Construction in progress	1,341,933	1,255,179	2,597,112
Depreciable assets, net of depreciation	33,499,987	42,924,338	76,424,325
Total assets	<u>62,209,818</u>	<u>48,031,444</u>	<u>110,241,262</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pension	4,024,468	679,950	4,704,418
Deferred outflows related to OPEB	87,937	21,378	109,315
Total deferred outflow of resources	<u>4,112,405</u>	<u>701,328</u>	<u>4,813,733</u>
LIABILITIES			
Accounts payable and accrued expenses	1,964,366	1,047,217	3,011,583
Deposits	51,584	1,529	53,113
Retainage payable	115,506	14,156	129,662
Accrued interest payable	91,582	148,260	239,842
Long-term obligations:			
Due within one year	1,544,290	878,104	2,422,394
Due in more than one year	30,037,211	16,787,431	46,824,642
Total liabilities	<u>33,804,539</u>	<u>18,876,697</u>	<u>52,681,236</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows related to pension	371,706	62,802	434,508
Deferred inflows related to OPEB	73,375	19,814	93,189
Total deferred inflows of resources	<u>445,081</u>	<u>82,616</u>	<u>527,697</u>
NET POSITION			
Net investment in capital assets	35,252,675	29,123,093	64,375,768
Restricted for:			
System Development	-	744,698	744,698
Debt service	864,137	205,943	1,070,080
Environmental remediation	49,911	-	49,911
Highways and streets	14,711	-	14,711
Program services and grants	487,080	-	487,080
Urban renewal	249,608	-	249,608
Library services	6,090	-	6,090
Cemetery perpetual care permanent trust	787,661	-	787,661
Unrestricted	(5,639,270)	(300,275)	(5,939,545)
Total net position	<u>\$ 32,072,603</u>	<u>\$ 29,773,459</u>	<u>\$ 61,846,062</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, 2018

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	\$ 3,815,795	\$ 1,363,354	\$ 290,575	\$ 133,778	\$ (2,028,088)	\$ -	\$ (2,028,088)
Public safety	10,397,569	1,762,561	421,990	195,239	(8,017,779)	-	(8,017,779)
Highways and streets	2,527,751	753,980	1,078,296	924,588	229,113	-	229,113
Culture and recreation	3,347,386	439,442	583,462	49,805	(2,274,677)	-	(2,274,677)
Interest on long-term obligations	<u>713,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(713,284)</u>	<u>-</u>	<u>(713,284)</u>
Total governmental activities	<u>20,801,785</u>	<u>4,319,337</u>	<u>2,374,323</u>	<u>1,303,410</u>	<u>(12,804,715)</u>	<u>-</u>	<u>(12,804,715)</u>
Business-type activities:							
Water	4,298,096	5,206,995	-	-	-	908,899	908,899
Sewer	5,226,835	4,789,962	-	860	-	(436,013)	(436,013)
Airport	<u>2,190,087</u>	<u>752,021</u>	<u>231,506</u>	<u>193,980</u>	<u>-</u>	<u>(1,012,580)</u>	<u>(1,012,580)</u>
Total business-type activities	<u>11,715,018</u>	<u>10,748,978</u>	<u>231,506</u>	<u>194,840</u>	<u>-</u>	<u>(539,694)</u>	<u>(539,694)</u>
Total primary government	<u>\$32,516,803</u>	<u>\$15,068,315</u>	<u>\$2,605,829</u>	<u>\$1,498,250</u>	<u>(12,804,715)</u>	<u>(539,694)</u>	<u>(13,344,409)</u>
General revenues:							
Property taxes levied for:							
General purposes							
					5,607,738	-	5,607,738
Debt service							
					1,297,955	-	1,297,955
Franchise and public services taxes							
					4,542,201	-	4,542,201
Interest and investment earnings							
					271,424	65,480	336,904
Miscellaneous							
					167,322	9	167,331
Transfers							
					<u>(358,850)</u>	<u>358,850</u>	<u>-</u>
Total general revenues and transfers							
					<u>11,527,790</u>	<u>424,339</u>	<u>11,952,129</u>
Change in net position							
					(1,276,925)	(115,355)	(1,392,280)
Net Position, beginning, as restated (See note IV. B.)							
					<u>33,349,528</u>	<u>29,888,814</u>	<u>63,238,342</u>
Net Position, ending							
					<u>\$ 32,072,603</u>	<u>\$29,773,459</u>	<u>\$ 61,846,062</u>

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



FUND FINANCIAL STATEMENTS

Major Governmental Funds

General Fund

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

Fire Bond Capital Construction Fund

The Fire Bond Capital Construction Bond Fund accounts for the financial activity related to the Fire Bond Approved by taxpayers to build a new fire station and obtain new fire equipment. The revenue source is related to the issuance of bonds. The expenditures are mainly capital outlay.

**CITY OF PENDLETON, OREGON
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	Combined General Fund	Street Fund	Fire Bond Capital Construction Fund	Other Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 1,665,614	\$ 710,084	\$ 8,683,218	\$ 3,261,937	\$ 14,320,853
Investments	-	-	-	773,909	773,909
Receivables:					
Property taxes	310,006	-	-	60,957	370,963
Accounts, net	1,638,282	201,027	-	935,395	2,774,704
Assessments	18,606	-	-	859,438	878,044
Notes	147,436	-	-	71,096	218,532
Advances to other funds	1,045,500	103,000	-	416,000	1,564,500
Assets available for sale	-	-	-	525,000	525,000
Prepaid items	51,636	88,567	-	627,449	767,652
Total assets	<u>\$ 4,877,080</u>	<u>\$ 1,102,678</u>	<u>\$ 8,683,218</u>	<u>\$ 7,531,181</u>	<u>\$ 22,194,157</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 496,996	\$ 123,181	\$ 668,044	\$ 608,098	\$ 1,896,319
Deposits	-	-	-	48,329	48,329
Retainage payable	-	34,764	25,251	55,491	115,506
Advances from other funds	27,000	-	-	238,300	265,300
Total liabilities	<u>523,996</u>	<u>157,945</u>	<u>693,295</u>	<u>950,218</u>	<u>2,325,454</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,421,999	28,486	-	1,617,464	3,067,949
Total deferred inflows of resources	<u>1,421,999</u>	<u>28,486</u>	<u>-</u>	<u>1,617,464</u>	<u>3,067,949</u>
FUND BALANCES (DEFICIT)					
Nonspendable	1,097,137	-	-	787,661	1,884,798
Restricted	139,911	-	7,989,923	1,621,626	9,751,460
Committed	70,306	-	-	1,909,718	1,980,024
Assigned	567,031	916,247	-	1,186,793	2,670,071
Unassigned	1,056,700	-	-	(542,299)	514,401
Total fund balances	<u>2,931,085</u>	<u>916,247</u>	<u>7,989,923</u>	<u>4,963,499</u>	<u>16,800,754</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,877,080</u>	<u>\$ 1,102,678</u>	<u>\$ 8,683,218</u>	<u>\$ 7,531,181</u>	<u>\$ 22,194,157</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, 2018

Fund balances - total governmental funds	\$ 16,800,754
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	38,917,437
Net pension liability, and the related deferred outflows and inflows, and prepaid bond insurance are not current financial resources or requirements, and therefore, are not reported in the funds.	(6,328,808)
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the fund statements.	3,067,949
Net other post employment benefits (OPEB) liability, and the related deferred outflows and inflows, are not current financial resources or requirements, and therefore, are not reported in the funds.	(769,389)
Accrued compensated absences are not due and payable in the current period, and, therefore, are not reported in the funds.	(440,214)
Accrued interest payable is not due and payable in the current period, and, therefore, is not reported in the fund statements.	(91,582)
Long-term liabilities, including bonds, notes payable, and environmental obligations are not due and payable in the current period, and, therefore, are not reported in the fund statements.	(18,779,879)
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	\$ 317,217
Accounts receivable, net	55,812
Prepaid items	22,049
Internal balances	608,041
Capital assets, net	346,453
Deferred outflows related to pension	665,636
Deferred outflows related to OPEB	17,038
Accounts payable and accrued expenses	(68,047)
Deposits	(3,255)
Net pension liability	(1,861,134)
Other post employment benefits liability	(214,436)
Compensated absences payable	(112,587)
Deferred inflows related to pension	(61,479)
Deferred inflows related to OPEB	<u>(14,973)</u>
Total internal service funds	<u>(303,665)</u>
Net position of governmental activities	<u><u>\$ 32,072,603</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, 2018

	Combined General Fund	Street Fund	Fire Bond Capital Construction Fund	Other Governmental Funds	Totals
REVENUES					
Property taxes	\$ 5,617,590	\$ -	\$ -	\$ 1,289,595	\$ 6,907,185
Other taxes	675,809	-	-	618,298	1,294,107
Franchise fees	2,550,396	-	-	-	2,550,396
Licenses and fees	943,622	-	-	74,688	1,018,310
Charges for services	1,586,459	753,981	-	687,155	3,027,595
Intergovernmental	1,346,004	1,228,109	-	1,136,926	3,711,039
Fines and forfeitures	310,964	-	-	-	310,964
Assessments	2,730	-	-	76,351	79,081
Loan repayments	13,469	-	-	37,526	50,995
Contributions	21,486	187	-	80,346	102,019
Interest on investments	56,641	7,786	138,697	67,039	270,163
Miscellaneous	82,585	-	-	42,275	124,860
TOTAL REVENUES	<u>13,207,755</u>	<u>1,990,063</u>	<u>138,697</u>	<u>4,110,199</u>	<u>19,446,714</u>
EXPENDITURES					
Current:					
General government	1,619,548	-	-	1,790,122	3,409,670
Public safety	8,762,042	-	117,916	138,462	9,018,420
Culture and recreation	2,119,349	-	-	629,168	2,748,517
Highways and streets	-	1,060,867	-	-	1,060,867
Capital outlay	307,021	445,819	2,030,718	1,123,188	3,906,746
Debt service	641,585	-	-	1,409,834	2,051,419
TOTAL EXPENDITURES	<u>13,449,545</u>	<u>1,506,686</u>	<u>2,148,634</u>	<u>5,090,774</u>	<u>22,195,639</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(241,790)</u>	<u>483,377</u>	<u>(2,009,937)</u>	<u>(980,575)</u>	<u>(2,748,925)</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	16,200	-	-	239,718	255,918
Issuance of debt	-	-	9,060,000	300,000	9,360,000
Issuance of refunding debt	625,066	-	-	-	625,066
Payment to refund debt	(621,178)	-	-	-	621,178
Issuance of bond premium	-	-	939,860	-	939,860
Transfers in	233,353	-	-	326,132	559,485
Transfers out	(752,740)	(17,370)	-	(62,365)	(832,475)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(499,299)</u>	<u>(17,370)</u>	<u>9,999,860</u>	<u>803,485</u>	<u>10,286,676</u>
NET CHANGE IN FUND BALANCE	<u>(741,089)</u>	<u>466,007</u>	<u>7,989,923</u>	<u>(177,090)</u>	<u>7,537,751</u>
FUND BALANCE, Beginning	<u>3,672,174</u>	<u>450,240</u>	<u>-</u>	<u>5,140,589</u>	<u>9,263,003</u>
FUND BALANCE, Ending	<u>\$ 2,931,085</u>	<u>\$ 916,247</u>	<u>\$ 7,989,923</u>	<u>\$ 4,963,499</u>	<u>\$ 16,800,754</u>

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

CITY OF PENDLETON, OREGON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

Net change in fund balance - governmental funds \$ 7,537,751

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 365,452

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.

1,924,299

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

(10,924,926)

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 (8,401)

 Change in OPEB liability (37,813)

 Change in accrued interest payable (4,147)

 Amortization of bond insurance (1,515)

 Amortization of bond premium 39,161

 Change in pension liability and related deferred outflow and inflows (1,062,480)

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

 Capital asset additions \$ 3,741,994

 Basis of capital asset disposals (262,073)

 Depreciation expense (2,480,689)

999,232

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.

(103,538)

Change in net position - governmental activities **\$ (1,276,925)**

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Property taxes	\$ 5,887,070	\$ 5,887,070	\$ 5,617,590	\$ (269,480)
Other taxes	686,000	686,000	675,809	(10,191)
Franchise fees	2,652,830	2,652,830	2,550,396	(102,434)
Licenses and fees	830,130	830,130	943,622	113,492
Charges for services	1,791,070	1,791,070	1,586,459	(204,611)
Intergovernmental	869,650	1,276,550	1,346,004	69,454
Fines and forfeitures	374,500	374,500	310,964	(63,536)
Contributions	50,360	50,360	21,486	(28,874)
Interest on investments	20,000	20,000	48,130	28,130
Miscellaneous	109,500	109,500	82,495	(27,005)
TOTAL REVENUES	<u>13,271,110</u>	<u>13,678,010</u>	<u>13,182,955</u>	<u>(495,055)</u>
EXPENDITURES				
Current:				
General government	1,828,425	1,840,425	1,606,492	233,933
Public safety	8,576,520	8,983,420	8,762,042	221,378
Culture and recreation	2,201,215	2,201,215	2,119,349	81,866
Capital outlay	740,335	705,405	307,021	398,384
Debt service	659,310	659,310	641,151	18,159
Contingency	2,137,485	1,925,485	-	1,925,485
TOTAL EXPENDITURES	<u>16,143,290</u>	<u>16,315,260</u>	<u>13,436,055</u>	<u>2,879,205</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,872,180)</u>	<u>(2,637,250)</u>	<u>(253,100)</u>	<u>2,384,150</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	16,200	16,200
Issuance of refunding debt	-	-	625,066	625,066
Payment to refunding debt	-	-	(621,178)	(621,178)
Transfers in	249,890	249,890	233,353	(16,537)
Transfers out	(517,810)	(752,740)	(752,740)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(267,920)</u>	<u>(502,850)</u>	<u>(499,299)</u>	<u>3,551</u>
NET CHANGE IN FUND BALANCE	(3,140,100)	(3,140,100)	(752,399)	2,387,701
FUND BALANCE, Beginning	<u>3,295,600</u>	<u>3,295,600</u>	<u>3,143,011</u>	<u>(152,589)</u>
FUND BALANCE, Ending	<u>\$ 155,500</u>	<u>\$ 155,500</u>	<u>\$ 2,390,612</u>	<u>\$ 2,235,112</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 789,785	\$ 789,785	\$ 753,981	\$ (35,804)
Intergovernmental	1,924,125	1,924,125	1,228,109	(696,016)
Contributions	-	-	187	187
Interest on investments	<u>2,500</u>	<u>2,500</u>	<u>7,786</u>	<u>5,286</u>
TOTAL REVENUES	<u>2,716,410</u>	<u>2,716,410</u>	<u>1,990,063</u>	<u>(726,347)</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personal services	449,000	449,000	372,490	76,510
Materials and services	761,930	761,930	688,377	73,553
Capital outlay	1,787,755	1,787,755	445,819	1,341,936
Contingency	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
TOTAL EXPENDITURES	<u>3,098,685</u>	<u>3,098,685</u>	<u>1,506,686</u>	<u>1,591,999</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(382,275)</u>	<u>(382,275)</u>	<u>483,377</u>	<u>865,652</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(17,370)</u>	<u>(17,370)</u>	<u>(17,370)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(17,370)</u>	<u>(17,370)</u>	<u>(17,370)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(399,645)	(399,645)	466,007	865,652
FUND BALANCE, Beginning,	<u>621,145</u>	<u>621,145</u>	<u>450,240</u>	<u>(170,905)</u>
FUND BALANCE, Ending	<u>\$ 221,500</u>	<u>\$ 221,500</u>	<u>\$ 916,247</u>	<u>\$ 694,747</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**

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

- **Water Funds**
 - Water Fund
 - Water Capital Reserve Fund
- **Sewer Funds**
 - Sewer Fund
 - Sewer Capital Reserve Fund
 - Wastewater 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:

- **PW Administration and Fleet Fund**
- **Central Services Fund**

CITY OF PENDLETON, OREGON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business - type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	All Water Funds	All Sewer Funds	Airport Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,183	\$ 1,805,851	\$ 362	\$ 1,807,396	\$ 485,416
Receivables:					
Accounts, net	973,187	808,489	119,213	1,900,889	55,551
Assessments	-	17,497	-	17,497	-
Interest	-	299	-	299	-
Prepaid items	69,779	159,296	2,350	231,425	34,099
Inventories	<u>324,384</u>	<u>47,880</u>	<u>-</u>	<u>372,264</u>	<u>-</u>
Total current assets	<u>1,368,533</u>	<u>2,839,312</u>	<u>121,925</u>	<u>4,329,770</u>	<u>575,066</u>
Noncurrent assets:					
Restricted cash and cash equivalents	-	134,211	-	134,211	-
Restricted investments	-	816,430	-	816,430	-
Advances to other funds	250,000	1,931,968	-	2,181,968	227,000
Capital assets, net	<u>16,355,619</u>	<u>18,743,787</u>	<u>8,726,120</u>	<u>43,825,526</u>	<u>999,213</u>
Total noncurrent assets	<u>16,605,619</u>	<u>21,626,396</u>	<u>8,726,120</u>	<u>46,958,135</u>	<u>1,226,213</u>
Total assets	<u>17,974,152</u>	<u>24,465,708</u>	<u>8,848,045</u>	<u>51,287,905</u>	<u>1,801,279</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	170,195	132,098	93,621	395,914	949,672
Deferred outflows related to OPEB	<u>5,796</u>	<u>5,169</u>	<u>2,510</u>	<u>13,475</u>	<u>24,941</u>
Total deferred inflows of resources	<u>175,991</u>	<u>137,267</u>	<u>96,131</u>	<u>409,389</u>	<u>974,613</u>
Total assets and deferred outflows of resources	<u>\$ 18,150,143</u>	<u>\$ 24,602,975</u>	<u>\$ 8,944,176</u>	<u>\$ 51,697,294</u>	<u>\$ 2,775,892</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 527,436	\$ 405,614	\$ 83,754	\$ 1,016,804	\$ 98,460
Retainage payable	8,198	5,958	-	14,156	-
Accrued interest payable	60,747	78,147	9,366	148,260	-
Deposits	1,529	-	-	1,529	3,255
Compensated absences payable	32,578	27,184	9,751	69,513	154,099
Current portion of long-term debt	<u>362,698</u>	<u>375,713</u>	<u>28,668</u>	<u>767,079</u>	<u>-</u>
Total current liabilities	993,186	892,616	131,539	2,017,341	255,814
Noncurrent liabilities:					
Advances from other funds	564,368	900,800	2,243,000	3,708,168	-
Other post employment benefits liability	83,487	78,143	32,424	194,054	318,540
Net pension liability	475,869	369,353	261,767	1,106,989	2,655,304
Noncurrent portion of long-term debt	<u>2,624,739</u>	<u>10,694,135</u>	<u>1,269,240</u>	<u>14,588,114</u>	<u>-</u>
Total liabilities	<u>4,741,649</u>	<u>12,935,047</u>	<u>3,937,970</u>	<u>21,614,666</u>	<u>3,229,658</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	15,719	12,201	8,647	36,567	87,714
Deferred inflows related to OPEB	<u>5,466</u>	<u>5,004</u>	<u>2,235</u>	<u>12,705</u>	<u>22,082</u>
Total deferred inflows of resources	<u>21,185</u>	<u>17,205</u>	<u>10,882</u>	<u>49,272</u>	<u>109,796</u>
NET POSITION					
Net investment in capital assets	13,368,182	7,673,939	7,428,212	28,470,333	999,213
Restricted for system development	-	744,698	-	744,698	-
Restricted for debt service	-	205,943	-	205,943	-
Unrestricted	<u>19,127</u>	<u>3,026,143</u>	<u>(2,432,888)</u>	<u>612,382</u>	<u>(1,562,775)</u>
Total net position	<u>13,387,309</u>	<u>11,650,723</u>	<u>4,995,324</u>	<u>30,033,356</u>	<u>(563,562)</u>
Total liabilities, deferred inflows, and net position	<u>\$ 18,150,143</u>	<u>\$ 24,602,975</u>	<u>\$ 8,944,176</u>	<u>\$ 51,697,294</u>	<u>\$ 2,775,892</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, 2018

Net position- total enterprise funds \$ 30,033,356

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	\$ 168,199	
Accounts receivable, net	(261)	
Prepaid items	12,050	
Internal balances	(381,041)	
Capital assets, net	652,760	
Deferred outflows related to pension	284,036	
Deferred outflows related to OPEB	7,903	
Accounts payable and accrued expenses	(30,413)	
Net pension liability	(794,170)	
Compensated absences payable	(41,512)	
Other post employment benefits liability	(104,104)	
Deferred inflows related to pension	(26,235)	
Deferred inflows related to OPEB	<u>(7,109)</u>	
		<u>(259,897)</u>

Net position of business - type activities \$ 29,773,459

CITY OF PENDLETON, OREGON
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Business - type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	All Water Funds	All Sewer Funds	Airport Fund	Total	
OPERATING REVENUES					
Charges for services	\$ 5,116,171	\$ 4,780,869	\$ 747,301	\$ 10,644,341	\$ 4,712,240
Licenses and fees	-	-	-	-	24,593
Miscellaneous	90,824	9,093	4,723	104,640	9,797
TOTAL OPERATING REVENUES	<u>5,206,995</u>	<u>4,789,962</u>	<u>752,024</u>	<u>10,748,981</u>	<u>4,746,630</u>
OPERATING EXPENSES					
Personal services	716,807	641,469	429,951	1,788,227	3,264,565
Materials and services	2,796,496	2,821,454	422,912	6,040,862	1,281,879
Depreciation	712,356	1,381,543	1,017,041	3,110,940	198,952
TOTAL OPERATING EXPENSES	<u>4,225,659</u>	<u>4,844,466</u>	<u>1,869,904</u>	<u>10,940,029</u>	<u>4,745,396</u>
OPERATING INCOME (LOSS)	<u>981,336</u>	<u>(54,504)</u>	<u>(1,117,880)</u>	<u>(191,048)</u>	<u>1,234</u>
NON-OPERATING INCOME (EXPENSES)					
Intergovernmental	-	-	231,506	231,506	55,851
Special payments	-	-	(264,890)	(264,890)	-
Gain (loss) on disposal of capital assets	-	1,200	3,351	4,551	-
Interest on investments	7,028	53,533	2,715	63,276	3,464
Interest expense	(111,649)	(429,714)	(49,302)	(590,665)	-
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>(104,621)</u>	<u>(374,981)</u>	<u>(76,620)</u>	<u>(556,222)</u>	<u>59,315</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	876,715	(429,485)	(1,194,500)	(747,270)	60,549
CAPITAL CONTRIBUTIONS					
Intergovernmental	-	-	193,980	193,980	-
Assessments	-	860	-	860	-
TRANSFERS					
Transfers in	-	865,509	452,000	1,317,509	-
Transfers out	(20,250)	(882,379)	(12,400)	(915,029)	(129,490)
CHANGE IN NET POSITION	856,465	(445,495)	(560,920)	(149,950)	(68,941)
NET POSITION, Beginning, as restated (See note IV. B.)	<u>12,530,844</u>	<u>12,096,218</u>	<u>5,556,244</u>	<u>30,183,306</u>	<u>(494,621)</u>
NET POSITION, Ending	<u>\$ 13,387,309</u>	<u>\$ 11,650,723</u>	<u>\$ 4,995,324</u>	<u>\$ 30,033,356</u>	<u>\$ (563,562)</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, 2018

Change in net position - total enterprise funds \$ (149,950)

Amounts reported for business-type activities in the Statement of Activities are different because:

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net revenue (expense) of the internal service funds are allocated to business - type activities.

34,595

Change in net position of business - type activities \$ (115,355)

CITY OF PENDLETON, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			Totals	Governmental
	All Water Funds	All Sewer Funds	Airport Fund		Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 4,964,536	\$ 4,657,808	\$ 734,142	\$ 10,356,486	\$ 33,451
Receipts from interfund services provided	-	-	-	-	4,712,240
Payments to suppliers	(1,448,500)	(1,185,404)	(378,454)	(3,012,358)	(1,960,682)
Payments to employees	(455,137)	(400,374)	(254,476)	(1,109,987)	(2,175,299)
Payments for interfund services used	<u>(1,583,575)</u>	<u>(1,907,286)</u>	<u>(135,040)</u>	<u>(3,625,901)</u>	<u>(26,170)</u>
Net cash provided from (used by) operating activities	<u>1,477,324</u>	<u>1,164,744</u>	<u>(33,828)</u>	<u>2,608,240</u>	<u>583,540</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund loan	-	-	-	-	(227,000)
Transfers in	-	865,509	452,000	1,317,509	-
Transfers out	<u>(20,250)</u>	<u>(882,379)</u>	<u>(12,400)</u>	<u>(915,029)</u>	<u>(129,490)</u>
Net cash provided from (used by) non-capital financing activities	<u>(20,250)</u>	<u>(16,870)</u>	<u>439,600</u>	<u>402,480</u>	<u>(356,490)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from intergovernmental revenue	-	-	690,647	690,647	55,851
Special payments	-	-	(264,890)	(264,890)	-
Assessments collections	-	3,311	-	3,311	-
Proceeds from issuance of debt	1,008,649	5,935,713	-	6,944,362	-
Proceeds from sale of capital assets	-	1,200	3,351	4,551	-
Interfund loan proceeds	564,368	900,800	2,243,000	3,708,168	-
Interfund loan payments	(543,755)	(573,414)	(2,575,990)	(3,693,159)	-
Acquisition of capital assets	(2,854,696)	(756,905)	(432,206)	(4,043,807)	(147,797)
Principal paid on long-term obligations	(347,066)	(6,743,945)	(27,877)	(7,118,888)	-
Interest paid on long-term obligations	<u>(110,532)</u>	<u>(457,808)</u>	<u>(45,158)</u>	<u>(613,498)</u>	<u>-</u>
Net cash provided from (used by) capital and related financing activities	<u>(2,283,032)</u>	<u>(1,691,048)</u>	<u>(409,123)</u>	<u>(4,383,203)</u>	<u>(91,946)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Net sales (purchases) of investments	-	(1,628)	-	(1,628)	-
Interest on investments	<u>7,028</u>	<u>53,533</u>	<u>2,715</u>	<u>63,276</u>	<u>3,464</u>
Net cash provided (used) by investing activities	<u>7,028</u>	<u>51,905</u>	<u>2,715</u>	<u>61,648</u>	<u>3,464</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(818,930)	(491,269)	(636)	(1,310,835)	138,568
CASH AND CASH EQUIVALENTS, Beginning	<u>820,113</u>	<u>2,431,331</u>	<u>998</u>	<u>3,252,442</u>	<u>346,848</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 1,183</u>	<u>\$ 1,940,062</u>	<u>\$ 362</u>	<u>\$ 1,941,607</u>	<u>\$ 485,416</u>
COMPRISED AS FOLLOWS:					
Cash and cash equivalents	\$ 1,183	\$ 1,805,851	\$ 362	\$ 1,807,396	\$ 485,416
Restricted cash and cash equivalents	-	134,211	-	134,211	-
	<u>\$ 1,183</u>	<u>\$ 1,940,062</u>	<u>\$ 362</u>	<u>\$ 1,941,607</u>	<u>\$ 485,416</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, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	All Water Funds	All Sewer Funds	Airport Fund	Totals	
Reconciliation of operating income (loss) to net cash provided from (used by) operating activities					
Operating income (loss)	\$ 981,336	\$ (54,504)	\$(1,117,880)	\$ (191,048)	\$ 1,234
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	712,356	1,381,543	1,017,041	3,110,940	198,952
(Increase) decrease in assets and deferred outflows:					
Receivables	(241,779)	(132,154)	(17,882)	(391,815)	15,281
Prepaid	(62,079)	(152,246)	7,823	(206,502)	(1,514)
Inventories	9,825	(481)	-	9,344	-
Deferred outflows related to pension	99,365	65,271	4,345	168,981	617,091
Deferred outflows related to OPEB	(388)	(323)	(716)	(1,427)	179,150
Increase (decrease) in liabilities and deferred inflows:					
Accounts payable and accrued expenses	37,534	76,785	(7,020)	107,299	(47,634)
Deposits	(680)	-	-	(680)	(16,220)
Compensated absences payable	(6,136)	(1,520)	1,591	(6,065)	(1,098)
Other post employment benefits liability	(960)	(2,860)	5,423	1,603	59,043
Net pension liability	(53,234)	(18,045)	69,477	(1,802)	(419,985)
Deferred inflows related to pension	(3,302)	(1,726)	1,735	(3,293)	(22,842)
Deferred inflows related to OPEB	5,466	5,004	2,235	12,705	22,082
Net cash provided from (used by) operating activities	<u>\$ 1,477,324</u>	<u>\$ 1,164,744</u>	<u>\$ (33,828)</u>	<u>\$ 2,608,240</u>	<u>\$ 583,540</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, 2018

	Agency
ASSETS	
Cash and cash equivalents	\$ 25,130
Total assets	\$ 25,130
LIABILITIES	
Accounts payable	\$ 7,163
Due to other governments	17,967
Total liabilities	\$ 25,130

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, 2018

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. The City has the ability to significantly influence the operations of the Agency and provides financial benefit. 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, court fines, 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 *fire bond capital construction fund* accounts for the financial activity related to the Fire Bond Approved by taxpayers to build a new fire station and obtain new fire equipment.

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 for \$864,137 and the Sewer funds have \$205,943 restricted for debt service. Unspent bond proceeds of \$7,989,923 are restricted for fire department capital outlay and \$744,698 is restricted for Sewer Fund system development. 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 acquisition 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.

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 are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Pensions

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

9. Fund Equity

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

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

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

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

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

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

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

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

10. Estimates

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

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, and LID Construction 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, LID Construction, Water, and Airport funds include debt service expenditures and other financing sources for interfund loan repayments as required by Oregon Local Budget Law. These amounts have been adjusted from the schedules to arrive at a basis consistent with GAAP. The Community Rehabilitation and Sidewalk Repair funds are budgeted in accordance with Oregon Budget Law, but do not qualify as special revenue funds under GASB 54. These funds have been combined with the General Fund for GAAP reporting. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget.

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Management develops budget recommendations by early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City Council adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Except in the case of grant receipts, loan, and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted, expenditure appropriations may not be legally over expended.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of budgetary control is established at the department level for the General Fund and the Central Services Fund. For all other funds, the level of budgetary control is established at the organization unit level, 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, 2018, 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 had expenditures over appropriations in the following funds:

Water Fund:
Interfund loan repayment \$ (55,586)

C. Deficit fund balances

Funds having a deficit fund balance on the budgetary basis at June 30, 2018 are as follows:

<u>General Fund Sub-Funds</u>	
Sidewalk Repair Loan Fund	\$ <u>(26,558)</u>
<u>Special Revenue Funds</u>	
PCC TPAC Fund	\$ <u>(27,816)</u>
<u>Capital Projects Funds</u>	
Street HB2001 Fund	\$ <u>(514,483)</u>
<u>Enterprise Funds</u>	
Sewer Fund	\$ <u>(302,840)</u>
Airport Fund	\$ <u>(2,214,579)</u>

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

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which includes standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2018. 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, 2018, the carrying amount of the City and Urban Renewal Agency's deposits, including certificates of deposit categorized as investments of \$816,430 was \$2,525,488 and the bank balance was \$3,025,460. All deposits are held in the name of the City or the Pendleton Development Commission (blended component unit). Of the bank balance, \$1,250,010

was covered by federal depository insurance. The remaining \$1,775,450 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, 2018, the amount held in the escrow account for future scheduled payments was \$0.

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 7% 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, 2018 include Certificates of Deposit with Banner Bank totaling \$816,430. 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>\$ 773,909</u>
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A reconciliation of cash and cash equivalents as shown on the Fund Financial Statements is as follows:

Cash on hand	\$ 2,195
Cash with Police Department	9,318
Deposits with financial institutions	1,709,083
Local Government Investment Pool	<u>15,052,410</u>
Total cash and cash equivalents	<u>\$ 16,773,006</u>

Funds:

General	\$ 1,665,614
Street	710,084
Fire Bond Capital Construction	8,683,218
Non - major Governmental funds	3,261,937
Water	1,183
All Sewer funds (\$134,211 restricted)	1,940,062
Airport	362
Internal Service funds	485,416
Fiduciary funds	<u>25,130</u>
Total cash and cash equivalents	<u>\$ 16,773,006</u>

B. Receivables

Uncollected property taxes in governmental funds are shown on the Statement of Net Position as receivables. Property is valued as of January 1. Taxes are assessed and become property liens on July 1, annually. Property tax statements are mailed no later than October 25, and taxes are due in three installments on November 15, February 15, and May 15. Discounts, less than or equal to three percent, are offered to those paying early. Taxes outstanding on May 16th are considered delinquent. Taxes are billed and collected by Umatilla County, and remittance to the City is made at periodic intervals.

For fiscal year 2017-2018, the City levied property taxes in the amount of \$5,775,745. The tax rate was \$6.5771 per \$1,000 of assessed value before compression due to constitutional limits. The City also levied \$585,237 for debt service at a tax rate of \$0.6238 per \$1,000. The assessed value for the City was \$938,181,204. The Pendleton Development Commission, a blended component unit of the City, levied taxes at its maximum taxing authority resulting in a net levy of \$751,963.

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	Fire Bond Capital Construction	Other Governmental Funds	Internal Service	Total Governmental Activites
Property taxes	\$ 310,006	\$ -	\$ -	\$ 60,957	\$ -	\$ 370,963
Special assessments	18,606	-	-	859,438	-	878,044
Accounts	2,775,821	69,513	-	259,227	-	3,104,561
Intergovernmental	301,019	131,514	-	679,680	55,812	1,168,025
Notes	147,436	-	-	71,096	-	218,532
Gross Receivables	3,552,888	201,027	-	1,930,398	55,812	5,740,125
Less: Allowance for Uncollectibles	(1,438,558)	-	-	(3,512)	-	(1,442,070)
Net Total Receivables	<u>\$ 2,114,330</u>	<u>\$ 201,027</u>	<u>\$ -</u>	<u>\$ 1,926,886</u>	<u>\$ 55,812</u>	<u>\$ 4,298,055</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	\$ 979,479	\$ 813,536	\$ 70,687	\$ (261)	\$ 1,863,441
Intergovernmental	-	-	70,684	-	70,684
Assessments	-	17,497	-	-	17,497
Interest	-	299	-	-	299
Gross Receivables	979,479	831,332	141,371	(261)	1,951,921
Less: Allowance for Uncollectibles	(6,292)	(5,047)	(22,158)	-	(33,497)
Net Total Receivables	<u>\$ 973,187</u>	<u>\$ 826,285</u>	<u>\$ 119,213</u>	<u>\$ (261)</u>	<u>\$ 1,918,424</u>

C. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The City has two items that qualify for reporting in this category. The deferred amounts relating to pensions and other post-employment benefits (OPEB) is recognized as an outflow of resources in the period when the City recognizes pension and OPEB expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

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

to pensions and other post-employment benefits (OPEB). On the modified accrual basis of accounting unavailable revenue is reported only in the governmental fund balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The governmental funds report unavailable revenues from the following sources:

	General	Street	Fire Bond Capital Construction	Other Governmental Funds	Total Governmental Activities
Property taxes	\$ 272,135	\$ -	\$ -	\$ 53,271	\$ 325,406
Intergovernmental	203,636	28,486	-	626,544	858,666
Notes and assessments	166,042	-	-	930,534	1,096,576
Ambulance receivables	147,935	-	-	-	147,935
Court receivables	593,420	-	-	-	593,420
Other	38,831	-	-	7,115	45,946
	<u>\$ 1,421,999</u>	<u>\$ 28,486</u>	<u>\$ -</u>	<u>\$ 1,617,464</u>	<u>\$ 3,067,949</u>

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2018 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets not being depreciated:					
Land	\$ 3,782,704	\$ 338,005	\$ -	\$ (40,000)	\$ 4,080,709
Land/assets available for sale	1,028,261	-	-	(162,000)	866,261
Construction in progress	161,822	1,180,809	-	(699)	1,341,932
Total non-depreciable	<u>4,972,787</u>	<u>1,518,814</u>	<u>-</u>	<u>(202,699)</u>	<u>6,288,902</u>
Capital assets being depreciated:					
Buildings	17,092,849	307,962	-	(611,306)	16,789,505
Equipment	7,152,075	867,727	-	(166,729)	7,853,073
Improvements	31,325,864	1,116,470	23,459	-	32,465,793
Infrastructure	20,926,650	23,459	(23,459)	-	20,926,650
Total depreciable	<u>76,497,438</u>	<u>2,315,618</u>	<u>-</u>	<u>(778,035)</u>	<u>78,035,021</u>
Accumulated depreciation					
Buildings	(8,656,458)	(494,483)	-	392,397	(8,758,544)
Equipment	(5,322,987)	(460,176)	-	163,565	(5,619,598)
Improvements	(10,265,217)	(1,057,690)	-	-	(11,322,907)
Infrastructure	(18,310,818)	(523,166)	-	-	(18,833,984)
Total accumulated depreciation	<u>(42,555,480)</u>	<u>(2,535,515)</u>	<u>-</u>	<u>555,962</u>	<u>(44,535,033)</u>
Total capital assets being depreciated, net	<u>33,941,958</u>	<u>(219,897)</u>	<u>-</u>	<u>(222,073)</u>	<u>33,499,988</u>
Governmental activities capital assets, net	<u>\$ 38,914,745</u>	<u>\$ 1,298,917</u>	<u>\$ -</u>	<u>\$ (424,772)</u>	<u>\$ 39,788,890</u>

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

General government	\$ 243,852
Public safety	401,460
Highways and streets	1,279,846
Culture and recreation	555,531
Internal service - Central Services	<u>54,826</u>
 Total depreciation for governmental activities	 <u><u>\$ 2,535,515</u></u>

Capital asset activity for business-type activities for the year ended June 30, 2018 was as follows:

Description	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets not being depreciated:					
Land	\$ 298,769	\$ -	\$ -	\$ -	\$ 298,769
Construction in progress	55,112	1,200,066	-	-	1,255,178
 Total non-depreciable	 <u>353,881</u>	 <u>1,200,066</u>	 <u>-</u>	 <u>-</u>	 <u>1,553,947</u>
Capital assets being depreciated:					
Buildings	17,072,793	58,900	-	-	17,131,693
Equipment	18,887,407	202,194	-	(4,784)	19,084,817
Improvements	57,418,066	2,864,703	-	-	60,282,769
 Total depreciable	 <u>93,378,266</u>	 <u>3,125,797</u>	 <u>-</u>	 <u>(4,784)</u>	 <u>96,499,279</u>
Accumulated depreciation					
Buildings	(6,900,477)	(455,060)	-	-	(7,355,537)
Equipment	(17,109,549)	(332,466)	-	4,784	(17,437,231)
Improvements	(26,314,633)	(2,467,539)	-	-	(28,782,172)
 Total accumulated depreciation	 <u>(50,324,659)</u>	 <u>(3,255,065)</u>	 <u>-</u>	 <u>4,784</u>	 <u>(53,574,940)</u>
 Total capital assets being depreciated, net	 <u>43,053,607</u>	 <u>(129,268)</u>	 <u>-</u>	 <u>-</u>	 <u>42,924,339</u>
 Business-type activities capital assets, net	 <u>\$ 43,407,488</u>	 <u>\$ 1,070,798</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 44,478,286</u>

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

Water	\$ 712,356
Sewer	1,381,543
Airport	1,017,041
Internal service - PW Administration and Fleet	<u>144,125</u>
Total depreciation for business-type activities	<u>\$ 3,255,065</u>

E. 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 \$1,907,241. At June 30, 2018, amounts due from other funds in the fund financial statements are as follows:

General Fund receivable from:

TPAC	\$ 57,000	
Sidewalk Repair Loan Fund	27,000	
LID - Other	43,500	
Airport Fund	<u>918,000</u>	\$ 1,045,500

Street Fund receivable from:

Sewer Funds	103,000
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System Development Fees Fund receivable from:

Airport Fund	416,000
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Water Funds receivable from:

Water	250,000
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Sewer Funds receivable from:

LID Construction Fund	\$ 34,800	
Water Fund	238,168	
Sewer	750,000	
Airport Fund	<u>909,000</u>	<u>1,931,968</u>

Internal Service Funds receivable from:

Water Funds	\$ 76,200	
Sewer Funds	<u>150,800</u>	<u>227,000</u>

Total Interfund Receivables		<u>\$ 3,973,468</u>
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Interfund loans were made for capital purposes in the Water Fund for \$238,168 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.

E. 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 \$358,850. A reconciliation of transfers in the budgetary fund financial statements is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 233,353	\$ 752,740
State Tax Street Fund	-	17,370
Non-major governmental funds	326,132	62,365
Enterprise Funds:		
Water Fund	-	20,250
Sewer Fund	865,509	882,379
Airport Fund	452,000	12,400
Internal Service Funds:		
PW Administrations and Fleet	-	43,630
Central Services Fund	-	85,860
Total all funds	<u>\$ 1,876,994</u>	<u>\$ 1,876,994</u>

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

F. Long – Term Debt

1. 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	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 345,000	\$ 264,146
2020	390,000	247,383
2021	430,000	228,433
2022	480,000	206,915
2023	530,000	182,896
2024-2028	3,125,000	458,116
	<u>\$ 5,300,000</u>	<u>\$ 1,587,889</u>

2. 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 Waste Water Revenue Bonds were fully refunded in 2018.

3. 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 City issued the First Amendment to Bond Purchase Agreement and Bond in October of 2017, with interest rates ranging from 3.75% to 4.75%, and final payments due January 15, 2023. This bond was issued to amend the Bond Purchase Agreement between the Pendleton Development Commission and Banner Bank, dated as of January 15, 2023, and the Commission's Pendleton Downtown Riverfront Urban Renewal Area Urban Renewal Bond, Series 2013. Interest rates have fallen since the issuance of the Original Bond and the execution of the Original Bond Purchase Agreement. The original Bond Purchase Agreement and the Bond must be amended in order to incorporate the lower interest rate. The bond is to be repaid by property taxes and the balance at June 30, 2018 was \$1,193,751. 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
2019	\$ 230,145	\$ 44,766
2020	238,775	36,135
2021	247,729	27,181
2022	257,019	17,891
2023	220,083	8,253
	<u>\$ 1,193,751</u>	<u>\$ 134,226</u>

The City entered into the Financing Agreement (Riverfront Downtown Urban Renewal Area) in January 2018, with a maximum principal amount of \$3,500,000. Tax Increment Revenues will be used to pay amounts due. As of June 30, 2018, a draw of \$300,000 has been made and paid back. The maximum amount of indebtedness decreases each year starting January 1, 2020. At any time, the Commission can elect to convert all or a portion of the outstanding principal balance to a fixed rate with an extended maturity date. Interest rates on the converted amount will be based on the rate in effect on the conversion date. Interest is based on LIBOR rate plus 3%.

4. General Obligation Bonds

The City issued General Obligation Bonds, Series 2017 in September of 2017 in the amount of \$9,060,000, with interest rates ranging from 2% to 4%. The bond issuance is secured by the full faith and credit of the City, with final payments due June 15, 2038. These bonds were issued to finance capital projects related to the replacement of the fire station, the replacement of obsolete safety, medical, and fire equipment, and to pay the costs of issuance of the bonds. The bond is to be repaid by property taxes.

Future maturities of the outstanding loans are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 245,000	\$ 325,550
2020	275,000	318,200
2021	290,000	309,950
2022	335,000	301,250
2023	245,000	291,200
2024-2028	1,600,000	1,313,250
2029-2033	2,375,000	968,400
2034-2039	3,395,000	426,000
	<u>\$8,760,000</u>	<u>\$4,253,800</u>

The City issued Full Faith and Credit Refunding Bonds, Series 2018 in March of 2018 in the amount of \$6,560,779, with an interest rate of 3.2%. Final payments will be due July 15, 2030. The bond was issued to currently refund a USDA Rural Development Loan, to currently refund the City's Waste Water Revenue Bonds, Series 2007, and to pay certain costs of issuance of the Agreement. The refunding of the Refunded Obligations is being accomplished for the City to realize present value debt service savings. The refunded bonds are payable 90.50% from Waste Water and 9.5% from the General Fund. The refunding resulted in an actual cash savings of \$282,203 and net present value savings of \$306,368.

Future maturities of the General Fund portion of the outstanding loans are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 6,959	\$ 16,224
2020	52,897	18,933
2021	54,571	17,214
2022	56,227	15,441
2023	57,838	13,616
2024-2028	318,609	38,591
2029-2033	77,965	1,600
	<u>\$ 625,066</u>	<u>\$ 121,619</u>

Future maturities of the Waste Water portion of the outstanding loans are as follows:

Year Ending June 30	Business-Type	
	Principal	Interest
2019	\$ 66,080	154,063
2020	502,316	179,791
2021	518,218	163,463
2022	533,938	146,628
2023	549,233	129,297
2024-2028	3,025,560	366,466
2029-2033	740,368	15,205
	<u>\$5,935,713</u>	<u>\$1,154,913</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
2019	\$ 362,698	\$ 86,970
2020	378,522	71,031
2021	394,548	56,395
2022	412,783	37,055
2023	430,237	18,911
	<u>\$ 1,978,788</u>	<u>\$ 270,362</u>

The Sewer Fund received a \$4.0 million Clean Water State Revolving Loan for improvements to the wastewater treatment facility. The loan is at 0% interest and includes a loan forgiveness clause for 50% of the total debt upon completion of the project, which occurred in the 2013-14 fiscal year. The City also received an additional loan from the CWSRLF for \$4.65 million. The interest rate of this loan will be 2.77% over a 20-year life. The loan calls for a \$50,000 and \$155,943 reserve in trust for the benefit of the DEQ, respectively.

Future maturities of the outstanding loans are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2019	\$ 309,633	\$ 100,609
2020	315,480	94,762
2021	321,491	88,751
2022	327,668	82,574
2023	334,018	76,224
2024-2028	1,771,719	279,491
2029-2033	1,754,126	91,966
	<u>\$ 5,134,135</u>	<u>\$ 814,377</u>

The City received a \$316,000 loan from Community Bank to finance a portion of the purchase of a building at the airport. The loan is payable over a period of ten years with monthly payments of principal and interest. For the first 60 payments the interest rate on the loan will be 2.79%. Thereafter, the interest rate is subject to change based on the Federal Home Loan Bank five-year fixed advanced rate, plus a margin of .5%. Final payment is due April 13, 2027. Future maturities are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2019	\$ 28,668	\$ 7,653
2020	29,597	6,724
2021	30,433	5,888
2022	31,293	5,028
2023	32,177	4,144
2024-2027	131,243	7,117
	<u>\$ 283,411</u>	<u>\$ 36,554</u>

The City assumed an \$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, 2018 was \$0. The loan was fully refunded in 2018.

The City established a note payable with Banner Bank for the Sunridge LID. The note was authorized and withdrawn in full for \$1,300,000. The payments were initially due over the subsequent 15 years at a rate of 4.9%, with a schedule rate change after five year at an interest rate of 4.0% with payments due over the subsequent ten years. The current rate is 4%. Future payments of the note are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 98,691	\$ 25,611
2020	102,678	21,624
2021	106,826	17,476
2022	111,142	13,160
2023	115,632	8,670
2024-2025	129,699	4,187
	<u>\$ 664,668</u>	<u>\$ 90,728</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 19,627	\$ 26,166
2020	20,522	25,271
2021	21,457	24,335
2022	22,436	23,356
2023	23,459	22,333
2024-2028	134,350	94,612
2029-2033	167,907	61,055
2034-2038	164,051	19,119
	<u>\$ 573,809</u>	<u>\$ 296,247</u>

The City received an \$825,000 loan for the convention center expansion (Eastside expansion) TPAC revenues and the full faith and credit of the City are pledged for payment. The City is required to collect TPAC revenues in an amount equal to 115% or more of the annual debt service under this agreement. Semiannual Installment payments of \$ 37,617 are due for fifteen years, including interest at 4.35%, with the final payment due July 15, 2029. Future maturities are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 46,067	\$ 29,169
2020	48,120	27,114
2021	50,194	25,040
2022	52,504	22,730
2023	54,846	20,390
2024-2028	313,114	63,057
2029-2030	107,040	4,800
	<u>\$ 671,885</u>	<u>\$ 192,300</u>

The City was awarded a Strategic Reserve Fund loan from the State of Oregon to provide facilities and equipment for the UAS test range. The total loan award was for \$545,000 and is forgivable as long as the City meets the specific requirements, which include completing the project by January 1, 2017, unless further extended, and continuing to market and operate the program until December 31, 2022. If the requirements are not met, the City is required to repay the portions of the loan not forgiven on January 31, 2023 with interest at a rate of 5% per year. As of, June 30, 2018, the City has recognized the full loan proceeds of \$545,000.

The City was awarded a Special Public Works Fund grant and loan to construct box hangars and storage units for users of the Pendleton UAS test range. The grant awarded was \$500,000 and the loan award was \$655,000 and will be requested on a cost reimbursement basis. As of June 30, 2018, the City has recognized loan proceeds in the amount of \$469,497. The repayment commencement date is December 1 that occurs within two years following completion of the project. The City will pay principal and interest in level installments to repay the principal (including capitalized interest) and interest at 3.4% per annum over twenty-four years. The grant portion requires 100 new jobs be created within 5 years of completion or repayment of \$5,000 per job will be required. An amortization schedule is not yet available.

The City was awarded a Safe Drinking Water Revolving Loan Fund loan from the State of Oregon to perform selected water system improvements from its 2015 Master Plan as described in its initial 5-year Capital Improvement Program. The total loan award was for \$14,655,000, with \$1,015,000 eligible for principal forgiveness if contract conditions are met. The project completion date is 36 months after the date of the contract, which was signed in March, 2017. Starting on the loan repayment date and then each succeeding payment date, the City shall make level installments of principal and interest to fully amortize the loan over a period of 30 years with interest at 1.41%. The loan funds are disbursed on a cost reimbursement basis. As of June 30, 2018, \$1,008,649 has been drawn down, plus the City has incurred expenditures after year end. An amortization schedule is not yet available.

The City signed the Clean Water State Revolving Fund Loan Agreement in October of 2018 in the amount of \$9,800,000, with an annual interest rate of 2.14%. Final payments are due February 2042. The City has pledged its Net Revenues to secure payment of and to pay the amounts due under this loan. This loan's purpose is to install a suite of point source pollution control projects.

6. Changes Long-Term Liabilities

Long-term liability activity for the year ending June 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Urban Renewal Bonds	\$ 1,401,966	\$ 300,000	\$ 508,215	\$ 1,193,751	\$ 230,145
Limited Tax Pension Bonds	5,610,000	-	310,000	5,300,000	345,000
General Obligation Bonds	-	9,685,066	300,000	9,385,066	251,959
Contracts, Loans and Notes	2,716,447	-	806,084	1,910,363	164,385
Bond Premium	-	939,860	39,161	900,699	-
Net pension liability (asset)	12,152,531	-	900,032	11,252,499	-
Environmental remediation liability	90,000	-	-	90,000	-
OPEB Liability	905,464	90,858	-	996,322	-
Compensated Absences	540,754	552,801	540,754	552,801	552,801
Governmental activity Long-term liabilities	<u>\$23,417,162</u>	<u>\$11,568,585</u>	<u>\$3,404,246</u>	<u>\$31,581,501</u>	<u>\$1,544,290</u>
Business-type activities:					
Revenue Bonds	\$ 6,440,000	\$ -	\$6,440,000	\$ -	\$ -
General Obligation Bonds	-	5,935,713	-	5,935,713	66,080
Contracts, Loans and Notes	9,089,718	1,008,649	678,887	9,419,480	700,999
Net pension liability (asset)	2,060,931	-	159,772	1,901,159	-
OPEB Liability	297,611	547	-	298,158	-
Compensated Absences	121,834	111,025	121,834	111,025	111,025
Business-type activity Long-term liabilities	<u>\$18,010,094</u>	<u>\$7,055,934</u>	<u>\$7,400,493</u>	<u>\$17,665,535</u>	<u>\$878,104</u>

The central services internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for compensated absences in the amount of \$112,587 are included in the above amounts. The PW administration and fleet internal service fund predominantly serves the business-type activities and \$41,512 of long-term liabilities for compensated absences have been included in the totals for business-type activities.

G. Fund Balance Classifications

Fund balances by classification for the year ended June 30, 2018 were as follows:

Fund Balances:	Combined General	Street	Fire Bond Capital Construction Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepays/Contracts	\$ 51,637	\$ -	\$ -	\$ -	\$ 51,637
Permanent Trust	-	-	-	787,661	787,661
Interfund loans	1,045,500	-	-	-	1,045,500
Assets available for sale	-	-	-	-	-
Restricted					
Debt service	-	-	-	864,137	864,137
Highways and streets	-	-	-	14,711	14,711
Capital Projects	-	-	7,989,923	-	7,989,923
Library services	-	-	-	278,631	278,631
Public safety	-	-	-	187,868	187,868
Program grants	-	-	-	26,671	26,671
Environmental remediation	139,911	-	-	-	139,911
Urban renewal	-	-	-	249,608	249,608
Committed					
Community enhancement	70,306	-	-	-	70,306
Public safety	-	-	-	83,059	83,059
Highways and streets	-	-	-	1,069,974	1,069,974
Capital projects	-	-	-	512,444	512,444
Pendleton convention center	-	-	-	154,904	154,904
Library services	-	-	-	89,337	89,337
Assigned					
Program operations	-	916,247	-	602,492	1,518,739
Park improvements	-	-	-	137,174	137,174
Economic development	567,031	-	-	447,127	1,014,158
Unassigned	1,056,700	-	-	(542,299)	514,401
Total Fund Balances	\$ 2,931,085	\$ 916,247	\$ 7,989,923	\$ 4,963,499	\$ 16,800,754

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

For the fiscal year ended June 30, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions*. This statement addresses how state and local governments should account for and report their costs and obligations related to Other Postemployment Benefits (OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and*

Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multiple-Employer Plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The OPEB for the City combines two separate plans. The City provides an implicit rate subsidy for retiree Health Insurance Continuation (HIC) premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan Retirement Health Insurance Account.

Health Insurance Continuation

Plan Description. 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, which is considered a single employer plan. Although the City does not pay any portion of the retirees' healthcare 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 75 is applicable to the City for this implicit rate subsidy. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. A separate, audited GAAP-basis postemployment benefit plan report is not available for this plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of statement 75. The City had 2 retired members and 129 active members in its plan on July 1, 2016, the date of its most recent actuarial valuation.

Outline of Plan Provisions

There are certain provisions that must be met in order for OPEB benefits to be eligible to retirees which are listed below:

- i. The retiree must be eligible to receive benefits from Oregon PERS.
- ii. Eligibility requirements for earliest retirement under Oregon PERS are:
 - 1) the earlier of age 55, or any age with 30 years of service for Tier 1 or Tier 2 employees and;
 - 2) age 55 with 5 years of service for OPSRP employees.
- iii. All classes of employee are eligible to continue medical benefit coverage upon retirement.
- iv. Qualified spouse, domestic partner, and children may qualify for coverage.
- v. Coverage for retirees and eligible dependents continues until Medical eligibility for each individual (or until dependent children become ineligible).
- vi. The retirees will contribute the full health plan premiums.
- vii. There is an implicit rate subsidy with respect to retired employees because the medical premium rates charged for coverage typically are less than they would be if the retirees were in a separately rated health plan.

Total OPEB Liability

The City's total OPEB liability of \$1,329,067 was measured as of June 30, 2017 and was determined by an actuarial valuation as of July 1, 2016.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	July 1, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Inflation rate	2.5 percent per year
Discount rate	3.58 percent, based on a 20-year general obligation bond yield index published by The Bond Buyer
Projected salary increases	3.5 percent per year.
Health Cost Trend	Medical and vision: 2016-7%, 2018-6% and between 5% and 6.25% for the subsequent 40+ years.
Cost of living adjustment (COLA)	3.5 percent per year, based on general inflation and the likelihood of raises throughout participants' careers
Health mortality	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on generational basis using Scale BB for males and females.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	<u>\$ 1,342,737</u>
Changes for the year:	
Service cost	93,711
Interest	40,060
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(85,316)
Benefit payments	<u>(62,125)</u>
Net changes	<u>(13,670)</u>
Balance at June 30, 2018	<u><u>\$ 1,329,067</u></u>

Sensitivity of the total OPEB liability to changes in the discount and trend rates. The following presents the total OPEB liability of the City's, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
Total OPEB liability	\$1,446,193	\$ 1,329,067	\$1,221,595

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$1,185,181	\$ 1,329,067	\$1,498,858

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$124,396. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions or inputs	\$ -	\$ 75,941
Contributions subsequent to the measurement date	<u>66,759</u>	<u>-</u>
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 66,759</u>	<u>\$ 75,941</u>

\$66,759 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OBEP will be recognized in expense as follows:

Year ended June 30:	
2019	\$ (9,375)
2020	(9,375)
2021	(9,375)
2022	(9,375)
2023	(9,375)
Thereafter	<u>(29,066)</u>
Total	<u><u>\$ (75,941)</u></u>

Retirement Health Insurance Account (RHIA)

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50% of annual covered payroll for Tier I and Tier II employees and 0.43% for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contributions to RHIA for the years ended June 30, 2018, 2017 and 2016 were \$42,556, \$41,430, and \$42,247, which equaled the required contributions each year.

Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City reported an asset of \$34,587 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The City's proportion of the net OPEB asset was based on a projection of the City's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City's proportion was 0.08288 percent, which was decreased from its proportion of 0.0891 percent measured as of June 30, 2016.

For the year ended June 30, 2018, the City's recognized OPEB expense (income) of \$(269). At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on investments	\$ -	\$ 16,020
Changes in proportionate share	<u>-</u>	<u>1,228</u>
Total (prior to post-MD contributions)	-	17,248
Contributions subsequent to the measurement date	<u>42,556</u>	<u>-</u>
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 42,556</u>	<u>\$ 17,248</u>

\$42,556 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows:

Year ended June 30:	
2019	\$ (4,460)
2020	(4,460)
2021	(4,323)
2022	<u>(4,005)</u>
Total	<u>\$ (17,248)</u>

Actuarial Assumptions

The RHIA plan is unaffected by health care cost trends since the benefit is limited to a \$60 monthly payment toward Medicare companion insurance premiums. Consequently, the disclosure of a healthcare cost trend is not applicable. Other significant actuarial assumptions are as follows:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 23, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.50 percent
Discount Rate	7.50 percent
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries; RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members; Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	OIC Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternatie Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Funds of Funds - Diversified	2.50%	4.64%
Hedge Funds - Event-driven	0.63%	6.72%
Timber	1.87%	5.85%
Farmland	1.87%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100.00%	
Assumed Inflation - Mean		2.50%

Discount rate

The discount rate used to measure the total OPEB asset was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's

fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB asset/liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses.

Sensitivity of the City's proportionate share of the net OPEB asset to changes in the discount rate

The following presents the City's proportionate share of the net OPEB asset calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Total OPEB (asset) liability	\$ 4,822	\$ (34,587)	\$ (68,110)

Pension plan fiduciary net position

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

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2017 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered the assumed earnings rate to 7.2 percent. For member transactions, this rate took effect January 1, 2018. The effect on the City has not been determined.

Aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows

The aggregate Net OPEB Asset/Liability was reported as a net liability in the financial statements. A summary of the aggregate Net OPEB Asset/Liability and Deferred Outflows/Inflows for the two plans is as follows:

	Net OPEB (Asset) Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Health Insurance Continuation	\$ 1,329,067	\$ 66,759	\$ 75,941
Retirement Health Insurance Account (RHIA)	<u>(34,587)</u>	<u>42,556</u>	<u>17,248</u>
Aggregate amounts related to OPEB	<u>\$ 1,294,480</u>	<u>\$ 109,315</u>	<u>\$ 93,189</u>

Change in Accounting Principle

City of Pendleton implemented GASB Statement 75 at June 30, 2018. The Change in accounting principle resulted in a restatement reducing beginning net position of governmental activities of a net \$43,616 and business-type activities by a net \$16,881.

C. Defined Benefit Pension Plan – Public Employees Retirement System

Plan Description

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

<http://www.oregon.gov/pers/emp/Pages/Actuarial-Financial-Information.aspx>.

Benefits Provided

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

Pension Benefits

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

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

Benefit Changes

After Retirement, members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2%.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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

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

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

Death Benefits

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

Disability Benefits

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

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit

Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$1,559,190, excluding \$42,556 to fund the retirement health insurance account (RHIA). The net rates in effect for the fiscal year ended June 30, 2018, excluding the RHIA rate of 0.50% Tier One/Tier Two and 0.43% OPSRP, were 16.89% for Tier One/Tier Two General Service Member, 21.43% for Tier One/Tier Two Police and Fire Members, 14.43% for OPSRP Police and Fire, 9.66% for OPSRP Pension Program General Service Members, and 6% for the OPSRP Individual Account Program. The City has a large side account balance resulting from prepaid pension costs funded with Pension Bonds, which results in a 3.98% credit.

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

At June 30, 2018, the City reported a liability of \$13,153,658 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the City's proportion was 0.09757879 percent, which was an increase from its proportion of 0.09467864 percent measured as of June 30, 2016.

For the year ended June 30, 2018, the City's recognized pension expense (income) of \$2,734,876. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 636,116	\$ -
Changes of assumptions	2,397,677	-
Net difference between projected and actual earnings on investments	135,514	-
Changes in proportionate share	196,426	220,863
Differences between employer contributions and employer's share of system contributions	20,935	213,645
Total (prior to post-MD contributions)	3,386,668	434,508
Contributions subsequent to the measurement date	1,317,750	-
Net Deferred Outflow/(Inflow) of Resources	<u>\$ 4,704,418</u>	<u>\$ 434,508</u>

\$1,317,750 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 523,665
2020	1,599,511
2021	1,096,416
2022	(296,235)
2023	28,803
Total	<u>\$ 2,952,160</u>

Actuarial assumptions

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Long-Term Expected Rate of Return	7.5 percent
Discount Rate	7.5 percent
Projected Salary Increases	3.5 percent
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25/0.15%) in accordance with Moro decision; blend based on service
Mortality	Health retirees and beneficiaries; RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active Members; Mortality rates are a percentage of healthy retiree rates, that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct generational per Scale BB, disabled mortality rate

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are

performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study, which reviewed experience for the four-year period ending on December 31, 2014.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	OIC Assumed Asset Allocation		
	Low Range	High Range	Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro CAP US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Funds of Funds - Diversified	2.50%	4.64%
Hedge Funds - Event-driven	0.63%	6.72%
Timber	1.87%	5.85%
Farmland	1.87%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100.00%	
Assumed Inflation - Mean		2.50%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring that plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% (ncrease (8.5%)</u>
City's proportionate share of the net pension liability (asset)	\$ 22,416,235	\$ 13,153,658	\$ 5,408,428

Pension plan fiduciary net position

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

Payables to the Pension Plan

The City reports payables in the amount of \$156,454 to the pension plan.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2017 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

At its July 28, 2017 meeting, the PERS Board lowered the assumed earnings rate to 7.2%. For member transactions, this rate will take effect January 1, 2018. The current effect on the City has not been determined.

D. Tax Abatement Disclosures

The City enters into property tax abatement agreements with local businesses under the Pendleton Enterprise Zone authorized by Oregon Statute 285C.175. The Pendleton Enterprise Zone is largely contiguous to City limits and allows eligible (generally non-retail) businesses that expand into the area to receive total exemption from the property taxes normally assessed on new plan and equipment for three years. For the basic three-year property tax exemption, the business needs to increase full-time, permanent employment by one new job or 10%, whichever is greater; have no concurrent job losses outside of, but inside of Oregon; and maintain the employment level during the exemption period. The City has four tax abatement agreements with a restaurant, food processing company, Pendleton Woolen Mills, and a pipe manufacturer for which the City's abated tax portion amounted to \$87,463 for the fiscal year ended June 30, 2018.

Additional benefits available to new businesses are: 1) 5% per job discount and qualifying existing businesses will receive a 7.5% per job discount (not to exceed 50% reduction) on water service connection and sewer user fees from the time of pre-certification to the end of the property tax exemption period. Business license fees may also be waived.

E. GASB Pronouncements

It is the City's policy to implement new GASB pronouncements no later than the required effective date. The City implemented GASB 75 related to other post-employment benefits, as described above in Note B and early implemented GASB Statement No. 89, Accounting for Interest Cost Incurred before the end of a Construction Period. Upcoming pronouncements, which may have an effect on the City, are listed below:

GASB Statement No. 87, Leases. This Statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to-use lease asset, and a lessor is required to recognize a

lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the City for fiscal year ending June 30, 2021.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Debt Borrowings and Direct Placements. This Statement was issued April 2018 to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 will be effective for the City for the fiscal year ending June 30, 2019.

F. Commitments and Contingencies

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

Local developers have developed infrastructure on SW 9th Street and near Olney Cemetery financed through local improvement districts. The developers were assessed local improvement district charges and upon City acceptance, will contribute the public portion of the constructed infrastructure to the City. The contribution is expected to occur in the 2019 fiscal year.

An airport industrial site has been determined by DEQ to be a contaminated site and the City has been ordered to address remediation. As the property owner, the City has potential liability for the cleanup, despite the contamination being committed by the City's tenant. The City received a settlement from the tenant for \$150,000 and a grant from Oregon Business Development Department to plan the remediation. The current plan is to put a restrictive covenant on the property, but to remove the underground tanks at the location. The remaining potential liability to the City was estimated at \$90,000 and has been accrued as an environmental remediation obligation at year-end.

The Pendleton Development Commission has committed funds or payments remaining on commitments to various projects:

- A Jump Start loan to be disbursed in December of 2018 for \$6,400 to El Roi Apparel.
- A combined façade restoration and upper story grant was committed to Al Plute for the Bowman Apartments for \$340,928. The commitment was made in May of 2018, but the money has not been paid yet. It will be paid in thirds as the work is completed and paperwork submitted, per the standard approach for PDC grants.
- A façade restoration grant was committed to Rosemary Ramirez for the Sisters Café for \$126,167. The Pendleton Development Commission has paid \$70,271, leaving a balance of \$55,896 to be paid. The project is expected to be completed in late December or early January of 2019.
- A façade restoration grant was committed to Joe and Diana Quezada for the Old City Hall in December of 2017 for \$33,443. \$16,000 of the grant was paid in September of 2018 following an earlier payment in June of 2018. As of December of 2018, there was \$1,600 remaining in the grant that will be paid if the building owners file paperwork.

G. Construction in Progress

The City is committed under various construction contracts at June 30, 2018. Major projects in progress at June 30, 2018 are as follows:

The City has paid approximately \$245,429 towards the 8th Street Bridge project. The City is required to provide a local match of 10.27% of the project costs and right of way acquisition costs and is expecting the total project match to be about \$883,595. Umatilla County is contributing \$375,000 of the local match costs and the City Council has approved entering into a Fund Exchange agreement with Oregon Department of Transportation to provide up to a total of \$595,490 in state funds. The remaining 89.63% of the projects costs will be paid through the State. The construction bid for the project was significantly more than anticipated and the City is currently seeking additional funding and working on the scope of the project. Most of the construction will be paid directly by ODOT.

The City received net debt proceeds of approximately \$9.9 million to construct a new fire station and purchase related equipment, furnishings, and rolling stock. The City has spent \$934,215 on land, rolling stock, and equipment. In addition, the City has expended \$1,096,504 towards construction of the new fire station, which was budgeted at \$8,780,000 and was approximately 12.5% complete.

The City is also in the process of completing the Water and Sewer Master Plans and has incurred expenditures of \$477,029 for Water and \$745,269 for Sewer to date.

H. Related Party Transactions

The Pendleton Development Commission owed the City of Pendleton \$55,851 for administrative services during the year.

I. Subsequent Events

The City approved transferring \$259,850 to the Airport to reimburse the Airport Fund for the interest charged on interfund balances above 1% over the past years and to reduce the interfund balance.

Approved Addendum #1 to the Fire Station CMGC Services in the amount of \$185,629.26 to contract Addendum #1 for structural metal framing and metal joists. This increases the guaranteed maximum price (GMP) from \$1,918,519 approved previously to \$2,104,148.26.

Approved addendum #2 to CMGC Services for the fire station total construction for a final guaranteed maximum price (GMP) for a total construction cost of \$7,740,740.26. This increases the current guaranteed maximum price (GMP) of \$2,104,148.26 approved with Addendum #1 and Change Order #1 by \$5,636,592.00 for a total construction cost of \$7,740,740.26.

The City Council approved Resolution No. 2747 to enter into a \$9,800,000 Clean Water State Revolving Fund (CWSRF) Loan Agreement with Oregon Department of Environmental Quality (DEQ). \$9,800,000 is the total estimated cost for the Collection System Master Plan 0- to 5-year projects. Master Plan estimated borrowing \$7,500,000 at 5% over a 20-year term, with a debt service of \$602,000 per year, and using additional sewer revenue to fund full \$9,800,000 for projects. Due to the lower interest

rate available for the loan at the time the project was listed in the DEQ *Proposed Intended Use Plan*, the total debt service on \$9,800,000 at 2.45% over a 20-year term has a debt service of \$625,700.

The City Council approved the bid for Boutique Air for a four year contract to provide Essential Air Service.

The City accepted public improvements on SW 9th Street, which were funding by LID 439. The improvements included reconstruction of a gravel road to a standard paved City street, curbs, gutters, and a 80' wide cul-de-sac.

The City approved Murray Smith Task Order #15 for final utilities design for the Airport Unmanned Aerial System Industrial Park not to exceed \$346,837. The City also approved Task Order #16 for final road and storm drainage design not to exceed \$113,039.

The City approved Resolution No. 2750 authorizing an interfund loan to the Public Safety Capital Reserve Fund for the purpose of purchasing a fire engine for \$491,926 and approved the purchase of the 2017 Peirce Manufacturing Impel Pumper from Hughes Fire Equipment.

The City Council approved a bid of \$92,151 from Creative Bus Sales to purchase a wheelchair accessible 24 passenger bus for the Transportation Program. Federal grants will contribute 85% of the cost and the additional funding will come from the Transportation Fund. The City also approved the purchase of two police cards for a total of \$50,258.

City Council approved a contract for \$164,000 to re-roof the B-17 hangar at the airport.

The City was also approved for an airport improvement grant for design work of \$435,000 and is expected to be approved for construction and hot spot mitigation on 11/29 estimated at \$7.6 million. In addition, the FAA approved a new application to collect PFC's at the airport.

The City Council approved trading property owned by the Pendleton Development Commission to support Blue Mountain College Farm II project and the Pendleton Convention Center. The City of Pendleton and Pendleton Development Commission started acquiring property in this area in hopes of being able to construct a hotel to benefit the Convention Center.

The City approved a 50 year land lease at the airport for \$7,500 per acre per year to construct a hotel on area currently being used as the long-term parking lot at the airport. The lease requires financial assurance or performance and construction of a new long-term parking are prior to beginning the hotel structure.

The City also approved Resolution No. 2749 authorizing the development and sale of real property as part of the Westgate housing development project. The City owns 9.25 acres of real property which is the site of the former Eastern Oregon Training Center. The City and the Developer are entering into a Development Agreement and Contract for Sale of Land for \$231,250 with the provisions for credit of the purchase price by completion of the housing development project. The project will include a housing complex containing approximately 200 multi-family rental units. As an incentive for

housing development the City agreed to reimburse the developer for a portion of the property tax obligation of rental units until 2023 which are completed but unrented.

The City approved the award of \$138,996 to Oregon Corrections Enterprises to fulfill the furniture and turnout locker order for the new fire station project.

The City accepted a donation of land bordering the Umatilla River across from the City's river water intake lotion. The City will assume the taxes owing on the property, which are approximately \$6,660.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PENDLETON, OREGON

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability (asset)	0.09757879%	0.09467864%	0.09979010%	0.10082423%	0.10082423%
City's proportionate share of the net pension liability (asset)	\$ 13,153,658	\$ 14,213,462	\$ 5,729,410	\$ (2,285,398)	\$ 5,145,208
City's covered-employee payroll	\$ 9,429,388	\$ 9,295,475	\$ 8,844,514	\$ 8,357,553	\$ 8,573,271
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	139.50%	152.91%	64.78%	-27.35%	60.01%
Plan fiduciary net position as a percentage of total pension liability	83.12%	80.50%	91.90%	103.60%	91.97%

CITY OF PENDLETON, OREGON

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,559,190	\$ 1,036,593	\$ 1,066,370	\$ 968,667	\$ 907,640
Contributions in relation to the contractually required contributions	<u>(1,559,190)</u>	<u>(1,036,593)</u>	<u>(1,066,370)</u>	<u>(968,667)</u>	<u>(907,640)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 10,126,700	\$ 9,429,388	\$ 9,295,475	\$ 8,844,512	\$ 8,357,553
Contributions as a percentage of covered-employee payroll	15.40%	10.99%	11.47%	10.95%	10.86%

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

CITY OF PENDLETON, OREGON

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT**

Last 10 Fiscal Years*

Measurement Date	(a) City's proportion of the net OPEB pension liability (asset)	(b) City's proportionate share of the net OPEB pension liability (asset)	(c) City's covered payroll	Share of the OPEB pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
June 30, 2017	0.08288%	\$ (34,587)	\$ 9,429,388	-0.37%	108.88%
June 30, 2016	0.08910%	\$ 24,190	\$ 9,295,475	0.26%	94.15%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

CITY OF PENDLETON, OREGON

**SCHEDULE OF CONTRIBUTIONS
OPERS RETIREMENT HEALTH INSURANCE ACCOUNT**

Last 10 Fiscal Years*

	2018	2017
Contractually required contributions	\$ 42,556	\$ 41,430
Contributions in relation to the contractually required contributions	(42,556)	(41,430)
Contribution deficiency (excess)	\$ -	\$ -
City's covered payroll	\$10,126,700	\$9,429,388
Contributions as a percentage of covered payroll	0.42%	0.44%

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

CITY OF PENDLETON, OREGON

SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>
Total OPEB liability		
Service cost	\$ 93,711	N/A
Interest	40,060	N/A
Effect of changes to benefit terms	-	N/A
Differences between expected and actual experience	-	N/A
Effect of assumptions changes or inputs	(85,316)	N/A
Benefit payments	<u>(62,125)</u>	<u>N/A</u>
Net change in total OPEB liability	(13,670.00)	N/A
Total OPEB liability - beginning	<u>1,342,737</u>	<u>N/A</u>
Net OPEB liability - ending	<u><u>1,329,067</u></u>	<u><u>1,342,737</u></u>
Covered payroll	<u><u>\$10,126,700</u></u>	<u><u>\$9,429,388</u></u>
Total OPEB liability, as a percentage of covered payroll	13.12%	14.24%

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

CITY OF PENDLETON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

A. Other Post-Employment Benefits

Changes of Assumptions

The City's health insurance continuation OPEB liability calculation uses the Bond Buyer 20 Year General Obligation Bond Index for the discount rate. The discount rate in effect for the June 30, 2017 reporting date is 2.85% and the discount rate for the June 30, 2018 reporting date is 3.58%.



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.

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

L.I.D. CONSTRUCTION FUND – accounts for the revenues and expenses in connection with the construction of local improvement district projects.

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

CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
ASSETS					
Cash and cash equivalents	\$ 1,747,847	\$ 584,806	\$ 912,302	\$ 16,982	\$ 3,261,937
Investments	-	-	-	773,909	773,909
Receivables:					
Property taxes	-	-	60,957	-	60,957
Accounts	372,311	560,224	-	2,860	935,395
Assessments	-	859,438	-	-	859,438
Notes	71,096	-	-	-	71,096
Advances to other funds	-	416,000	-	-	416,000
Assets available for sale	-	525,000	-	-	525,000
Prepaid items	8,649	618,800	-	-	627,449
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,199,903</u>	<u>\$3,564,268</u>	<u>\$ 973,259</u>	<u>\$ 793,751</u>	<u>\$ 7,531,181</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 127,430	\$ 424,817	\$ 55,851	\$ -	\$ 608,098
Deposits	48,329	-	-	-	48,329
Retainage	-	55,491	-	-	55,491
Advances from other funds	57,000	181,300	-	-	238,300
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>232,759</u>	<u>661,608</u>	<u>55,851</u>	<u>-</u>	<u>950,218</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	176,595	1,387,598	53,271	-	1,617,464
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>176,595</u>	<u>1,387,598</u>	<u>53,271</u>	<u>-</u>	<u>1,617,464</u>
FUND BALANCES (DEFICIT)					
Nonspendable	-	-	-	787,661	787,661
Restricted	751,399	-	864,137	6,090	1,621,626
Committed	327,300	1,582,418	-	-	1,909,718
Assigned	739,666	447,127	-	-	1,186,793
Unassigned	(27,816)	(514,483)	-	-	(542,299)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,790,549</u>	<u>1,515,062</u>	<u>864,137</u>	<u>793,751</u>	<u>4,963,499</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,199,903</u>	<u>\$3,564,268</u>	<u>\$ 973,259</u>	<u>\$ 793,751</u>	<u>\$ 7,531,181</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	Bike Fund	Library Fund	Library Trust Fund	Transportation Services Fund	Community Development Block Grant Fund	Pendleton Convention Center Fund
ASSETS						
Cash and cash equivalents	\$ 29,832	\$ 276,685	\$ 90,164	\$ 601,418	\$ 2,716	\$ 13,587
Receivables:						
Accounts	1,041	6,980	1,392	111,972	-	191,288
Notes	-	-	-	-	-	-
Prepaid items	-	3,050	-	-	-	2,950
	<u>-</u>	<u>3,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,950</u>
Total assets	<u>\$ 30,873</u>	<u>\$ 286,715</u>	<u>\$ 91,556</u>	<u>\$ 713,390</u>	<u>\$ 2,716</u>	<u>\$ 207,825</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 16,162	\$ 8,084	\$ 2,219	\$ 32,766	\$ -	\$ 46,797
Deposits	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>16,162</u>	<u>8,084</u>	<u>2,219</u>	<u>32,766</u>	<u>-</u>	<u>46,797</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	80,848	-	6,124
	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,848</u>	<u>-</u>	<u>6,124</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,848</u>	<u>-</u>	<u>6,124</u>
FUND BALANCES (DEFICIT)						
Restricted	14,711	278,631	-	-	-	-
Committed	-	-	89,337	-	-	154,904
Assigned	-	-	-	599,776	2,716	-
Unassigned	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>14,711</u>	<u>278,631</u>	<u>89,337</u>	<u>599,776</u>	<u>2,716</u>	<u>154,904</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,873</u>	<u>\$ 286,715</u>	<u>\$ 91,556</u>	<u>\$ 713,390</u>	<u>\$ 2,716</u>	<u>\$ 207,825</u>

See auditor's report.

PCC TPAC Fund	Police Interagency Special Revolving Fund	Parks Trust Fund	City/County Public Safety Fund	Home Trust Fund	Urban Renewal District Operating Fund	Totals
\$ 751	\$ 242,272	\$ 137,174	\$ 83,059	\$ 20,581	\$ 249,608	\$ 1,747,847
29,424	30,214	-	-	-	-	372,311
-	-	-	-	-	71,096	71,096
-	2,649	-	-	-	-	8,649
<u>\$ 30,175</u>	<u>\$ 275,135</u>	<u>\$ 137,174</u>	<u>\$ 83,059</u>	<u>\$ 20,581</u>	<u>\$ 320,704</u>	<u>\$ 2,199,903</u>
\$ -	\$ 21,402	\$ -	\$ -	\$ -	\$ -	\$ 127,430
-	48,329	-	-	-	-	48,329
<u>57,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,000</u>
<u>57,000</u>	<u>69,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,759</u>
<u>991</u>	<u>17,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,096</u>	<u>176,595</u>
<u>991</u>	<u>17,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,096</u>	<u>176,595</u>
-	187,868	-	-	20,581	249,608	751,399
-	-	-	83,059	-	-	327,300
-	-	137,174	-	-	-	739,666
<u>(27,816)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,816)</u>
<u>(27,816)</u>	<u>187,868</u>	<u>137,174</u>	<u>83,059</u>	<u>20,581</u>	<u>249,608</u>	<u>1,790,549</u>
<u>\$ 30,175</u>	<u>\$ 275,135</u>	<u>\$ 137,174</u>	<u>\$ 83,059</u>	<u>\$ 20,581</u>	<u>\$ 320,704</u>	<u>\$ 2,199,903</u>

CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2018

	System Development Fees Fund	Parks Capital Reserve Fund	Public Safety Capital Reserve Fund	LID Construction Fund	Street HB2001 Fund	Totals
ASSETS						
Cash and cash equivalents	\$ 35,174	\$ 90,188	\$ 390,192	\$ 427	\$ 68,825	\$ 584,806
Receivables:						
Accounts	-	-	32,064	-	528,160	560,224
Assessments	-	-	-	859,438	-	859,438
Advances to other funds	416,000	-	-	-	-	416,000
Assets available for sale	-	-	-	525,000	-	525,000
Prepaid items	618,800	-	-	-	-	618,800
Total assets	<u>\$ 1,069,974</u>	<u>\$ 90,188</u>	<u>\$ 422,256</u>	<u>\$ 1,384,865</u>	<u>\$ 596,985</u>	<u>\$ 3,564,268</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 424,817	\$ 424,817
Retainage payable	-	-	-	-	55,491	55,491
Advances from other funds	-	-	-	78,300	103,000	181,300
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,300</u>	<u>583,308</u>	<u>661,608</u>
DEFERRED INFLOWS OF						
Unavailable revenue	-	-	-	859,438	528,160	1,387,598
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>859,438</u>	<u>528,160</u>	<u>1,387,598</u>
FUND BALANCES (DEFICIT)						
Committed	1,069,974	90,188	422,256	-	-	1,582,418
Assigned	-	-	-	447,127	-	447,127
Unassigned	-	-	-	-	(514,483)	(514,483)
Total fund balances	<u>1,069,974</u>	<u>90,188</u>	<u>422,256</u>	<u>447,127</u>	<u>(514,483)</u>	<u>1,515,062</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,069,974</u>	<u>\$ 90,188</u>	<u>\$ 422,256</u>	<u>\$ 1,384,865</u>	<u>\$ 596,985</u>	<u>\$ 3,564,268</u>

See auditor's report.

**CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
June 30, 2018**

	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 28,792	\$ 883,510	\$ 912,302
Receivables:			
Property taxes	19,850	41,107	60,957
Total assets	\$ 48,642	\$ 924,617	\$ 973,259
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ 55,851	\$ 55,851
Total liabilities	-	55,851	55,851
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	17,265	36,006	53,271
Total deferred inflows of resources	17,265	36,006	53,271
FUND BALANCES			
Restricted	31,377	832,760	864,137
Total fund balances	31,377	832,760	864,137
Total liabilities, deferred inflows of resources, and fund balances	\$ 48,642	\$ 924,617	\$ 973,259

**CITY OF PENDLETON, OREGON
SUB-COMBINING BALANCE SHEET
NON-MAJOR PERMANENT TRUST FUNDS
June 30, 2018**

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 6,090	\$ 10,892	\$ 16,982
Investments	-	773,909	773,909
Receivables:			
Accounts	-	2,860	2,860
Total assets	<u>\$ 6,090</u>	<u>\$ 787,661</u>	<u>\$ 793,751</u>
 FUND BALANCES			
Nonspendable	\$ -	\$ 787,661	\$ 787,661
Restricted	6,090	-	6,090
Total fund balances	6,090	787,661	793,751
Total fund balances	<u>\$ 6,090</u>	<u>\$ 787,661</u>	<u>\$ 793,751</u>

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

	Special Revenue	Capital Projects	Debt Service	Permanent Trust	Totals
REVENUES					
Property taxes	\$ -	\$ -	\$ 1,289,595	\$ -	\$ 1,289,595
Other taxes	618,298	-	-	-	618,298
Licenses and fees	73,455	-	-	1,233	74,688
Charges for services	423,321	263,834	-	-	687,155
Intergovernmental	921,187	215,739	-	-	1,136,926
Assessments	-	76,351	-	-	76,351
Loan repayments	37,526	-	-	-	37,526
Contributions	80,091	255	-	-	80,346
Interest on investments	32,595	10,346	11,660	12,438	67,039
Miscellaneous	42,165	110	-	-	42,275
TOTAL REVENUES	<u>2,228,638</u>	<u>566,635</u>	<u>1,301,255</u>	<u>13,671</u>	<u>4,110,199</u>
EXPENDITURES					
Current:					
General government	1,734,163	108	55,851	-	1,790,122
Public safety	138,462	-	-	-	138,462
Culture and recreation	629,168	-	-	-	629,168
Capital outlay	241,360	881,828	-	-	1,123,188
Debt service	75,305	175,930	1,158,599	-	1,409,834
TOTAL EXPENDITURES	<u>2,818,458</u>	<u>1,057,866</u>	<u>1,214,450</u>	<u>-</u>	<u>5,090,774</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(589,820)</u>	<u>(491,231)</u>	<u>86,805</u>	<u>13,671</u>	<u>(980,575)</u>
OTHER FINANCING SOURCES (USES)					
Sale of property	3,475	236,243	-	-	239,718
Issuance of debt	300,000	-	-	-	300,000
Transfers in	211,132	115,000	-	-	326,132
Transfers out	(53,810)	-	-	(8,555)	(62,365)
TOTAL OTHER FINANCING SOURCES (USES)	<u>460,797</u>	<u>351,243</u>	<u>-</u>	<u>(8,555)</u>	<u>803,485</u>
NET CHANGE IN FUND BALANCE	<u>(129,023)</u>	<u>(139,988)</u>	<u>86,805</u>	<u>5,116</u>	<u>(177,090)</u>
FUND BALANCE, Beginning	<u>1,919,572</u>	<u>1,655,050</u>	<u>777,332</u>	<u>788,635</u>	<u>5,140,589</u>
FUND BALANCE, Ending	<u>\$ 1,790,549</u>	<u>\$ 1,515,062</u>	<u>\$ 864,137</u>	<u>\$ 793,751</u>	<u>\$ 4,963,499</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, 2018

	Bike Fund	Library Fund	Library Trust Fund	Transportation Services Fund	Community Development Block Grant Fund	Pendleton Convention Center Fund
REVENUES						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 515,483
Licenses and fees	-	14,721	-	-	-	51,847
Charges for services	-	-	-	44,597	-	374,324
Intergovernmental	10,890	483,497	-	218,816	50,747	-
Loan repayments	-	-	-	-	-	-
Contributions	-	40,780	31,419	-	-	4,877
Interest on investments	363	4,383	7,221	9,278	37	1,440
Miscellaneous	-	2,276	-	3,048	-	33,715
TOTAL REVENUES	<u>11,253</u>	<u>545,657</u>	<u>38,640</u>	<u>275,739</u>	<u>50,784</u>	<u>981,686</u>
EXPENDITURES						
Current:						
General government	-	-	-	345,139	50,747	951,047
Public safety	-	-	-	-	-	-
Culture and recreation	-	594,424	34,744	-	-	-
Capital outlay	16,162	-	-	-	-	40,207
Debt service	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>16,162</u>	<u>594,424</u>	<u>34,744</u>	<u>345,139</u>	<u>50,747</u>	<u>991,254</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,909)</u>	<u>(48,767)</u>	<u>3,896</u>	<u>(69,400)</u>	<u>37</u>	<u>(9,568)</u>
OTHER FINANCING SOURCES (USES)						
Sale of property	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-
Transfers in	-	128,310	92	22,500	-	-
Transfers out	-	(17,750)	-	-	-	(36,060)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>110,560</u>	<u>92</u>	<u>22,500</u>	<u>-</u>	<u>(36,060)</u>
NET CHANGE IN FUND BALANCE	(4,909)	61,793	3,988	(46,900)	37	(45,628)
FUND BALANCE, Beginning	<u>19,620</u>	<u>216,838</u>	<u>85,349</u>	<u>646,676</u>	<u>2,679</u>	<u>200,532</u>
FUND BALANCE, Ending	<u>\$ 14,711</u>	<u>\$ 278,631</u>	<u>\$ 89,337</u>	<u>\$ 599,776</u>	<u>\$ 2,716</u>	<u>\$ 154,904</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
\$ 102,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 618,298
-	-	6,887	-	-	-	73,455
-	4,400	-	-	-	-	423,321
-	154,737	-	-	-	2,500	921,187
-	-	-	-	-	37,526	37,526
-	-	3,015	-	-	-	80,091
340	3,964	1,973	1,238	308	2,050	32,595
-	1,376	-	-	-	1,750	42,165
<u>103,155</u>	<u>164,477</u>	<u>11,875</u>	<u>1,238</u>	<u>308</u>	<u>43,826</u>	<u>2,228,638</u>
-	-	-	-	76	387,154	1,734,163
-	138,462	-	-	-	-	138,462
-	-	-	-	-	-	629,168
184,991	-	-	-	-	-	241,360
<u>75,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,305</u>
<u>260,296</u>	<u>138,462</u>	<u>-</u>	<u>-</u>	<u>76</u>	<u>387,154</u>	<u>2,818,458</u>
<u>(157,141)</u>	<u>26,015</u>	<u>11,875</u>	<u>1,238</u>	<u>232</u>	<u>(343,328)</u>	<u>(589,820)</u>
-	3,475	-	-	-	-	3,475
-	-	-	-	-	300,000	300,000
60,230	-	-	-	-	-	211,132
-	-	-	-	-	-	(53,810)
<u>60,230</u>	<u>3,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>460,797</u>
(96,911)	29,490	11,875	1,238	232	(43,328)	(129,023)
<u>69,095</u>	<u>158,378</u>	<u>125,299</u>	<u>81,821</u>	<u>20,349</u>	<u>292,936</u>	<u>1,919,572</u>
<u>\$ (27,816)</u>	<u>\$ 187,868</u>	<u>\$ 137,174</u>	<u>\$ 83,059</u>	<u>\$ 20,581</u>	<u>\$ 249,608</u>	<u>\$ 1,790,549</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, 2018

	System Development Fees Fund	Parks Capital Reserve Fund	Public Safety Capital Reserve Fund	LID Construction Fund	Street HB2001 Fund	Totals
REVENUES						
Charges for services	\$ 69,683	\$ -	\$ 194,151	\$ -	\$ -	\$ 263,834
Intergovernmental	-	-	-	-	215,739	215,739
Assessments	42,741	-	-	33,610	-	76,351
Contributions	-	-	255	-	-	255
Interest on investments	6,950	1,081	1,952	311	52	10,346
Miscellaneous	-	-	-	110	-	110
TOTAL REVENUES	<u>119,374</u>	<u>1,081</u>	<u>196,358</u>	<u>34,031</u>	<u>215,791</u>	<u>566,635</u>
EXPENDITURES						
Current:						
General government	-	-	-	108	-	108
Capital outlay	12,667	49,903	75,360	-	743,898	881,828
Debt service	-	-	-	175,830	100	175,930
TOTAL EXPENDITURES	<u>12,667</u>	<u>49,903</u>	<u>75,360</u>	<u>175,938</u>	<u>743,998</u>	<u>1,057,866</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>106,707</u>	<u>(48,822)</u>	<u>120,998</u>	<u>(141,907)</u>	<u>(528,207)</u>	<u>(491,231)</u>
OTHER FINANCING SOURCES (USES)						
Sale of property	-	1,550	234,693	-	-	236,243
Transfers in	-	115,000	-	-	-	115,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>116,550</u>	<u>234,693</u>	<u>-</u>	<u>-</u>	<u>351,243</u>
NET CHANGE IN FUND BALANCE	106,707	67,728	355,691	(141,907)	(528,207)	(139,988)
FUND BALANCE, Beginning	<u>963,267</u>	<u>22,460</u>	<u>66,565</u>	<u>589,034</u>	<u>13,724</u>	<u>1,655,050</u>
FUND BALANCE, Ending	<u>\$ 1,069,974</u>	<u>\$ 90,188</u>	<u>\$ 422,256</u>	<u>\$ 447,127</u>	<u>\$ (514,483)</u>	<u>\$ 1,515,062</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, 2018

	Debt Service Fund	Urban Renewal Debt Service Fund	Totals
REVENUES			
Property taxes	\$ 557,212	\$ 732,383	\$ 1,289,595
Interest on investments	<u>4,303</u>	<u>7,357</u>	<u>11,660</u>
TOTAL REVENUES	<u>561,515</u>	<u>739,740</u>	<u>1,301,255</u>
EXPENDITURES			
Current:			
General government	-	55,851	55,851
Debt service	<u>556,030</u>	<u>602,569</u>	<u>1,158,599</u>
TOTAL EXPENDITURES	<u>556,030</u>	<u>658,420</u>	<u>1,214,450</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>5,485</u>	<u>81,320</u>	<u>86,805</u>
NET CHANGE IN FUND BALANCE	5,485	81,320	86,805
FUND BALANCE, Beginning	<u>25,892</u>	<u>751,440</u>	<u>777,332</u>
FUND BALANCE, Ending	<u><u>\$ 31,377</u></u>	<u><u>\$ 832,760</u></u>	<u><u>\$ 864,137</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, 2018

	Library Permanent Trust Fund	Cemetery Perpetual Care Trust Fund	Totals
REVENUES			
Licenses and fees	\$ -	\$ 1,233	\$ 1,233
Interest on investments	<u>92</u>	<u>12,346</u>	<u>12,438</u>
TOTAL REVENUES	<u>92</u>	<u>13,579</u>	<u>13,671</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(92)</u>	<u>(8,463)</u>	<u>(8,555)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(92)</u>	<u>(8,463)</u>	<u>(8,555)</u>
NET CHANGE IN FUND BALANCE	-	5,116	5,116
FUND BALANCE, Beginning	<u>6,090</u>	<u>782,545</u>	<u>788,635</u>
FUND BALANCE, Ending	<u><u>\$ 6,090</u></u>	<u><u>\$ 787,661</u></u>	<u><u>\$ 793,751</u></u>

**CITY OF PENDLETON, OREGON
COMBINING BALANCE SHEET
COMBINED GENERAL FUND
June 30, 2018**

	General Fund	Community Rehabilitation Fund	Sidewalk Repair Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 1,098,064	\$ 567,107	\$ 443	\$ 1,665,614
Receivables:				
Property taxes	310,006	-	-	310,006
Accounts	1,638,282	-	-	1,638,282
Assessments	-	-	18,606	18,606
Notes	-	147,436	-	147,436
Advances to other funds	1,045,500	-	-	1,045,500
Prepaid items	51,636	-	-	51,636
	<u>4,143,488</u>	<u>714,543</u>	<u>19,049</u>	<u>4,877,080</u>
Total assets	<u>\$ 4,143,488</u>	<u>\$ 714,543</u>	<u>\$ 19,049</u>	<u>\$ 4,877,080</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 496,920	\$ 76	\$ -	\$ 496,996
Advances from other funds	-	-	27,000	27,000
	<u>496,920</u>	<u>76</u>	<u>27,000</u>	<u>523,996</u>
Total liabilities	<u>496,920</u>	<u>76</u>	<u>27,000</u>	<u>523,996</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>1,255,956</u>	<u>147,436</u>	<u>18,607</u>	<u>1,421,999</u>
Total deferred inflows of resources	<u>1,255,956</u>	<u>147,436</u>	<u>18,607</u>	<u>1,421,999</u>
FUND BALANCES				
Nonspendable	1,097,137	-	-	1,097,137
Restricted	139,911	-	-	139,911
Committed	70,306	-	-	70,306
Assigned	-	567,031	-	567,031
Unassigned	1,083,258	-	(26,558)	1,056,700
	<u>2,390,612</u>	<u>567,031</u>	<u>(26,558)</u>	<u>2,931,085</u>
Total fund balances	<u>2,390,612</u>	<u>567,031</u>	<u>(26,558)</u>	<u>2,931,085</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,143,488</u>	<u>\$ 714,543</u>	<u>\$ 19,049</u>	<u>\$ 4,877,080</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, 2018

	General Fund	Community Rehabilitation Fund	Sidewalk Repair Fund	Totals
REVENUES				
Property taxes	\$ 5,617,590	\$ -	\$ -	\$ 5,617,590
Other taxes	675,809	-	-	675,809
Franchise fees	2,550,396	-	-	2,550,396
Licenses and fees	943,622	-	-	943,622
Charges for services	1,586,459	-	-	1,586,459
Intergovernmental	1,346,004	-	-	1,346,004
Fines and forfeitures	310,964	-	-	310,964
Assessments	-	-	2,730	2,730
Loan repayments	-	13,469	-	13,469
Contributions	21,486	-	-	21,486
Interest on investments	48,130	8,487	24	56,641
Miscellaneous	82,495	-	90	82,585
TOTAL REVENUES	<u>13,182,955</u>	<u>21,956</u>	<u>2,844</u>	<u>13,207,755</u>
EXPENDITURES				
Current:				
General government	1,606,492	13,020	36	1,619,548
Public safety	8,762,042	-	-	8,762,042
Culture and recreation	2,119,349	-	-	2,119,349
Capital outlay	307,021	-	-	307,021
Debt service	641,151	-	434	641,585
TOTAL EXPENDITURES	<u>13,436,055</u>	<u>13,020</u>	<u>470</u>	<u>13,449,545</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(253,100)</u>	<u>8,936</u>	<u>2,374</u>	<u>(241,790)</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	16,200	-	-	16,200
Issuance of refunding debt	625,066	-	-	625,066
Payment to refunding debt	(621,178)	-	-	(621,178)
Transfers in	233,353	-	-	233,353
Transfers out	(752,740)	-	-	(752,740)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(499,299)</u>	<u>-</u>	<u>-</u>	<u>(499,299)</u>
NET CHANGE IN FUND BALANCE	(752,399)	8,936	2,374	(741,089)
FUND BALANCE (DEFICIT), Beginning	<u>3,143,011</u>	<u>558,095</u>	<u>(28,932)</u>	<u>3,672,174</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ 2,390,612</u>	<u>\$ 567,031</u>	<u>\$ (26,558)</u>	<u>\$ 2,931,085</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:

PW ADMINISTRATION AND FLEET 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, 2018**

	PW Administration and Fleet Fund	Central Services Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 168,199	\$ 317,217	\$ 485,416
Receivables:			
Accounts	(261)	55,812	55,551
Prepaid items	<u>12,050</u>	<u>22,049</u>	<u>34,099</u>
Total current assets	<u>179,988</u>	<u>395,078</u>	<u>575,066</u>
Noncurrent assets:			
Advances to other funds	227,000	-	227,000
Capital assets:			
Depreciable assets, net of depreciation	<u>652,760</u>	<u>346,453</u>	<u>999,213</u>
Total noncurrent assets	<u>879,760</u>	<u>346,453</u>	<u>1,226,213</u>
Total assets	<u>1,059,748</u>	<u>741,531</u>	<u>1,801,279</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows related to pension	284,036	665,636	949,672
Deferred outflows related to OPEB	<u>7,903</u>	<u>17,038</u>	<u>24,941</u>
Total deferred outflows of resources	<u>291,939</u>	<u>682,674</u>	<u>974,613</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	30,413	68,047	98,460
Deposits	-	3,255	3,255
Compensated absences payable	<u>41,512</u>	<u>112,587</u>	<u>154,099</u>
Total current liabilities	71,925	183,889	255,814
Long-term debt, net of current portion			
Other post employment benefits liability	104,104	214,436	318,540
Net pension liability	<u>794,170</u>	<u>1,861,134</u>	<u>2,655,304</u>
Total liabilities	<u>970,199</u>	<u>2,259,459</u>	<u>3,229,658</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflows related to pension	26,235	61,479	87,714
Deferred inflows related to OPEB	<u>7,109</u>	<u>14,973</u>	<u>22,082</u>
Total deferred inflows of resources	<u>33,344</u>	<u>76,452</u>	<u>109,796</u>
NET POSITION			
Net investment in capital assets	652,760	346,453	999,213
Unrestricted	<u>(304,616)</u>	<u>(1,258,159)</u>	<u>(1,562,775)</u>
Total net position	<u>\$ 348,144</u>	<u>\$ (911,706)</u>	<u>\$ (563,562)</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, 2018

	PW Administration and Fleet Fund	Central Services Fund	Totals
OPERATING REVENUES			
Charges for services	\$ 1,598,630	\$ 3,113,610	\$ 4,712,240
Licenses and fees	-	24,593	24,593
Miscellaneous	9	9,788	9,797
TOTAL OPERATING REVENUES	<u>1,598,639</u>	<u>3,147,991</u>	<u>4,746,630</u>
OPERATING EXPENSES			
Personal services	1,034,429	2,230,136	3,264,565
Materials and services	239,612	1,042,267	1,281,879
Depreciation	144,126	54,826	198,952
TOTAL OPERATING EXPENSES	<u>1,418,167</u>	<u>3,327,229</u>	<u>4,745,396</u>
OPERATING INCOME (LOSS)	<u>180,472</u>	<u>(179,238)</u>	<u>1,234</u>
NON-OPERATING INCOME (EXPENSES)			
Intergovernmental	-	55,851	55,851
Interest on investments	2,203	1,261	3,464
TOTAL NON-OPERATING INCOME (EXPENSES)	<u>2,203</u>	<u>57,112</u>	<u>59,315</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>182,675</u>	<u>(122,126)</u>	<u>60,549</u>
TRANSFERS			
Transfers out	(43,630)	(85,860)	(129,490)
TOTAL TRANSFERS	<u>(43,630)</u>	<u>(85,860)</u>	<u>(129,490)</u>
CHANGE IN NET POSITION	139,045	(207,986)	(68,941)
NET POSITION, Beginning, as restated (See note)	<u>209,099</u>	<u>(703,720)</u>	<u>(494,621)</u>
NET POSITION, Ending	<u>\$ 348,144</u>	<u>\$ (911,706)</u>	<u>\$ (563,562)</u>

See auditor's report.

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2018

	PW Administration and Fleet Fund	Central Services Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 697	\$ 32,754	\$ 33,451
Receipts from interfund services provided	1,598,630	3,113,610	4,712,240
Payments to suppliers	(420,390)	(1,540,292)	(1,960,682)
Payments to employees	(719,198)	(1,456,101)	(2,175,299)
Payments for interfund services used	(26,170)	-	(26,170)
Net cash provided from (used by) operating activities	<u>433,569</u>	<u>149,971</u>	<u>583,540</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund loan	(227,000)	-	(227,000)
Transfers out	(43,630)	(85,860)	(129,490)
Net cash provided from (used by) non-capital financing activities	<u>(270,630)</u>	<u>(85,860)</u>	<u>(356,490)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from intergovernmental revenue	-	55,851	55,851
Acquisition of capital assets	(56,058)	(91,739)	(147,797)
Net cash provided from (used by) capital and related financing activities	<u>(56,058)</u>	<u>(35,888)</u>	<u>(91,946)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>2,203</u>	<u>1,261</u>	<u>3,464</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	109,084	29,484	138,568
CASH AND CASH EQUIVALENTS, Beginning	<u>59,115</u>	<u>287,733</u>	<u>346,848</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 168,199</u>	<u>\$ 317,217</u>	<u>\$ 485,416</u>

CITY OF PENDLETON, OREGON
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended June 30, 2018

	PW Administration and Fleet Fund	Central Services Fund	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES			
Operating income (loss)	\$ 180,472	\$ (179,238)	\$ 1,234
Adjustments to reconcile operating income (loss) to net cash provided (used in) operating activities			
Depreciation	144,126	54,826	198,952
(Increase) decrease in assets and deferred outflows:			
Receivables	688	14,593	15,281
Prepaid Items	(990)	(524)	(1,514)
Deferred outflows - pension	201,050	416,041	617,091
Deferred outflows - OPEB	43,204	135,946	179,150
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued expenses	(10,489)	(37,145)	(47,634)
Deposits	-	(16,220)	(16,220)
Net pension liability	(157,971)	(262,014)	(419,985)
Compensated absences payable	(4,744)	3,646	(1,098)
Other post employment benefits liability	39,109	19,934	59,043
Deferred inflows - pension	(7,995)	(14,847)	(22,842)
Deferred inflows - OPEB	7,109	14,973	22,082
Net cash provided from (used by) operating activities	<u>\$ 433,569</u>	<u>\$ 149,971</u>	<u>\$ 583,540</u>

See auditor's report.



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:

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, 2018

	Bail Fund	Pendleton Foundation Trust Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 25,033	\$ 97	\$ 25,130
Total assets	\$ 25,033	\$ 97	\$ 25,130
LIABILITIES			
Accounts payable	\$ 7,163	\$ -	\$ 7,163
Due to other governments	17,870	97	17,967
Total liabilities	\$ 25,033	\$ 97	\$ 25,130

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES AND TRANSFERS				
Planning and building	\$ 622,600	\$ 622,600	\$ 525,561	\$ 97,039
Municipal court	374,595	386,595	356,850	29,745
Economic development	56,650	56,650	40,536	16,114
Police	4,767,560	4,767,560	4,582,724	184,836
Fire / Ambulance	4,245,000	4,651,900	4,589,819	62,081
Parks and recreation	2,439,580	2,439,580	2,288,125	151,455
Non-departmental	1,717,240	1,917,240	1,522,949	394,291
Debt service	300,390	300,390	282,231	18,159
Contingency	2,137,485	1,925,485	-	1,925,485
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 16,661,100</u>	<u>\$ 17,068,000</u>	<u>\$ 14,188,795</u>	<u>\$ 2,879,205</u>

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

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

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 9,700	\$ 9,700	\$ 10,890	\$ 1,190
Interest on investments	<u>55</u>	<u>55</u>	<u>363</u>	<u>308</u>
TOTAL REVENUES	<u>9,755</u>	<u>9,755</u>	<u>11,253</u>	<u>1,498</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Materials and services	20,000	20,000	-	20,000 **
Capital outlay	<u>-</u>	<u>-</u>	<u>16,162</u>	<u>(16,162) **</u>
TOTAL EXPENDITURES	<u>20,000</u>	<u>20,000</u>	<u>16,162</u>	<u>3,838</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,245)</u>	<u>(10,245)</u>	<u>(4,909)</u>	<u>5,336</u>
NET CHANGE IN FUND BALANCE	(10,245)	(10,245)	(4,909)	5,336
FUND BALANCE, Beginning	<u>19,245</u>	<u>19,245</u>	<u>19,620</u>	<u>375</u>
FUND BALANCE, Ending	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 14,711</u>	<u>\$ 5,711</u>

** Bike Operations level of budgetary appropriation not exceeded.

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 19,000	\$ 19,000	\$ 14,721	\$ (4,279)
Intergovernmental	438,860	438,860	483,497	44,637
Contributions	30,650	30,650	40,780	10,130
Interest on investments	2,000	2,000	4,383	2,383
Miscellaneous	-	-	2,276	2,276
TOTAL REVENUES	<u>490,510</u>	<u>490,510</u>	<u>545,657</u>	<u>55,147</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Personal services	415,620	415,620	419,464	(3,844) **
Materials and services	188,510	188,510	174,960	13,550 **
Capital outlay	17,600	17,600	-	17,600
Debt service	1,000	1,000	-	1,000
Contingency	<u>165,840</u>	<u>165,840</u>	<u>-</u>	<u>165,840</u>
TOTAL EXPENDITURES	<u>788,570</u>	<u>788,570</u>	<u>594,424</u>	<u>194,146</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(298,060)</u>	<u>(298,060)</u>	<u>(48,767)</u>	<u>249,293</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	128,310	128,310	128,310	-
Transfers out	<u>(17,750)</u>	<u>(17,750)</u>	<u>(17,750)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>110,560</u>	<u>110,560</u>	<u>110,560</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(187,500)	(187,500)	61,793	249,293
FUND BALANCE, Beginning	<u>187,500</u>	<u>187,500</u>	<u>216,838</u>	<u>29,338</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,631</u>	<u>\$ 278,631</u>

** Library Operations level of budgetary appropriation not exceeded.

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 31,000	\$ 31,000	\$ 31,419	\$ 419
Interest on investments	<u>6,000</u>	<u>6,000</u>	<u>7,221</u>	<u>1,221</u>
TOTAL REVENUES	<u>37,000</u>	<u>37,000</u>	<u>38,640</u>	<u>1,640</u>
EXPENDITURES				
Current:				
Culture and recreation:				
Materials and services	<u>36,000</u>	<u>36,000</u>	<u>34,744</u>	<u>1,256</u>
TOTAL EXPENDITURES	<u>36,000</u>	<u>36,000</u>	<u>34,744</u>	<u>1,256</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,000</u>	<u>1,000</u>	<u>3,896</u>	<u>2,896</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>100</u>	<u>100</u>	<u>92</u>	<u>(8)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>100</u>	<u>100</u>	<u>92</u>	<u>(8)</u>
NET CHANGE IN FUND BALANCE	1,100	1,100	3,988	2,888
FUND BALANCE, Beginning	<u>88,300</u>	<u>88,300</u>	<u>85,349</u>	<u>(2,951)</u>
FUND BALANCE, Ending	<u>\$ 89,400</u>	<u>\$ 89,400</u>	<u>\$ 89,337</u>	<u>\$ (63)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 20,000	\$ 20,000	\$ 44,597	\$ 24,597
Intergovernmental	308,480	308,480	218,816	(89,664)
Interest on investments	2,480	2,480	9,278	6,798
Miscellaneous	3,000	3,000	3,048	48
TOTAL REVENUES	<u>333,960</u>	<u>333,960</u>	<u>275,739</u>	<u>(58,221)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	377,125	377,125	345,139	31,986
Contingency	29,335	29,335	-	29,335
TOTAL EXPENDITURES	<u>406,460</u>	<u>406,460</u>	<u>345,139</u>	<u>61,321</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(72,500)</u>	<u>(72,500)</u>	<u>(69,400)</u>	<u>3,100</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	22,500	22,500	22,500	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(50,000)	(50,000)	(46,900)	3,100
FUND BALANCE, Beginning	50,000	50,000	646,676	596,676
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599,776</u>	<u>\$ 599,776</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 375,000	\$ 375,000	\$ 50,747	\$ (324,253)
Interest on investments	-	-	37	37
TOTAL REVENUES	<u>375,000</u>	<u>375,000</u>	<u>50,784</u>	<u>(324,216)</u>
EXPENDITURES				
Current:				
Materials and services	375,000	375,000	50,747	324,253
Debt service	1,000	1,000	-	1,000
Contingency	<u>1,600</u>	<u>1,600</u>	<u>-</u>	<u>1,600</u>
TOTAL EXPENDITURES	<u>377,600</u>	<u>377,600</u>	<u>50,747</u>	<u>326,853</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,600)</u>	<u>(2,600)</u>	<u>37</u>	<u>2,637</u>
NET CHANGE IN FUND BALANCE	(2,600)	(2,600)	37	2,637
FUND BALANCE, Beginning	<u>2,600</u>	<u>2,600</u>	<u>2,679</u>	<u>79</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,716</u>	<u>\$ 2,716</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Loan repayments	\$ 8,550	\$ 8,550	\$ 13,469	\$ 4,919
Interest on investments	<u>3,000</u>	<u>3,000</u>	<u>8,487</u>	<u>5,487</u>
TOTAL REVENUES	<u>11,550</u>	<u>11,550</u>	<u>21,956</u>	<u>10,406</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	<u>182,500</u>	<u>182,500</u>	<u>13,020</u>	<u>169,480</u>
TOTAL EXPENDITURES	<u>182,500</u>	<u>182,500</u>	<u>13,020</u>	<u>169,480</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(170,950)</u>	<u>(170,950)</u>	<u>8,936</u>	<u>179,886</u>
NET CHANGE IN FUND BALANCE	(170,950)	(170,950)	8,936	179,886
FUND BALANCE, Beginning	<u>557,000</u>	<u>557,000</u>	<u>558,095</u>	<u>1,095</u>
FUND BALANCE, Ending	<u>\$ 386,050</u>	<u>\$ 386,050</u>	<u>\$ 567,031</u>	<u>\$ 180,981</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 4,500	\$ 4,500	\$ 2,730	\$ (1,770)
Interest on investments	-	-	24	24
Miscellaneous	-	-	90	90
TOTAL REVENUES	<u>4,500</u>	<u>4,500</u>	<u>2,844</u>	<u>(1,656)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	300	300	36	264
Debt service	<u>1,000</u>	<u>1,000</u>	<u>434</u>	<u>566</u>
TOTAL EXPENDITURES	<u>1,300</u>	<u>1,300</u>	<u>470</u>	<u>830</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,200</u>	<u>3,200</u>	<u>2,374</u>	<u>(826)</u>
OTHER FINANCING SOURCES (USES)				
Interfund loan proceeds	28,800	28,800	27,000	(1,800)
Interfund loan repayment	<u>(32,000)</u>	<u>(32,000)</u>	<u>(29,000)</u>	<u>3,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,200)</u>	<u>(3,200)</u>	<u>(2,000)</u>	<u>1,200</u>
NET CHANGE IN FUND BALANCE	-	-	374	374
Budgetary basis adjustment	-	-	2,000	2,000
FUND BALANCE (DEFICIT), Beginning	<u>-</u>	<u>-</u>	<u>(28,932)</u>	<u>(28,932)</u>
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,558)</u>	<u>\$ (26,558)</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PENDLETON CONVENTION CENTER FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Other taxes	\$ 500,500	\$ 500,500	\$ 515,483	\$ 14,983
Licenses and fees	50,000	50,000	51,847	1,847
Charges for services	224,750	339,750	374,324	34,574
Contributions	-	-	4,877	4,877
Interest on investments	-	-	1,440	1,440
Miscellaneous	29,550	29,550	33,715	4,165
TOTAL REVENUES	<u>804,800</u>	<u>919,800</u>	<u>981,686</u>	<u>61,886</u>
EXPENDITURES				
Current:				
General government:				
Personal services	364,690	364,690	300,486	64,204 **
Materials and services	511,365	626,365	650,561	(24,196) **
Capital outlay	58,100	32,800	40,207	(7,407) **
Contingency	43,885	43,885	-	43,885
TOTAL EXPENDITURES	<u>978,040</u>	<u>1,067,740</u>	<u>991,254</u>	<u>76,486</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(173,240)</u>	<u>(147,940)</u>	<u>(9,568)</u>	<u>138,372</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,760)	(36,060)	(36,060)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,760)</u>	<u>(36,060)</u>	<u>(36,060)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(184,000)	(184,000)	(45,628)	138,372
FUND BALANCE, Beginning	<u>184,000</u>	<u>184,000</u>	<u>200,532</u>	<u>16,532</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,904</u>	<u>\$ 154,904</u>

** PCC Operations level of budgetary appropriation not exceeded.

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Other taxes	\$ 103,500	\$ 103,500	\$ 102,815	\$ (685)
Interest on investments	<u>1,000</u>	<u>1,000</u>	<u>340</u>	<u>(660)</u>
TOTAL REVENUES	<u>104,500</u>	<u>104,500</u>	<u>103,155</u>	<u>(1,345)</u>
EXPENDITURES				
Current:				
General government:				
Capital outlay	124,000	185,000	184,991	9
Debt service	<u>75,330</u>	<u>76,330</u>	<u>75,305</u>	<u>1,025</u>
TOTAL EXPENDITURES	<u>199,330</u>	<u>261,330</u>	<u>260,296</u>	<u>1,034</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(94,830)</u>	<u>(156,830)</u>	<u>(157,141)</u>	<u>(311)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>60,230</u>	<u>60,230</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>60,230</u>	<u>60,230</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(94,830)	(96,600)	(96,911)	(311)
FUND BALANCE, Beginning	<u>96,600</u>	<u>96,600</u>	<u>69,095</u>	<u>(27,505)</u>
FUND BALANCE, Ending	<u>\$ 1,770</u>	<u>\$ -</u>	<u>\$ (27,816)</u>	<u>\$ (27,816)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 4,800	\$ 4,800	\$ 4,400	\$ (400)
Intergovernmental	125,000	125,000	154,737	29,737
Interest on investments	500	500	3,964	3,464
Miscellaneous	100	100	1,376	1,276
TOTAL REVENUES	<u>130,400</u>	<u>130,400</u>	<u>164,477</u>	<u>34,077</u>
EXPENDITURES				
Current:				
Public safety:				
Materials and services	276,900	276,900	138,462	138,438
Capital outlay	27,000	27,000	-	27,000
TOTAL EXPENDITURES	<u>303,900</u>	<u>303,900</u>	<u>138,462</u>	<u>165,438</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(173,500)</u>	<u>(173,500)</u>	<u>26,015</u>	<u>199,515</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	3,475	3,475
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>3,475</u>	<u>3,475</u>
NET CHANGE IN FUND BALANCE	(173,500)	(173,500)	29,490	202,990
FUND BALANCE, Beginning	<u>173,500</u>	<u>173,500</u>	<u>158,378</u>	<u>(15,122)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,868</u>	<u>\$ 187,868</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 3,000	\$ 3,000	\$ 6,887	\$ 3,887
Contributions	2,500	2,500	3,015	515
Interest on investments	500	500	1,973	1,473
TOTAL REVENUES	<u>6,000</u>	<u>6,000</u>	<u>11,875</u>	<u>5,875</u>
EXPENDITURES				
Capital outlay	<u>58,000</u>	<u>58,000</u>	-	<u>58,000</u>
TOTAL EXPENDITURES	<u>58,000</u>	<u>58,000</u>	-	<u>58,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(52,000)</u>	<u>(52,000)</u>	<u>11,875</u>	<u>63,875</u>
NET CHANGE IN FUND BALANCE	(52,000)	(52,000)	11,875	63,875
FUND BALANCE, Beginning	<u>122,500</u>	<u>122,500</u>	<u>125,299</u>	<u>2,799</u>
FUND BALANCE, Ending	<u><u>\$ 70,500</u></u>	<u><u>\$ 70,500</u></u>	<u><u>\$ 137,174</u></u>	<u><u>\$ 66,674</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 1,238	\$ 1,238
TOTAL REVENUES	-	-	1,238	1,238
EXPENDITURES				
Current:				
General government:				
Materials and services	82,000	82,000	-	82,000
TOTAL EXPENDITURES	82,000	82,000	-	82,000
REVENUES OVER (UNDER) EXPENDITURES	(82,000)	(82,000)	1,238	83,238
NET CHANGE IN FUND BALANCE	(82,000)	(82,000)	1,238	83,238
FUND BALANCE, Beginning	82,000	82,000	81,821	(179)
FUND BALANCE, Ending	\$ -	\$ -	\$ 83,059	\$ 83,059

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 100	\$ 100	\$ 308	\$ 208
TOTAL REVENUES	<u>100</u>	<u>100</u>	<u>308</u>	<u>208</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	<u>200</u>	<u>200</u>	<u>76</u>	<u>124</u>
TOTAL EXPENDITURES	<u>200</u>	<u>200</u>	<u>76</u>	<u>124</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(100)</u>	<u>(100)</u>	<u>232</u>	<u>332</u>
NET CHANGE IN FUND BALANCE	(100)	(100)	232	332
FUND BALANCE, Beginning	<u>20,300</u>	<u>20,300</u>	<u>20,349</u>	<u>49</u>
FUND BALANCE, Ending	<u>\$ 20,200</u>	<u>\$ 20,200</u>	<u>\$ 20,581</u>	<u>\$ 381</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2,500	\$ 2,500
Loan repayments	11,500	11,500	37,526	26,026
Interest on investments	2,000	2,000	2,050	50
Miscellaneous	-	-	1,750	1,750
TOTAL REVENUES	<u>13,500</u>	<u>13,500</u>	<u>43,826</u>	<u>30,326</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	1,056,000	1,056,000	387,154	668,846
Contingency	<u>193,500</u>	<u>193,500</u>	-	<u>193,500</u>
TOTAL EXPENDITURES	<u>1,249,500</u>	<u>1,249,500</u>	<u>387,154</u>	<u>862,346</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,236,000)</u>	<u>(1,236,000)</u>	<u>(343,328)</u>	<u>892,672</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	<u>1,000,000</u>	<u>1,000,000</u>	<u>300,000</u>	<u>(700,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000,000</u>	<u>1,000,000</u>	<u>300,000</u>	<u>(700,000)</u>
NET CHANGE IN FUND BALANCE	(236,000)	(236,000)	(43,328)	192,672
FUND BALANCE, Beginning	<u>236,000</u>	<u>236,000</u>	<u>292,936</u>	<u>56,936</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,608</u>	<u>\$ 249,608</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 586,237	\$ 586,237	\$ 557,212	\$ (29,025)
Interest on investments	100	100	4,303	4,203
TOTAL REVENUES	<u>586,337</u>	<u>586,337</u>	<u>561,515</u>	<u>(24,822)</u>
EXPENDITURES				
Debt service	<u>590,452</u>	<u>590,452</u>	<u>556,030</u>	<u>34,422</u>
TOTAL EXPENDITURES	<u>590,452</u>	<u>590,452</u>	<u>556,030</u>	<u>34,422</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,115)</u>	<u>(4,115)</u>	<u>5,485</u>	<u>9,600</u>
NET CHANGE IN FUND BALANCE	(4,115)	(4,115)	5,485	9,600
FUND BALANCE, Beginning	<u>4,115</u>	<u>4,115</u>	<u>25,892</u>	<u>21,777</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,377</u>	<u>\$ 31,377</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 777,500	\$ 777,500	\$ 732,383	\$ (45,117)
Interest on investments	<u>5,000</u>	<u>5,000</u>	<u>7,357</u>	<u>2,357</u>
TOTAL REVENUES	<u>782,500</u>	<u>782,500</u>	<u>739,740</u>	<u>(42,760)</u>
EXPENDITURES				
Current:				
General government:				
Materials and services	57,750	57,750	55,851	1,899
Debt service	<u>1,034,910</u>	<u>1,034,910</u>	<u>602,569</u>	<u>432,341</u>
TOTAL EXPENDITURES	<u>1,092,660</u>	<u>1,092,660</u>	<u>658,420</u>	<u>434,240</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(310,160)</u>	<u>(310,160)</u>	<u>81,320</u>	<u>391,480</u>
NET CHANGE IN FUND BALANCE	(310,160)	(310,160)	81,320	391,480
FUND BALANCE, Beginning	<u>788,500</u>	<u>788,500</u>	<u>751,440</u>	<u>(37,060)</u>
FUND BALANCE, Ending	<u>\$ 478,340</u>	<u>\$ 478,340</u>	<u>\$ 832,760</u>	<u>\$ 354,420</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 100	\$ 100	\$ 92	\$ (8)
TOTAL REVENUES	<u>100</u>	<u>100</u>	<u>92</u>	<u>(8)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(100)	(100)	(92)	8
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100)</u>	<u>(100)</u>	<u>(92)</u>	<u>8</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	<u>6,110</u>	<u>6,110</u>	<u>6,090</u>	<u>(20)</u>
FUND BALANCE, Ending	<u>\$ 6,110</u>	<u>\$ 6,110</u>	<u>\$ 6,090</u>	<u>\$ (20)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Licenses and fees	\$ 3,000	\$ 3,000	\$ 1,233	\$ (1,767)
Interest on investments	<u>25,000</u>	<u>25,000</u>	<u>12,346</u>	<u>(12,654)</u>
TOTAL REVENUES	<u>28,000</u>	<u>28,000</u>	<u>13,579</u>	<u>(14,421)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(8,463)</u>	<u>16,537</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(8,463)</u>	<u>16,537</u>
NET CHANGE IN FUND BALANCE	3,000	3,000	5,116	2,116
FUND BALANCE, Beginning	<u>746,000</u>	<u>746,000</u>	<u>782,545</u>	<u>36,545</u>
FUND BALANCE, Ending	<u><u>\$ 749,000</u></u>	<u><u>\$ 749,000</u></u>	<u><u>\$ 787,661</u></u>	<u><u>\$ 38,661</u></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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 75,000	\$ 75,000	\$ 69,683	\$ (5,317)
Assessments	7,000	7,000	42,741	35,741
Interest on investments	4,000	4,000	6,950	2,950
TOTAL REVENUES	<u>86,000</u>	<u>86,000</u>	<u>119,374</u>	<u>33,374</u>
EXPENDITURES				
Capital outlay	<u>846,000</u>	<u>846,000</u>	<u>12,667</u>	<u>833,333</u>
TOTAL EXPENDITURES	<u>846,000</u>	<u>846,000</u>	<u>12,667</u>	<u>833,333</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(760,000)</u>	<u>(760,000)</u>	<u>106,707</u>	<u>866,707</u>
NET CHANGE IN FUND BALANCE	(760,000)	(760,000)	106,707	866,707
FUND BALANCE, Beginning	<u>760,000</u>	<u>760,000</u>	<u>963,267</u>	<u>203,267</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069,974</u>	<u>\$ 1,069,974</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 150	\$ 150	\$ 1,081	\$ 931
TOTAL REVENUES	<u>150</u>	<u>150</u>	<u>1,081</u>	<u>931</u>
EXPENDITURES				
Capital outlay	<u>131,000</u>	<u>131,000</u>	<u>49,903</u>	<u>81,097</u>
TOTAL EXPENDITURES	<u>131,000</u>	<u>131,000</u>	<u>49,903</u>	<u>81,097</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(130,850)</u>	<u>(130,850)</u>	<u>(48,822)</u>	<u>82,028</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	1,550	1,550
Transfers in	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>115,000</u>	<u>115,000</u>	<u>116,550</u>	<u>1,550</u>
NET CHANGE IN FUND BALANCE	(15,850)	(15,850)	67,728	83,578
FUND BALANCE, Beginning	<u>44,750</u>	<u>44,750</u>	<u>22,460</u>	<u>(22,290)</u>
FUND BALANCE, Ending	<u>\$ 28,900</u>	<u>\$ 28,900</u>	<u>\$ 90,188</u>	<u>\$ 61,288</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
PUBLIC SAFETY CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 172,000	\$ 172,000	\$ 194,151	\$ 22,151
Intergovernmental	450,000	450,000	-	(450,000)
Contributions	-	-	255	255
Interest on investments	500	500	1,952	1,452
TOTAL REVENUES	<u>622,500</u>	<u>622,500</u>	<u>196,358</u>	<u>(426,142)</u>
EXPENDITURES				
Capital outlay	737,000	737,000	75,360	661,640
Debt service	500	500	-	500
TOTAL EXPENDITURES	<u>737,500</u>	<u>737,500</u>	<u>75,360</u>	<u>662,140</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(115,000)</u>	<u>(115,000)</u>	<u>120,998</u>	<u>235,998</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	234,693	234,693
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>234,693</u>	<u>234,693</u>
NET CHANGE IN FUND BALANCE	(115,000)	(115,000)	355,691	470,691
FUND BALANCE, Beginning	<u>152,000</u>	<u>152,000</u>	<u>66,565</u>	<u>(85,435)</u>
FUND BALANCE, Ending	<u>\$ 37,000</u>	<u>\$ 37,000</u>	<u>\$ 422,256</u>	<u>\$ 385,256</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Assessments	\$ 109,100	\$ 109,100	\$ 33,610	\$ (75,490)
Interest on investments	-	-	311	311
Miscellaneous	-	-	110	110
TOTAL REVENUES	<u>109,100</u>	<u>109,100</u>	<u>34,031</u>	<u>(75,069)</u>
EXPENDITURES				
Current:				
General Government:				
Materials and services	500	500	108	392
Capital outlay	250,000	250,000	-	250,000
Debt service	<u>228,100</u>	<u>228,100</u>	<u>175,830</u>	<u>52,270</u>
TOTAL EXPENDITURES	<u>478,600</u>	<u>478,600</u>	<u>175,938</u>	<u>302,662</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(369,500)</u>	<u>(369,500)</u>	<u>(141,907)</u>	<u>227,593</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	604,500	604,500	-	(604,500)
Interfund loan proceeds	-	-	78,300	78,300
Interfund loan repayment	<u>(100,000)</u>	<u>(100,000)</u>	<u>(98,300)</u>	<u>1,700</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>504,500</u>	<u>504,500</u>	<u>(20,000)</u>	<u>(524,500)</u>
NET CHANGE IN FUND BALANCE	135,000	135,000	(161,907)	(296,907)
Budgetary basis adjustment	-	-	20,000	20,000
FUND BALANCE (DEFICIT), Beginning	<u>(135,000)</u>	<u>(135,000)</u>	<u>589,034</u>	<u>724,034</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,127</u>	<u>\$ 447,127</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
STREET HB2001 FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 880,000	\$ 880,000	\$ 215,739	\$ (664,261)
Interest on investments	-	-	52	52
TOTAL REVENUES	<u>880,000</u>	<u>880,000</u>	<u>215,791</u>	<u>(664,209)</u>
EXPENDITURES				
Capital outlay	893,500	893,500	743,898	149,602
Debt service	100	100	100	-
TOTAL EXPENDITURES	<u>893,600</u>	<u>893,600</u>	<u>743,998</u>	<u>149,602</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(13,600)</u>	<u>(13,600)</u>	<u>(528,207)</u>	<u>(514,607)</u>
NET CHANGE IN FUND BALANCE	(13,600)	(13,600)	(528,207)	(514,607)
FUND BALANCE, Beginning	<u>13,600</u>	<u>13,600</u>	<u>13,724</u>	<u>124</u>
FUND BALANCE, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (514,483)</u></u>	<u><u>\$ (514,483)</u></u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FIRE BOND CAPITAL CONSTRUCTION FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 10,000	\$ 10,000	\$ 138,697	\$ 128,697
TOTAL REVENUES	<u>10,000</u>	<u>10,000</u>	<u>138,697</u>	<u>128,697</u>
EXPENDITURES				
Current:				
General government:				
Public safety:				
Materials and services	70,000	70,000	117,916	(47,916) **
Capital outlay	<u>9,940,000</u>	<u>9,940,000</u>	<u>2,030,718</u>	<u>7,909,282</u>
TOTAL EXPENDITURES	<u>10,010,000</u>	<u>10,010,000</u>	<u>2,148,634</u>	<u>7,861,366</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,000,000)</u>	<u>(10,000,000)</u>	<u>(2,009,937)</u>	<u>7,990,063</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	10,000,000	10,000,000	9,060,000	(940,000)
Issuance of bond premium	<u>-</u>	<u>-</u>	<u>939,860</u>	<u>939,860</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000,000</u>	<u>10,000,000</u>	<u>9,999,860</u>	<u>(140)</u>
NET CHANGE IN FUND BALANCE	-	-	7,989,923	7,989,923
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,989,923</u>	<u>\$ 7,989,923</u>

** Exempt from Oregon Budget Law.



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

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

- PW Administration and Fleet
- 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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 5,369,530	\$ 5,369,530	\$ 5,116,171	\$ (253,359)
Interest on investments	500	500	6,345	5,845
Miscellaneous	50,000	50,000	90,824	40,824
TOTAL REVENUES	5,420,030	5,420,030	5,213,340	(206,690)
EXPENDITURES				
Current:				
Personal services	629,900	629,900	669,862	(39,962) **
Materials and services	2,680,465	2,680,465	2,563,422	117,043 **
Capital outlay	7,062,500	7,062,500	3,153,475	3,909,025 **
Debt service	459,825	459,825	457,598	2,227
Contingency	219,560	219,560	-	219,560
TOTAL EXPENDITURES	11,052,250	11,052,250	6,844,357	4,207,893
REVENUES OVER (UNDER) EXPENDITURES	(5,632,220)	(5,632,220)	(1,631,017)	4,001,203
OTHER FINANCING SOURCES (USES)				
Sale of property	1,500	1,500	-	(1,500)
Issuance of debt	5,000,000	5,000,000	1,008,649	(3,991,351)
Interfund loan repayment	-	-	(55,586)	(55,586)
Transfers out	(1,020,250)	(1,020,250)	(20,250)	1,000,000
TOTAL OTHER FINANCING SOURCES (USES)	3,981,250	3,981,250	932,813	(3,048,437)
NET CHANGE IN FUND BALANCE	(1,650,970)	(1,650,970)	(698,204)	952,766
Budgetary basis adjustment	-	-	55,586	55,586
FUND BALANCE, Beginning	1,650,970	1,650,970	876,359	(774,611)
FUND BALANCE, Ending	\$ -	\$ -	\$ 233,741	\$ 233,741

**Water Operations level of budgetary appropriation not exceeded.

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 5,000	\$ 5,000	\$ 683	\$ (4,317)
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>683</u>	<u>(4,317)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>5,000</u>	<u>5,000</u>	<u>683</u>	<u>(4,317)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
NET CHANGE IN FUND BALANCE	1,005,000	1,005,000	683	(1,004,317)
FUND BALANCE, Beginning	<u>752,500</u>	<u>752,500</u>	<u>250,000</u>	<u>(502,500)</u>
FUND BALANCE, Ending	<u>\$ 1,757,500</u>	<u>\$ 1,757,500</u>	<u>\$ 250,683</u>	<u>\$ (1,506,817)</u>

See auditor's report.

**CITY OF PENDLETON, OREGON
RECONCILIATION TO GENERALLY ACCEPTED
ACCOUNTING PRINCIPLES
ALL WATER FUNDS
For the Fiscal Year Ended June 30, 2018**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):

Water	\$ 233,741
Water Capital Reserve	<u>250,683</u>
	484,424

Adjustments:

Capital assets, net of depreciation	16,355,619
Deferred outflow of resources related to pension	170,195
Deferred outflow of resources related to OPEB	5,796
Accrued interest payable	(60,747)
Other post employment benefits liability	(83,487)
Net pension liability	(475,869)
Long-term debt	(2,987,437)
Deferred inflow of resources related to pension	(15,719)
Deferred inflow of resources related to OPEB	<u>(5,466)</u>

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

\$ 13,387,309

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 4,829,500	\$ 4,829,500	\$ 4,780,869	\$ (48,631)
Assessments	-	-	860	860
Interest on investments	5,000	5,000	1,621	(3,379)
Miscellaneous	500	500	9,093	8,593
TOTAL REVENUES	<u>4,835,000</u>	<u>4,835,000</u>	<u>4,792,443</u>	<u>(42,557)</u>
EXPENDITURES				
Current:				
Personal services	641,122	641,122	594,146	46,976
Materials and services	2,587,890	2,587,890	2,571,717	16,173
Capital outlay	1,955,232	1,955,232	1,219,613	735,619
Debt service	437,445	437,445	437,445	-
Contingency	219,768	95,932	-	95,932
TOTAL EXPENDITURES	<u>5,841,457</u>	<u>5,717,621</u>	<u>4,822,921</u>	<u>894,700</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,006,457)</u>	<u>(882,621)</u>	<u>(30,478)</u>	<u>852,143</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	1,000	1,000	1,200	200
Issuance of debt	1,500,000	1,500,000	-	(1,500,000)
Transfers out	(758,543)	(882,379)	(882,379)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>742,457</u>	<u>618,621</u>	<u>(881,179)</u>	<u>(1,499,800)</u>
NET CHANGE IN FUND BALANCE	(264,000)	(264,000)	(911,657)	(647,657)
FUND BALANCE, Beginning	<u>264,000</u>	<u>264,000</u>	<u>608,817</u>	<u>344,817</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (302,840)</u>	<u>\$ (302,840)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 35,000	\$ 35,000	\$ 51,912	\$ 16,912
TOTAL REVENUES	<u>35,000</u>	<u>35,000</u>	<u>51,912</u>	<u>16,912</u>
EXPENDITURES				
Capital outlay	<u>600,000</u>	<u>600,000</u>	-	<u>600,000</u>
TOTAL EXPENDITURES	<u>600,000</u>	<u>600,000</u>	-	<u>600,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(565,000)</u>	<u>(565,000)</u>	<u>51,912</u>	<u>616,912</u>
NET CHANGE IN FUND BALANCE	(565,000)	(565,000)	51,912	616,912
FUND BALANCE, Beginning	<u>3,426,550</u>	<u>3,426,550</u>	<u>3,438,595</u>	<u>12,045</u>
FUND BALANCE, Ending	<u>\$ 2,861,550</u>	<u>\$ 2,861,550</u>	<u>\$ 3,490,507</u>	<u>\$ 628,957</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, 2018

	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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Materials and services	\$ -	\$ -	\$ 36,913	\$ (36,913) **
Debt service	<u>741,673</u>	<u>865,509</u>	<u>741,673</u>	<u>123,836</u>
TOTAL EXPENDITURES	<u>741,673</u>	<u>865,509</u>	<u>778,586</u>	<u>86,923</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding debt	-	-	5,935,713	5,935,713
Payment to refund debt	-	-	(6,022,636)	(6,022,636) **
Transfers in	<u>741,673</u>	<u>865,509</u>	<u>865,509</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>741,673</u>	<u>865,509</u>	<u>778,586</u>	<u>(86,923)</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>

** Exempt from Oregon Budget Law.

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, 2018

	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, 2018**

BUDGETARY BASIS FUND BALANCE (NON-GAAP):	
Sewer	\$ (302,840)
Sewer Capital Reserve	3,490,507
Wastewater Rate Reserve	744,698
Wastewater Rate Stabilization	<u>450,000</u>
	4,382,365
 Adjustments:	
Capital assets, net of depreciation	18,743,787
Deferred outflow of resources related to pension	132,098
Deferred outflow of resources related to OPEB	5,169
Accrued interest payable	(78,147)
Other post employment benefits liability	(78,143)
Net pension liability	(369,353)
Long-term debt	(11,069,848)
Deferred inflow of resources related to pension	(12,201)
Deferred inflow of resources related to OPEB	<u>(5,004)</u>
 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES BASIS (GAAP) NET POSITION	 <u><u>\$ 11,650,723</u></u>

CITY OF PENDLETON, OREGON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
AIRPORT FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 974,550	\$ 974,550	\$ 747,301	\$ (227,249)
Intergovernmental	641,500	641,500	425,486	(216,014)
Interest on investments	-	-	2,715	2,715
Miscellaneous	-	-	4,723	4,723
TOTAL REVENUES	<u>1,616,050</u>	<u>1,616,050</u>	<u>1,180,225</u>	<u>(435,825)</u>
EXPENDITURES				
Current:				
Personal services	364,825	364,825	347,453	17,372
Materials and services	751,525	751,525	687,802	63,723
Capital outlay	628,000	628,000	342,615	285,385
Debt service	75,500	75,500	73,035	2,465
TOTAL EXPENDITURES	<u>1,819,850</u>	<u>1,819,850</u>	<u>1,450,905</u>	<u>368,945</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(203,800)</u>	<u>(203,800)</u>	<u>(270,680)</u>	<u>(66,880)</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	-	-	3,351	3,351
Transfers in	252,000	452,000	452,000	-
Interfund loan proceeds	2,364,200	2,539,200	2,243,000	(296,200)
Interfund loan repayment	(2,400,000)	(2,775,000)	(2,575,990)	199,010
Transfers out	(12,400)	(12,400)	(12,400)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>203,800</u>	<u>203,800</u>	<u>109,961</u>	<u>(93,839)</u>
NET CHANGE IN FUND BALANCE	-	-	(160,719)	(160,719)
Budgetary basis adjustment	-	-	332,990	332,990
FUND BALANCE (DEFICIT), Beginning	-	-	(2,386,850)	(2,386,850)
FUND BALANCE (DEFICIT), Ending	<u>\$ -</u>	<u>\$ -</u>	(2,214,579)	<u>\$ (2,214,579)</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			8,726,120	
Deferred outflow of resources related to pension			93,621	
Deferred outflow of resources related to OPEB			2,510	
Net pension liability			(261,767)	
Accrued interest payable			(9,366)	
Other post employment benefits liability			(32,424)	
Long-term debt			(1,297,908)	
Deferred inflow of resources related to pension			(8,647)	
Deferred inflow of resources related to OPEB			(2,235)	
NET POSITION Ending			<u>\$ 4,995,325</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)
PW ADMINISTRATION AND FLEET FUND
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Charges for services	\$ 1,604,750	\$ 1,604,750	\$ 1,598,630	\$ (6,120)
Interest on investments	1,500	1,500	2,203	703
Miscellaneous	1,000	1,000	9	(991)
TOTAL REVENUES	<u>1,607,250</u>	<u>1,607,250</u>	<u>1,600,842</u>	<u>(6,408)</u>
EXPENDITURES				
Current:				
Personal services	1,202,290	1,202,290	1,029,923	172,367 **
Materials and services	238,710	238,710	239,612	(902) **
Capital outlay	35,000	60,000	56,058	3,942 **
Contingency	50,000	25,000	-	25,000
TOTAL EXPENDITURES	<u>1,526,000</u>	<u>1,526,000</u>	<u>1,325,593</u>	<u>200,407</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>81,250</u>	<u>81,250</u>	<u>275,249</u>	<u>193,999</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	1,000	1,000	-	(1,000)
Transfers out	(43,630)	(43,630)	(43,630)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(42,630)</u>	<u>(42,630)</u>	<u>(43,630)</u>	<u>(1,000)</u>
NET CHANGE IN FUND BALANCE	38,620	38,620	231,619	192,999
FUND BALANCE, Beginning	<u>142,000</u>	<u>142,000</u>	<u>103,444</u>	<u>(38,556)</u>
FUND BALANCE, Ending	<u>\$ 180,620</u>	<u>\$ 180,620</u>	335,063	<u>\$ 154,443</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			652,760	
Deferred outflow of resources related to pension			284,036	
Deferred outflow of resources related to OPEB			7,903	
Net pension liability			(794,170)	
Other post employment benefits liability			(104,104)	
Deferred inflow of resources related to pension			(26,235)	
Deferred inflow of resources related to OPEB			(7,109)	
NET POSITION, Ending			<u>\$ 348,144</u>	

**PW Administration and Fleet Operations level of budgetary appropriation not exceeded.

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
REVENUES				
Licenses and fees	\$ 27,000	\$ 27,000	\$ 24,593	\$ (2,407)
Charges for services	3,113,610	3,113,610	3,113,610	-
Intergovernmental	57,250	57,250	55,851	(1,399)
Interest on investments	2,500	2,500	1,261	(1,239)
Miscellaneous	7,200	7,200	9,788	2,588
TOTAL REVENUES	<u>3,207,560</u>	<u>3,207,560</u>	<u>3,205,103</u>	<u>(2,457)</u>
EXPENDITURES				
Current:				
Personal services	2,153,560	2,153,560	2,096,091	57,469
Materials and services	1,138,510	1,158,510	1,042,267	116,243
Capital outlay	125,000	125,000	91,738	33,262
Contingency	145,630	125,630	-	125,630
TOTAL EXPENDITURES	<u>3,562,700</u>	<u>3,562,700</u>	<u>3,230,096</u>	<u>332,604</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(355,140)</u>	<u>(355,140)</u>	<u>(24,993)</u>	<u>330,147</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(85,860)	(85,860)	(85,860)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(85,860)</u>	<u>(85,860)</u>	<u>(85,860)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(441,000)	(441,000)	(110,853)	330,147
FUND BALANCE, Beginning	<u>441,000</u>	<u>441,000</u>	<u>322,042</u>	<u>(118,958)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	211,189	<u>\$ 211,189</u>
RECONCILIATION TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Capital assets, net of depreciation			346,453	
Deferred outflow of resources related to pension			665,636	
Deferred outflow of resources related to OPEB			17,038	
Net pension liability			(1,861,134)	
Other post employment benefits liability			(214,436)	
Deferred inflow of resources related to pension			(61,479)	
Deferred inflow of resources related to OPEB			(14,973)	
NET POSITION, Ending			<u>\$ (911,706)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive / (Negative)
EXPENDITURES AND TRANSFERS				
City manager's office	\$ 459,510	\$ 459,510	\$ 447,114	\$ 12,396
Insurance	377,000	397,000	390,440	6,560
Mayor and City Council	53,110	53,110	48,677	4,433
PDC administration	48,220	48,220	46,820	1,400
Legal	318,390	318,390	317,896	494
Finance	743,310	743,310	709,046	34,264
Engineering	457,800	457,800	395,590	62,210
Facilities	721,230	721,230	665,334	55,896
Information technology	238,500	238,500	209,179	29,321
Contingency	145,630	125,630	-	125,630
	<u>3,562,700</u>	<u>3,562,700</u>	<u>3,230,096</u>	<u>332,604</u>
Total expenditures	3,562,700	3,562,700	3,230,096	332,604
Transfers	<u>85,860</u>	<u>85,860</u>	<u>85,860</u>	<u>-</u>
TOTAL EXPENDITURES AND TRANSFERS	<u><u>\$ 3,648,560</u></u>	<u><u>\$ 3,648,560</u></u>	<u><u>\$ 3,315,956</u></u>	<u><u>\$ 332,604</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 252,500	\$ 252,500	\$ 95,830	\$ (156,670)
Interest on investments	<u>2,500</u>	<u>2,500</u>	<u>274</u>	<u>(2,226)</u>
TOTAL REVENUES	<u>255,000</u>	<u>255,000</u>	<u>96,104</u>	<u>(158,896)</u>
EXPENDITURES				
Current:				
Materials and services	<u>260,000</u>	<u>260,000</u>	<u>155,307</u>	<u>104,693</u>
TOTAL EXPENDITURES	<u>260,000</u>	<u>260,000</u>	<u>155,307</u>	<u>104,693</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,000)</u>	<u>(5,000)</u>	<u>(59,203)</u>	<u>(54,203)</u>
NET CHANGE IN FUND BALANCE	(5,000)	(5,000)	(59,203)	(54,203)
FUND BALANCE, Beginning	<u>5,000</u>	<u>5,000</u>	<u>59,300</u>	<u>54,300</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ 97</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, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<hr/> Northeast Oregon Air Task Force Agency <hr/>				
ASSETS				
Cash and cash equivalents	\$ 1,074	\$ -	\$ 1,074	\$ -
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governments	\$ 1,074	\$ -	\$ 1,074	\$ -
<hr/> Bail Fund <hr/>				
ASSETS				
Cash and cash equivalents	\$ 24,260	\$ 773	\$ -	\$ 25,033
Accounts receivable	67	-	67	-
	<u>\$ 24,327</u>	<u>\$ 773</u>	<u>\$ 67</u>	<u>\$ 25,033</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 6,090	\$ 1,073	\$ -	\$ 7,163
Due to other governments	18,237	-	367	17,870
Total liabilities	<u>\$ 24,327</u>	<u>\$ 1,073</u>	<u>\$ 367</u>	<u>\$ 25,033</u>
<hr/> Pendleton Foundation Trust <hr/>				
ASSETS				
Cash and cash equivalents	\$ 59,300	\$ 96,104	\$ 155,307	\$ 97
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governments	<u>\$ 59,300</u>	<u>\$ 96,104</u>	<u>\$ 155,307</u>	<u>\$ 97</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF OUTSTANDING DEBT PRINCIPAL AND INTEREST TRANSACTIONS
For the fiscal year ended June 30, 2018

	Terms			Original Amount
	Date of Issue	Interest Rate	Maturity Date	
Governmental Funds:				
General Obligation Bonds:				
2017 Fire Construction Bonds	09/07/17	2% - 4%	06/15/38	\$ 9,060,000
Refunding Bond Series USDA	03/21/18	3.20%	07/15/30	\$ 625,066
Limited Tax Pension Bonds:				
Series 2005	09/23/05	4.21% - 5.004%	06/01/28	\$ 7,160,000
Urban Renewal Bonds:				
Series 2013	03/31/13	3.75% - 4.75%	01/15/23	\$ 2,150,000
Credit Line	01/03/18	Variable	N/A	\$ 3,500,000
Notes payable:				
USDA- Pendleton Academies	03/05/98	4.88%	03/05/38	\$ 889,533
Sunridge LID	07/29/09	4.00%	07/29/24	\$ 1,300,000
OR IFA Olney Project	01/02/14	4.56%	01/02/17	\$ 626,067
Eastside Expansion	09/15/14	4.35%	07/15/29	\$ 825,000
Total General Long Term Debt				
Enterprise Funds:				
Water Fund:				
Notes payable:				
Safe Drinking Water State Revolving Loan Fund	06/30/03	4.50%	12/01/22	\$ 4,000,000
Safe Drinking Water State Revolving Loan Fund	06/30/03	4.17%	12/01/22	\$ 1,900,000
Safe Drinking Water State Revolving Loan Fund	03/07/18	1.41%	03/07/47	\$ 14,655,000
Total Water Fund				
Sewer Fund:				
Clean Water State Revolving Fund	09/22/09	0.00%	04/01/31	\$ 4,000,000
Clean Water State Revolving Fund	04/15/10	2.77%	04/01/31	\$ 4,650,000
Waste Water Revenue Bonds	12/11/07	3.00% - 4.30%	01/15/28	\$ 9,980,000
Refunding Sewer Bond	03/21/18	3.20%	07/15/30	\$ 5,935,713
Total Sewer Fund				
Airport Fund				
OR SRF 13-15-628 UAS	06/15/15	5.00%	01/31/23	\$ 545,000
OR IFA 15009 Hangar Loan	04/06/15	3.40%	12/01/40	\$ 655,000
Community Bank Building	04/13/17	2.79%	04/13/27	\$ 316,000
Total Airport Fund				
Total Enterprise Funds				

** Amortization has not yet been made available.

Debt Principal					Matured Interest Payable			
Outstanding June 30, 2017	Issued During Year	Transfers and Adjustments	Paid During Year	Outstanding June 30, 2018	Outstanding June 30, 2017	Matured During Year	Paid During Year	Outstanding June 30, 2018
\$ -	\$ 9,060,000	\$ -	\$ 300,000	\$ 8,760,000	\$ -	\$ 256,030	\$ 256,030	\$ -
-	625,066	-	-	625,066	-	-	-	-
5,610,000	-	-	310,000	5,300,000	-	279,209	279,209	-
1,401,966	-	-	208,215	1,193,751	-	65,308	65,308	-
-	300,000	-	300,000	-	-	6,366	6,366	-
648,596	-	-	648,596	-	-	24,519	24,519	-
759,286	-	-	94,618	664,668	-	29,683	29,683	-
592,580	-	-	18,771	573,809	-	27,022	27,022	-
715,985	-	-	44,100	671,885	-	31,135	31,135	-
<u>\$ 9,728,413</u>	<u>\$ 9,985,066</u>	<u>\$ -</u>	<u>\$ 1,924,300</u>	<u>\$ 17,789,179</u>	<u>\$ -</u>	<u>\$ 719,272</u>	<u>\$ 719,272</u>	<u>\$ -</u>
\$ 1,586,000	\$ -	\$ -	\$ 236,000	\$ 1,350,000	\$ -	\$ 71,370	\$ 71,370	\$ -
739,854	-	-	111,066	628,788	-	30,852	30,852	-
-	1,008,649	-	-	1,008,649	-	-	-	-
<u>2,325,854</u>	<u>1,008,649</u>	<u>-</u>	<u>347,066</u>	<u>2,987,437</u>	<u>-</u>	<u>102,222</u>	<u>102,222</u>	<u>-</u>
1,550,000	-	-	100,000	1,450,000	-	-	-	-
3,888,080	-	-	203,945	3,684,135	-	106,297	106,297	-
6,440,000	-	-	6,440,000	-	-	266,673	266,673	-
-	5,935,713	-	-	5,935,713	-	-	-	-
<u>11,878,080</u>	<u>5,935,713</u>	<u>-</u>	<u>6,743,945</u>	<u>11,069,848</u>	<u>-</u>	<u>372,970</u>	<u>372,970</u>	<u>-</u>
545,000	-	-	-	545,000	-	-	-	-
469,497	-	-	-	469,497	-	12,889	12,889	-
311,288	-	-	27,877	283,411	-	8,444	8,444	-
<u>1,325,785</u>	<u>-</u>	<u>-</u>	<u>27,877</u>	<u>1,297,908</u>	<u>-</u>	<u>21,333</u>	<u>21,333</u>	<u>-</u>
<u>\$ 15,529,719</u>	<u>\$ 6,944,362</u>	<u>\$ -</u>	<u>\$ 7,118,888</u>	<u>\$ 15,355,193</u>	<u>\$ -</u>	<u>\$ 496,525</u>	<u>\$ 496,525</u>	<u>\$ -</u>

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE LIMITED TAX PENSION
BONDED DEBT REQUIREMENTS - GOVERNMENTAL FUNDS
June 30, 2018

Year of Maturity	Limited Tax Pension Bonds	
	Principal	Interest
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>\$ 5,300,000</u>	<u>\$ 1,587,889</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE URBAN RENEWAL
BONDED DEBT REQUIREMENTS - GOVERNMENTAL FUNDS
June 30, 2018

Year of Maturity	Urban Renewal Bond	
	Principal	Interest
2018-19	\$ 230,145	\$ 44,766
2019-20	238,775	36,135
2020-21	247,729	27,181
2021-22	257,019	17,891
2022-23	220,083	8,253
	<u>\$ 1,193,751</u>	<u>\$ 134,226</u>

See auditor's report.

Year of Maturity	Notes Payable		Sunridge LID	
	Totals		Principal	Interest
	Principal	Interest		
2018-19	\$ 164,385	\$ 80,946	\$ 98,691	\$ 25,611
2019-20	171,320	74,009	102,678	21,624
2020-21	178,477	66,851	106,826	17,476
2021-22	186,082	59,246	111,142	13,160
2022-23	193,937	51,393	115,632	8,670
2023-24	211,519	43,394	129,699	4,187
2024-25	85,448	35,579	-	-
2025-26	89,328	31,698	-	-
2026-27	93,339	27,688	-	-
2027-28	97,529	23,497	-	-
2028-29	101,894	19,132	-	-
2029-30	67,854	14,544	-	-
2030-31	33,515	12,278	-	-
3031-32	35,043	10,749	-	-
3032-33	36,641	9,152	-	-
3033-34	38,312	7,481	-	-
3034-35	40,059	5,734	-	-
3035-36	41,885	3,907	-	-
3036-37	43,795	1,997	-	-
	<u>\$ 1,910,362</u>	<u>579,275</u>	<u>\$ 664,668</u>	<u>\$ 90,728</u>

See auditor's report.

OR IFA Olney Project		PCC Eastside Expansion	
Principal	Interest	Principal	Interest
\$ 19,627	\$ 26,166	\$ 46,067	\$ 29,169
20,522	25,271	48,120	27,114
21,457	24,335	50,194	25,040
22,436	23,356	52,504	22,730
23,459	22,333	54,846	20,390
24,529	21,264	57,291	17,943
25,647	20,145	59,801	15,434
26,816	18,976	62,512	12,722
28,040	17,753	65,299	9,935
29,318	16,474	68,211	7,023
30,655	15,137	71,239	3,995
32,053	13,739	35,801	805
33,515	12,278	-	-
35,043	10,749	-	-
36,641	9,152	-	-
38,312	7,481	-	-
40,059	5,734	-	-
41,885	3,907	-	-
43,795	1,997	-	-
<u>\$ 573,809</u>	<u>\$ 296,247</u>	<u>\$ 671,885</u>	<u>\$ 192,300</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
WATER FUND
June 30, 2018

Year of Maturity	Notes Payable Totals		Safe Drinking Water State Revolving Loan Fund			
	Principal	Interest	Principal	Interest	Principal	Interest
2018-19	\$ 362,698	\$ 86,970	\$ 247,000	\$ 60,750	\$ 115,698	\$ 26,220
2019-20	378,522	71,031	258,000	49,635	120,522	21,396
2020-21	394,548	56,395	269,000	38,025	125,548	18,370
2021-22	412,783	37,055	282,000	25,920	130,783	11,135
2022-23	430,237	18,911	294,000	13,230	136,237	5,681
	<u>\$ 1,978,788</u>	<u>\$ 270,362</u>	<u>\$ 1,350,000</u>	<u>\$ 187,560</u>	<u>\$ 628,788</u>	<u>\$ 82,802</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
SEWER FUND
June 30, 2018

Year of Maturity	Totals	
	Principal	Interest
2018-19	\$ 309,633	\$ 100,609
2019-20	315,480	94,762
2020-21	321,491	88,751
2021-22	327,668	82,574
2022-23	334,018	76,224
2023-24	340,546	69,696
2024-25	347,255	62,987
2025-26	354,151	56,091
2026-27	361,240	49,002
2027-28	368,527	41,715
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>\$ 5,134,135</u>	<u>\$ 814,377</u>

Year of Maturity	Clean Water State Revolving Fund			
	Principal	Interest	Principal	Interest
2018-19	\$ 209,633	\$ 100,609	\$ 100,000	-
2019-20	215,480	94,762	100,000	-
2020-21	221,491	88,751	100,000	-
2021-22	227,668	82,574	100,000	-
2022-23	234,018	76,224	100,000	-
2023-24	240,546	69,696	100,000	-
2024-25	247,255	62,987	100,000	-
2025-26	254,151	56,091	100,000	-
2026-27	261,240	49,002	100,000	-
2027-28	268,527	41,715	100,000	-
2028-29	276,016	34,226	100,000	-
2029-30	283,715	26,527	100,000	-
2030-31	291,628	18,614	100,000	-
2031-32	299,762	10,480	100,000	-
2032-33	153,005	2,119	50,000	-
	<u>\$ 3,684,135</u>	<u>\$ 814,377</u>	<u>\$ 1,450,000</u>	<u>\$ -</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SCHEDULE OF FUTURE NOTE PAYABLE DEBT REQUIREMENTS
AIRPORT FUND
June 30, 2018

Year of Maturity	Notes Payable Totals		Community Bank Airport Building	
	Principal	Interest	Principal	Interest
2018-19	\$ 28,668	\$ 7,653	\$ 28,668	\$ 7,653
2019-20	29,597	6,724	29,597	6,724
2020-21	30,433	5,888	30,433	5,888
2021-22	31,293	5,028	31,293	5,028
2022-23	32,177	4,144	32,177	4,144
2023-24	33,087	3,234	33,087	3,234
2024-25	34,022	2,299	34,022	2,299
2025-26	34,983	1,338	34,983	1,338
2022-23	29,151	246	29,151	246
	<u>\$ 283,411</u>	<u>\$ 36,554</u>	<u>\$ 283,411</u>	<u>\$ 36,554</u>

Amortization schedules for the SRF and IFA loans are not yet available.

STATISTICAL SECTION

City of Pendleton
Major Wastewater Accounts FY18

ACCOUNT	TOTAL ANNUAL REVENUE FY18	% OF TOTAL ANNUAL REV FY18
TRIBES/WILDHORSE	\$328,191	8.07%
EOCI	266,050	6.54%
BRUSSELBACK PROPERTIES	57,420	1.41%
RED LION/WEST COAST HOTELS	37,553	0.92%
RON MORRIS/VISTA VILLAGE	36,679	0.90%
HILL MEAT	35,939	0.88%
WILLIAM SMITH	31,603	0.78%
RIETH SANITARY	29,520	0.73%
1003 HAMILTON LLC	26,838	0.66%
SUNRIDGE RETIREMENT	24,154	0.59%
TOTAL	\$873,948	21.49%
ALL OTHER CUSTOMERS	3,192,707	78.51%
TOTAL SEWER REVENUE	\$4,066,655	100.00%

City of Pendleton

Sewer Fund Coverage Table - Historical and Projected Operating Results

	Actual										Projections	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Revenues:												
Transfers from Other Funds - IN	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Revenues:	0	0	0	0	0	0	0	0	1,537	0	0	0
Enterprise Revenues:	3,656,158	3,707,262	3,839,656	3,736,322	3,821,177	3,906,275	3,809,996	4,043,311	4,269,318	4,796,279	5,299,888	5,856,376
Intergovernmental revenues:	1,487	11,722	9,341	16,547	283,499	588,030	0	0	0	0	0	0
Total Operating Revenues	3,657,645	3,718,984	3,848,997	3,752,869	4,104,676	4,494,305	3,809,996	4,043,311	4,270,855	4,796,279	5,299,888	5,856,376
Operating Expenses:												
Personal Services	385,723	450,321	427,970	437,313	463,542	475,763	500,801	531,925	561,963	594,146	623,853	655,046
Materials & Services	1,372,440	1,448,569	1,510,552	1,586,004	1,721,507	1,848,631	1,863,703	2,143,663	2,252,843	2,571,732	2,700,318	2,835,334
Transfers to other fund- OUT	10,100	9,090	9,730	12,730	13,000	14,690	15,610	13,190	15,290	16,870	17,714	18,599
Contingency	0	0	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	1,768,263	1,907,980	1,948,252	2,036,047	2,198,049	2,339,084	2,380,114	2,688,778	2,830,096	3,182,747	3,341,885	3,508,979
Net Operating Income	1,889,382	1,811,004	1,900,745	1,716,822	1,906,627	2,155,221	1,429,882	1,354,533	1,440,759	1,613,531	1,958,003	2,347,397
Non-operating Income (Expenses):												
Sale of Equipment/land	3,727	3,727	3,727	3,727	0	0	1,450	685	0	1,200	2,000	2,000
Other miscellaneous	8,616	8,616	0	0	2	1,667	-9,955	0	0	-14,550	0	0
Reimbursement of expense	13,108	17,500	0	0	0	259	736	1,077	240	9,093	1,000	1,000
Investment Income	43,774	11,782	30,671	32,598	26,464	24,160	9,052	5,115	3,281	1,621	5,000	5,000
Sewer Fund	5,814	9,323	9,485	4,906	25,507	31,418	37,803	36,707	46,053	51,912	45,000	50,000
Sewer Capital Reserve Fund	66,423	50,948	43,883	41,231	51,973	57,504	49,041	33,629	49,574	49,276	53,000	58,000
Total Non-operating Income (Expense)	1,955,805	1,861,952	1,944,628	1,758,053	1,958,600	2,212,725	1,478,923	1,388,162	1,490,333	1,662,807	2,011,003	2,405,397
Senior Lien Debt Service:												
OCEDD Special Public Works Fund Loan	0	0	0	0	0	0	0	0	0	0	328,670	350,000
Sewer System Full Faith & Credit Bonds 2018	0	0	0	0	0	0	0	0	0	0	220,161	682,163
Sewer Refunding Bonds	742,471	743,198	743,998	742,898	744,598	740,773	744,573	744,698	743,923	865,509	0	0
Total Senior Lien Debt:	742,471	743,198	743,998	742,898	744,598	740,773	744,573	744,698	743,923	865,509	548,831	1,032,163
Senior Debt Service Coverage Ratio	2.63	2.51	2.61	2.37	2.63	2.99	1.99	1.86	2.00	1.92	3.66	2.33
Secondary Debt Service:												
CWSRF \$4 million, \$2 million Debt Forgive	0	0	0	0	50,000	104,875	104,625	108,750	108,250	107,750	107,250	106,750
CWSRF \$4.650 million	0	0	0	0	239,387	321,867	321,411	331,640	330,674	329,682	328,663	327,615
Total Lien Debt Service	742,471	743,198	743,998	742,898	1,033,985	1,167,515	1,170,609	1,185,088	1,182,847	1,302,941	984,744	1,466,528
Net Revenues Avail for Other purposes	\$1,213,334	\$1,118,754	\$1,200,630	\$1,015,155	\$924,615	1,045,210	308,314	203,074	307,486	359,866	\$1,026,259	\$938,869
Debt Service Coverage	2.63	2.51	2.61	2.37	1.89	1.90	1.26	1.17	1.26	1.28	2.04	1.64

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

Fiscal Year	Full Faith & Credit Sewer Bonds		CWSRF Loan 1		CWSRF Loan 2		Total Debt Service
	Principal	Interest	Principal	Loan Fee	Principal	Interest & Fees	
2019	\$ 66,080	\$ 154,063	\$ 100,000	\$ 7,250	\$ 209,633	\$ 119,030	\$ 656,056
2020	502,316	179,791	100,000	6,750	215,480	112,135	1,116,472
2021	518,218	163,463	100,000	6,250	221,491	105,046	1,114,468
2022	533,938	146,628	100,000	5,750	227,668	97,762	1,111,746
2023	549,233	129,297	100,000	5,250	234,018	90,273	1,108,071
2024	568,177	111,419	100,000	4,750	240,546	82,575	1,107,467
2025	586,714	92,941	100,000	4,250	247,255	74,663	1,105,823
2026	604,813	73,877	100,000	3,750	254,151	66,531	1,103,122
2027	622,315	54,242	100,000	3,250	261,240	58,171	1,099,218
2028	643,542	33,988	100,000	2,750	268,527	49,578	1,098,385
2029	659,979	13,132	100,000	2,250	276,016	40,747	1,092,124
2030	55,827	1,679	100,000	1,750	283,715	31,668	474,639
2031	24,561	393	100,000	1,250	291,628	22,336	440,168
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	\$5,935,713	\$1,154,913	\$1,450,000	\$56,250	\$3,684,135	\$966,143	\$13,247,154

City of Pendleton - Taxable Property Values and GO Debt Capacity

Fiscal Year	Total Assessed Value	Urban Renewal Excess	Net Assessed Value	M5 Real Market Value	GO Bond Capacity (3.00% of RMV)	GO Bonds Outstanding	Remaining Capacity
2018	\$ 938,181,204	\$ 51,929,312	\$ 886,251,892	\$ 1,193,863,971	\$ 35,815,919	\$ 8,760,000	\$ 27,055,919
2017	\$ 912,267,028	\$ 49,779,584	\$ 862,487,444	\$ 1,120,857,472	\$ 33,625,724	\$ 9,060,000	\$ 24,565,724
2016	891,139,667	48,902,352	842,237,315	1,102,473,659	33,074,210	-	33,074,210
2015	857,971,207	43,738,510	814,232,697	1,069,201,230	32,076,037	230,000	31,846,037
2014	827,546,238	39,737,018	787,809,220	1,055,355,036	31,660,651	445,000	31,215,651
2013	800,015,230	33,136,923	766,878,307	1,021,860,177	30,655,805	910,000	29,745,805
2012	778,788,356	29,809,127	748,979,229	1,032,087,682	30,962,630	1,355,000	29,607,630

Representative Levy Rate - Fiscal Year 2018
(Rates Per \$1,000 of Assessed Value)

General Government	Permanent Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate
Umatilla County	\$ 2.8487	\$ 0.0000	\$ 0.0000	\$ 2.8487
City of Pendleton	6.5771	0.6238	0.0000	7.2009
Port of Umatilla	0.1539	0.0000	0.0000	0.1539
County Radio District	0.1700	0.0000	0.0000	0.1700
Umatilla Special Library District	0.3682	0.0000	0.0000	0.3682
Total General Government	10.1179	0.6238	0.0000	10.7417
Education				
Intermountain ESD	0.6156	0.0000	0.0000	0.6156
Blue Mountain Community College	0.6611	0.2133	0.0000	0.8744
Pendleton School District No. 16	4.4537	2.2305	0.4000	7.0842
Total Education	5.7304	2.4438	0.4000	8.5742
Total Tax Rate	\$ 15.8483	\$ 3.0676	\$ 0.4000	\$ 19.3159

years for capital construction. Local option rates compress to zero before there is any compression of district billing rates (see Source: Umatilla County Department of Assessment and Taxation, Tax Code: 16.01.

Representative Levy Rate - Fiscal Year 2017
(Rates Per \$1,000 of Assessed Value)

General Government	Permanent Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate
Umatilla County	\$ 2.8487	\$ 0.0000	\$ 0.0000	\$ 2.8487
City of Pendleton	6.5771	0.0000	0.0000	6.5771
Port of Umatilla	0.1539	0.0000	0.0000	0.1539
County Radio District	0.1700	0.0000	0.0000	0.1700
Umatilla Special Library District	0.3682	0.0000	0.0000	0.3682
Total General Government	10.1179	0.0000	0.0000	10.1179
Education				
Intermountain ESD	0.6156	0.0000	0.0000	0.6156
Blue Mountain Community College	0.6611	0.2093	0.0000	0.8704
Pendleton School District No. 16	4.4537	2.3409	0.4000	7.1946
Total Education	5.7304	2.5502	0.4000	8.6806
Total Tax Rate	\$ 15.8483	\$ 2.5502	\$ 0.4000	\$ 18.7985

(1) Local option levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local option rates compress to zero before there is any compression of district billing rates (see "Tax Rate Limitation – Real Market Value" herein).

Source: Umatilla County Department of Assessment and Taxation, Tax Code: 16.01.

Representative Levy Rate - Fiscal Year 2016
(Rates Per \$1,000 of Assessed Value)

General Government	Permanent Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate
Umatilla County	\$ 2.8487	\$ 0.1885	\$ 0.0000	\$ 3.0372
City of Pendleton	6.5771	0.2833	0.0000	6.8604
Port of Umatilla	0.1539	0.0000	0.0000	0.1539
County Radio District	0.1700	0.0000	0.0000	0.1700
Umatilla Special Library District	0.3682	0.0000	0.0000	0.3682
Total General Government	10.1179	0.4718	0.0000	10.5897
Education				
Intermountain ESD	0.6156	0.0000	0.0000	0.6156
Blue Mountain Community College	0.6611	0.2331	0.0000	0.8942
Pendleton School District No. 16	4.4537	2.4151	0.4000	7.2688
Total Education	5.7304	2.6482	0.4000	8.7786
Total Tax Rate	\$ 15.8483	\$ 3.1200	\$ 0.4000	\$ 19.3683

Representative Levy Rate - Fiscal Year 2015
(Rates Per \$1,000 of Assessed Value)

General Government	Permanent Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate
Umatilla County	\$ 2.8487	\$ 0.1814	\$ 0.0000	\$ 3.0301
City of Pendleton	6.5771	0.2792	0.0000	6.8563
Port of Umatilla	0.1539	0.0000	0.0000	0.1539
County Radio District	0.1700	0.0000	0.0000	0.1700
Umatilla Special Library District	0.3682	0.0000	0.0000	0.3682
Total General Government	10.1179	0.4606	0.0000	10.5785
Education				
Intermountain ESD	0.6156	0.0000	0.0000	0.6156
Blue Mountain Community College	0.6611	0.0000	0.0000	0.6611
Pendleton School District No. 16	4.4537	2.3916	0.4000	7.2453
Total Education	5.7304	2.3916	0.4000	8.5220
Total Tax Rate	\$ 15.8483	\$ 2.8522	\$ 0.4000	\$ 19.1005

(1) Local option levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local option rates compress to zero before there is any compression of district billing rates (see "Tax Rate Limitation – Real Market Value" herein).

Source: Umatilla County Department of Assessment and Taxation, Tax Code: 16.01.

Representative Levy Rate - Fiscal Year 2014
(Rates Per \$1,000 of Assessed Value)

General Government	Permanent Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate
Umatilla County	\$ 2.8487	\$ 0.2095	\$ 0.0000	\$ 3.0582
City of Pendleton	6.5771	0.6169	0.0000	7.1940
Port of Umatilla	0.1539	0.0000	0.0000	0.1539
County Radio District	0.1700	0.0000	0.0000	0.1700
Umatilla Special Library District	0.3682	0.0000	0.0000	0.3682
Total General Government	10.1179	0.8264	0.0000	10.9443
Education				
Intermountain ESD	0.6156	0.0000	0.0000	0.6156
Blue Mountain Community College	0.6611	0.2884	0.0000	0.9495
Pendleton School District No. 16	4.4537	2.2499	0.4000	7.1036
Total Education	5.7304	2.5383	0.4000	8.6687
Total Tax Rate	\$ 15.8483	\$ 3.3647	\$ 0.4000	\$ 19.6130

Representative Levy Rate - Fiscal Year 2013
(Rates Per \$1,000 of Assessed Value)

General Government	Permanent Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate
Umatilla County	\$ 2.8487	\$ 0.2490	\$ 0.0000	\$ 3.0977
City of Pendleton	6.5771	0.6306	0.0000	7.2077
Port of Umatilla	0.1539	0.0000	0.0000	0.1539
County Radio District	0.1700	0.0000	0.0000	0.1700
Umatilla Special Library District	0.3682	0.0000	0.0000	0.3682
Total General Government	10.1179	0.8796	0.0000	10.9975
Education				
Intermountain ESD	0.6156	0.0000	0.0000	0.6156
Blue Mountain Community College	0.6611	0.2947	0.0000	0.9558
Pendleton School District No. 16	4.4537	2.1765	0.4000	7.0302
Total Education	5.7304	2.4712	0.4000	8.6016
Total Tax Rate	\$ 15.8483	\$ 3.3508	\$ 0.4000	\$ 19.5991

(1) Local option levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local option rates compress to zero before there is any compression of district billing rates (see "Tax Rate Limitation - Real Market Value" herein).

Source: Umatilla County Department of Assessment and Taxation, Tax Code: 16.01.

City of Pendleton, Oregon - Debt Ratios

Fiscal Year 2018

Real Market Value	\$	1,207,877,796	
Estimated Population		16,810	
Per Capita Real Market Value	\$	71,855	
			Net Direct Debt⁽²⁾
Debt Information		Gross Direct Debt⁽¹⁾	
City Direct Debt	\$	17,873,376	\$ 17,873,376
Overlapping Direct Debt		46,803,292	44,777,787
Total Direct Debt	\$	<u>64,676,668</u>	\$ <u>62,651,163</u>
Bonded Debt Ratios			
City Direct Debt to Real Market Value		1.48%	1.48%
Total Direct Debt to Real Market Value		5.35%	5.19%
Per Capita City Direct Debt	\$	1,063	\$ 1,063
Per Capita Total Direct Debt	\$	3,848	\$ 3,727

Fiscal Year 2017

Real Market Value	\$	1,130,963,994	
Estimated Population		16,880	
Per Capita Real Market Value	\$	67,000	
			Net Direct Debt⁽²⁾
Debt Information		Gross Direct Debt⁽¹⁾	
City Direct Debt	\$	18,790,363	\$ 18,790,363
Overlapping Direct Debt		48,114,643	45,983,434
Total Direct Debt	\$	<u>66,905,006</u>	\$ <u>64,773,797</u>
Bonded Debt Ratios			
City Direct Debt to Real Market Value		1.66%	1.66%
Total Direct Debt to Real Market Value		5.92%	5.73%
Per Capita City Direct Debt	\$	1,113	\$ 1,113
Per Capita Total Direct Debt	\$	3,964	\$ 3,837

Fiscal Year 2016

Real Market Value	\$	1,102,473,659	
Estimated Population		16,880	
Per Capita Real Market Value	\$	65,312	
			Net Direct Debt⁽²⁾
Debt Information		Gross Direct Debt⁽¹⁾	
City Direct Debt	\$	11,111,303	\$ 11,111,303
Overlapping Direct Debt		N/A	N/A
Total Direct Debt	\$	<u>11,111,303</u>	\$ <u>11,111,303</u>
Bonded Debt Ratios			
City Direct Debt to Real Market Value		1.01%	1.01%
Total Direct Debt to Real Market Value		1.01%	1.01%
Per Capita City Direct Debt	\$	658	\$ 658
Per Capita Total Direct Debt	\$	658	\$ 658

City of Pendleton, Oregon - Debt Ratios

Fiscal Year 2015

Real Market Value	\$	1,069,201,230	
Estimated Population		16,845	
Per Capita Real Market Value	\$	63,473	
			Net Direct
Debt Information		Gross Direct Debt⁽¹⁾	Debt⁽²⁾
City Direct Debt	\$	12,150,516	\$ 12,150,516
Overlapping Direct Debt		N/A	N/A
Total Direct Debt	\$	<u>12,150,516</u>	\$ <u>12,150,516</u>
Bonded Debt Ratios			
City Direct Debt to Real Market Value		1.14%	1.14%
Total Direct Debt to Real Market Value		1.14%	1.14%
Per Capita City Direct Debt	\$	721	\$ 721
Per Capita Total Direct Debt	\$	721	\$ 721

Fiscal Year 2014

Real Market Value	\$	1,055,355,036	
Estimated Population		16,700	
Per Capita Real Market Value	\$	63,195	
			Net Direct
Debt Information		Gross Direct Debt⁽¹⁾	Debt⁽²⁾
City Direct Debt	\$	12,247,330	\$ 12,247,330
Overlapping Direct Debt		N/A	N/A
Total Direct Debt	\$	<u>12,247,330</u>	\$ <u>12,247,330</u>
Bonded Debt Ratios			
City Direct Debt to Real Market Value		1.16%	1.16%
Total Direct Debt to Real Market Value		1.16%	1.16%
Per Capita City Direct Debt	\$	733	\$ 733
Per Capita Total Direct Debt	\$	733	\$ 733

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. Limited tax pension obligations are included.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt. Beginning in FY 2010, the State changed its classification for pension bonds from self supporting to non-self supporting. As a result, they are now included in the Net Direct Debt total.

Fiscal Year 2013

Real Market Value	\$	1,021,860,177	
Estimated Population		16,780	
Per Capita Real Market Value	\$	60,898	
			Net Direct
Debt Information		Gross Direct Debt⁽¹⁾	Debt⁽²⁾
City Direct Debt	\$	12,846,604	\$ 12,846,604
Overlapping Direct Debt		N/A	N/A
Total Direct Debt	\$	<u>12,846,604</u>	\$ <u>12,846,604</u>
Bonded Debt Ratios			
City Direct Debt to Real Market Value		1.26%	1.26%
Total Direct Debt to Real Market Value		1.26%	1.26%
Per Capita City Direct Debt	\$	766	\$ 766
Per Capita Total Direct Debt	\$	766	\$ 766

City of Pendleton, Oregon - Major Taxpayers

**Fiscal Year 2018
City of Pendleton**

Taxpayer	Business/Service	Tax	Assessed Value	Percent of
CenturyLink	Telecommunications	\$199,288	\$11,095,000	1.18%
Charter Communications	Telecommunications	179,021	9,591,400	1.02%
St. Anthony Hospital	Healthcare	166,441	9,184,360	0.98%
PacifiCorp	Utility	159,000	8,852,000	0.94%
Wal-Mart	Department store	149,488	8,222,930	0.88%
Keystone RV Company	Manufacturing	144,626	8,036,740	0.86%
Hill Meat Company	Food processing	142,456	7,930,740	0.85%
Rocky Mountain Pipe Co.	Manufacturing	109,154	5,798,210	0.62%
Union Pacific Railroad Co	Railroad	109,007	5,674,390	0.60%
Pendleton Grain Growers Inc.	Agriculture	93,563	5,093,920	0.54%
Subtotal - ten of City's largest taxpayers			79,479,690	8.47%
All other City taxpayers			858,701,514	91.53%
Total District			\$ 938,181,204	100.00%

**Fiscal Year 2017
City of Pendleton**

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
St. Anthony Hospital	Healthcare	\$ 206,113	\$ 11,352,100	1.24%
PacifiCorp	Utility	147,962	8,469,000	0.93%
Charter Communications	Telecommunications	138,564	7,895,300	0.87%
Wal-Mart	Department store	145,706	7,750,910	0.85%
Keystone RV Company	Manufacturing	131,396	7,479,970	0.82%
CenturyLink	Telecommunications	112,346	6,736,400	0.74%
Hill Meat Company	Food processing	106,960	6,094,490	0.67%
V and B Holdings LLC	Holding company	97,913	5,398,870	0.59%
Pendleton Grain Growers Inc.	Agriculture	92,512	5,295,330	0.58%
Union Pacific Railroad Co	Railroad	96,697	5,144,150	0.56%
Subtotal - ten of City's largest taxpayers			71,616,520	7.85%
All other City taxpayers			840,650,508	92.15%
Total District			\$ 912,267,028	100.00%

**Fiscal Year 2016
City of Pendleton**

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
St. Anthony Hospital	Healthcare	\$ 212,866	\$ 11,127,150	1.25%
Charter Communications	Telecommunications	178,564	9,219,400	1.03%
PacifiCorp	Utility	146,921	8,179,000	0.92%
Hill Meat Company	Food processing	139,656	7,693,560	0.86%
Wal-Mart	Department store	145,750	7,525,160	0.84%
Keystone RV Company	Manufacturing	129,383	7,133,900	0.80%
CenturyLink	Telecommunications	109,801	6,679,000	0.75%
Pendleton Grain Growers Inc.	Agriculture	106,081	5,901,150	0.66%
Cascade Natural Gas Corp	Utility	92,182	5,374,000	0.60%
V and B Holdings LLC	Holding company	100,916	5,241,640	0.59%
Subtotal - ten of City's largest taxpayers			74,073,960	8.31%
All other City's taxpayers			817,065,707	91.69%
Total City			\$ 891,139,667	100.00%

City of Pendleton, Oregon - Major Taxpayers

**Fiscal Year 2015
City of Pendleton**

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
St. Anthony Hospital	Healthcare	\$ 201,352	\$ 10,570,270	1.23%
Charter Communications	Telecommunications	157,967	8,372,800	0.98%
PacifiCorp	Utility	145,194	8,199,000	0.96%
Wal-Mart	Department store	139,548	7,305,990	0.85%
Hill Meat Company	Food processing	122,438	6,844,870	0.80%
Keystone RV Company	Manufacturing	121,601	6,805,160	0.79%
Pendleton Round-Up Holdings LLC	Holding company	101,520	6,270,880	0.73%
Qwest Communications Co. LLC	Telecommunications	100,577	6,158,200	0.72%
Pendleton Grain Growers Inc.	Agriculture	105,825	5,862,600	0.68%
Pendleton Flour Mills LLC	Food processing	97,484	5,457,280	0.64%
Subtotal - ten of City's largest taxpayers			71,847,050	8.37%
All other City's taxpayers			786,124,157	91.63%
Total City			\$ 857,971,207	100.00%

**Fiscal Year 2014
City of Pendleton**

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
St. Anthony Hospital	Healthcare	\$ 257,340	\$ 13,140,170	1.59%
Pacific Power and Light Co.	Utility	148,039	8,124,000	0.98%
Charter Communications	Telecommunications	148,188	7,555,600	0.91%
Wal-Mart	Department store	139,119	7,093,200	0.86%
Keystone RV Company	Manufacturing	118,071	6,407,930	0.77%
Hill Meat Company	Food processing	117,801	6,401,760	0.77%
CenturyLink	Telecommunications	107,075	6,357,500	0.77%
Pendleton Round-Up Holdings LLC	Holding company	102,722	6,139,780	0.74%
Pendleton Grain Growers Inc.	Agriculture	107,387	5,740,920	0.69%
Pendleton Flour Mills LLC	Food processing	101,193	5,507,010	0.67%
Subtotal - ten of City's largest taxpayers			72,467,870	8.76%
All other City's taxpayers			755,078,368	91.24%
Total City			\$ 827,546,238	100.00%

**Fiscal Year 2013
City of Pendleton**

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Pacific Power and Light Co.	Utility	\$ 150,183	\$ 8,233,000	1.03%
Keystone RV Company	Manufacturing	134,928	7,348,750	0.92%
Wal-Mart	Department store	134,971	6,886,610	0.86%
CenturyLink	Telecommunications	114,729	6,252,000	0.78%
Charter Communications	Telecommunications	119,927	6,119,000	0.76%
Hill Meat Company	Food processing	108,161	5,881,640	0.74%
Pendleton Round-Up Holdings LLC	Holding company	99,582	5,866,490	0.73%
Pendleton Flour Mills LLC	Food processing	105,900	5,767,780	0.72%
Pendleton Grain Growers Inc.	Agriculture	107,124	5,709,700	0.71%
St. Anthony Hospital	Healthcare	90,027	4,302,870	0.54%
Subtotal - ten of City's largest taxpayers			62,367,840	7.80%
All other City's taxpayers			737,647,390	92.20%
Total City			\$ 800,015,230	100.00%

City of Pendleton, Oregon - Major Taxpayers

**Fiscal Year 2012
City of Pendleton**

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Value
Qwest Corporation	Telecommunications	\$ 172,062	\$ 9,336,600	1.20%
Keystone RV Company	Manufacturing	138,473	7,510,000	0.96%
Wal-Mart	Department store	131,562	6,686,030	0.86%
Port of Umatila	Transportation	119,981	6,510,520	0.84%
Pendleton Flour Mills LLC	Food processing	113,065	6,132,260	0.79%
Pendleton Round-Up Holdings LLC	Holding company	100,437	5,821,890	0.75%
Charter Communications	Telecommunications	110,656	5,623,600	0.72%
Pendleton Grain Growers Inc.	Agriculture	104,620	5,540,710	0.71%
Hill Meat Company	Food processing	100,519	5,442,340	0.70%
Pacific Power and Light Co.	Utility	87,611	4,754,000	0.61%
Subtotal - ten of City's largest taxpayers			63,357,950	8.14%
All other City's taxpayers			715,430,406	91.86%
Total City			\$ 778,788,356	100.00%

Umatilla County
Tax Collections ⁽¹⁾

Fiscal Year	Percent Collected as of Levy Year ⁽²⁾	6/30/2018 ⁽³⁾
2018	94.70%	94.70%
2017	96.70%	96.70%
2016	97.03%	98.84%
2015	97.22%	99.14%
2014	96.80%	99.66%
2013	96.58%	99.92%

(1) Percentage of total tax levy collection in the County. Pre-payment discounts are considered to be **collected** when outstanding taxes are calculated. The tax rates are before offsets.

(2) The percentage of taxes collected in the "year of levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.

(3) The percentage of taxes show in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2018.

Source: Umatilla County Tax Collector.

**Ending Fiscal Year 2018
City of Pendleton**

Debt Obligation	Totals
General Obligation Bonds	
Total G O Bonds	\$8,760,000
Limited Tax Pension Bonds	
Series 2005	\$5,300,000
Full Faith and Credit Bonds	
Series 2018 - Police Bldg	\$625,066
Notes Payable	
Sunridge LID/Banner Bank	\$664,668
PCC Eastside Expansion/Banner Bank	671,885
OR IFA Olney Project #L14004	573,809
Total Notes Payable	\$1,910,362
Total General Government Debt Obligations	\$16,595,428.00



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, 2018, and have issued our report thereon dated January 22, 2019. 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).**

The City had expenditures over appropriations in the following funds:

Water Fund:

Interfund loan repayment \$ (55,586)

The City went through a quote process to award the contract for the purchase of the Self Contained Breath Apparatus for the Fire Department equipment and a detailed process to select the equipment. However, the package purchase was over the \$150,000 threshold and should have gone through a formal bid process with a public advertisement.

The audit reported a compliance finding related to the Safe Drinking Water State Revolving Loan Fund, which is detailed in the Schedule of Findings and Questioned Costs.

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 as follows:

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 the Schedule of Findings and Questioned Costs.

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 22, 2019



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Certified Public Accountants and Business Advisors

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

January 22, 2019

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, 2018, 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 22, 2019.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be material weaknesses.

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'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's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Dickey and Tremper, LLP

Dickey and Tremper, LLP
Certified Public Accountants

Pendleton, Oregon
January 22, 2019



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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 the Uniform Guidance 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 Compliance Supplement* that could have a direct and material effect on each of City of Pendleton, Oregon's major federal programs for the year ended June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Passenger Facility Charge Audit Guide for Public Agencies*. Those standards, the Uniform Guidance, 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 compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Capitalization Grants for Drinking Water State Revolving Funds Program

As described in the accompanying schedule of findings and questioned costs, the City of Pendleton did not comply with the requirements regarding CFDA #66.468 Capitalization Grants for Drinking Water State Revolving Funds as described in finding number 2018-003 for Special Tests (Environmental Review). Compliance with such requirements is necessary, in our opinion, for the City of Pendleton to comply with the requirements applicable to that program.

Qualified Opinion on Capitalization Grants for Drinking Water State Revolving Funds Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Pendleton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Capitalization Grants for Drinking Water State Revolving Funds Program for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs and passenger facility charges program for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-003. Our opinion on the Capitalization Grants for Drinking Water State Revolving Funds program was modified with respect to this matter.

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

Report on Internal Control over Compliance

Management of the City of Pendleton, Oregon, is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Pendleton's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program and passenger

facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Pendleton's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-004 that we consider to be significant deficiencies.

The City of Pendleton's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City'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.

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 the Uniform Guidance and Passenger Facility Charges. Accordingly, this report is not suitable for any other purpose.



Dickey and Tremper, LLP
Certified Public Accountants

Pendleton, Oregon
January 22, 2019

CITY OF PENDLETON, OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Pendleton under programs of the federal government for the year ended June 30, 2018. The information is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Pendleton, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Pendleton.

Note B – Indirect Costs

The City has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

Note C – Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared in the basis explained in Note A.

Note D – Outstanding Loans

The City expended funds under the Capitalization Grants for Drinking Water State Revolving Funds program in the amount of \$953,689 in the 2017 fiscal year and \$1,995,229 in the 2018 fiscal year, but reimbursement of some of the costs was not requested until after year end and there was \$1,940,269 remaining to be reimbursed at June 30, 2018. The City has the following net activity on loan balances payable as of June 30, 2018, of which, at least a portion are Federal funds.

Loan Description	Loans Payable At 6/30/17	Loans Issued	Loans (Repaid)	Loans Payable At 6/30/18
Safe Drinking Water State Revolving Loan Fund	\$ 2,325,854	\$ 1,008,649	\$ (347,066)	\$ 2,987,437
Clean Water State Revolving Loan Fund	5,438,080	-	(303,945)	5,134,135
USDA - Pendleton Academies	648,596	-	(648,596)	-

City of Pendleton, Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Number	Total Federal Expenditures	Passed Through to Sub-Recipients
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through State of Oregon Economic Development				
Department:				
Community Development Block Grants	14.228	H16015	\$ 50,747	\$ 50,747
DEPARTMENT OF TRANSPORTATION				
Direct Program:				
Airport Improvement Program	20.106	DOT-FA13NM-0085	14,334	-
Airport Improvement Program	20.106	DOT-FA14NM-0060	1,088	-
Airport Improvement Program	20.106	DOT-FA14NM-0030	178,558	-
		Sub-total CFDA 20.106	** 193,980	-
Passed through Oregon Dept of Transportation -				
Transit Division:				
Formula Grants for Other Than Urbanized Areas	20.509	30459	108,128	-
Transit Services Program Cluster:				
Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	30779	124,891	-
Total U.S. Department of Transportation			426,999	-
DEPARTMENT OF JUSTICE				
Direct Program:				
Bulletproof Vest Partnership Grant	16.607	J56250336	1,697	-
Organized Crime Drug Enforcement Task Force (OCDETF)	16.AAC	PA-OR-0253	17,536	11,645
Total U.S. Department of Justice			19,233	11,645
EXECUTIVE OFFICE OF THE PRESIDENT				
Office of the National Drug Control Policy				
Direct Program:				
High Intensity Drug Trafficking Area-HIDTA	95.001	DOJ-HIDTA	107,388	23,637
Total Executive Office of the President			107,388	23,637
ENVIRONMENTAL PROTECTION AGENCY				
Passed through Oregon Infrastructure Finance Authority of the				
Oregon Business Development Department				
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	S17018	** 1,995,229	-
Total Environmental Protection Agency			1,995,229	-
TOTAL FEDERAL EXPENDITURES			\$ 2,599,596	\$ 86,029

See auditor's report.

CITY OF PENDLETON
SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Fiscal Year Ended June 30, 2018

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Passenger Facility Charges (PFC's)	N/A	<u>\$ 23,675</u>

See auditor's report.

CITY OF PENDLETON, OREGON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2018

Type of Finding: Air Carrier Noncompliance – Reporting and Payments

2017-001

Condition and criteria: Airlines are required to submit PFC payments to the City's airport by the end of the following month after they are collected from passengers and reports shall be provided to the airport on or before the last day of the calendar month following the calendar quarter. Both airlines, the prior carrier SeaPort Airlines (now bankrupt) and the current carrier Boutique Air were timely in submitting their reports but their payments to the City's airport was out of compliance for most of the fiscal year. This also caused the City to be late on reporting one receipt on the FAA website.

Cause: The City has processes in place to monitor the payments and reporting requirements and reminded SeaPort Airlines multiple times regarding their responsibilities. The cause appears to relate to the airline's current bankruptcy. Boutique Airlines is reporting monthly and then the City bills them for the amount due. The additional billing step has delayed the receipt of funds past the required timeline.

Auditor's recommendation: We recommend that management continue to monitor the situation with SeaPort's bankruptcy. We also recommend that Boutique Airlines prepare their reports and submit payment with the report by the last day of the following calendar month.

Current status: The City has reached out to Boutique Airlines and is now receiving the PFC revenue checks within two weeks of the report for the prior month. No further collections have been received from SeaPort Airlines. The City has been approved for a new PFC Application and should be collecting in January 2019 for December 2018 Passenger Facility Charges. Condition has been fully corrected for the City's portion of actions needed.

See auditor's report.

SECTION II - FINDINGS – FINANCIAL STATEMENTS AUDIT

Material Weakness

2018-001

Condition and criteria: The City has projects in progress that are combined across multiple funds and activities. There was one capital project for water and stormwater improvements that should have been split between funds, but was expensed entirely to the water fund. An adjustment was required for \$128,796 to reclassify the activity between funds.

Cause: With multiple projects in progress and changes in responsibilities, the workload of the Public Works Department has increased and the allocation between funds was overlooked.

Auditor's recommendation: With the number of projects in progress for large dollar amounts, an additional emphasis should be placed on reporting the activities to the correct fund and financing source. In addition, documentation supporting the allocation should clearly indicate the method of allocation and be maintained in the files.

Management's response: Management concurs with the cause and auditor's recommendation. Public Works Director worked with auditor to correct identified deficiency, along with State funding agency representative overseeing the loan disbursement.

2018-002

Condition and criteria: Management is required to provide a complete and accurate Schedule of Expenditures of Federal Awards (SEFA). There were significant corrections to the SEFA to properly report the amount of expenditures related to public works projects.

Cause: The City has processes in place to identify the programs and costs for most of its activities. There were delays in preparing drawdown requests and finalizing agreements related to projects that made it difficult in preparing an accurate SEFA. In addition, there were changes in allowable costs identified while performing the audit that caused a significant change in the amounts reported.

Auditor's recommendation: We recommend that drawdowns be prepared on at least a quarterly basis and that the Public Works Department work closer with Finance to ensure that federal expenditures are properly identified for the Single Audit.

Management's response: Management concurs with the cause and auditor's recommendations. Loan disbursements will be processed on a quarterly basis moving forward.

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

ENVIRONMENTAL PROTECTION AGENCY

Capitalization Grants for Drinking Water State Revolving Funds

Compliance – Special Tests

2018-003

Condition and criteria: The City must conduct reviews of the potential environmental impacts prior to beginning a project. The City performed an environmental review and received a categorical exclusion for the overall water system improvements, but there was one project started prior to the environmental review.

Cause: The City received a special categorical exclusion for two projects that began in the prior fiscal year and for projects beginning after October 10, 2017, but this one project was started between those events and fell outside of the exclusion.

Context and effect: Through June 30, 2018, the City has performed nine main activities/projects and has prepared draw down requests for those activities. We performed tests of 100% of the activities and found this item to be the only one falling outside of the environmental exclusion. Costs of \$194,381 related to this request were determined to be questioned costs.

Auditor's recommendation: The City has obtained a categorical exclusion for the remaining planned projects. We recommend that the City ensure that the environmental review is performed in advance for any projects falling outside of the categorical exclusion.

Management's response: Management concurs with the cause, context and effect, and auditor's recommendation. Public Works Director worked with auditor to correct the deficiency, along with State funding agency representative overseeing the loan disbursement. The questioned costs above were repaid through reduction of the December reimbursement request.

Significant Deficiency

2018-004

Condition and criteria: The City must have control processes in place to properly identify and report allowable costs related to the program. There was one invoice for \$37,544 that was not initially requested for reimbursement. There was another invoice for activity related only partially to this loan program, which management could not locate the original calculation to split the allowable costs between water and stormwater improvements and a correction was prepared to increase the amount requested.

Cause: The City has not been preparing reimbursement requests on a regular basis and was mainly preparing a request when an activity was entirely completed. This

raised the risk of costs not being identified or being identified in the wrong accounting period. In addition, documentation was not maintained for allocating costs between projects, which appears to be an oversight partially caused by employee workload.

Context and effect: Through June 30, 2018, the City has performed nine main activities/projects and has prepared draw down requests for those activities. We performed tests of 100% of the activities. For the projects identified as allowable projects allowable costs were increased by \$49,627 for amounts not originally claimed.

Auditor's recommendation: We recommend that the City prepare reimbursement requests on at least a quarterly, if not monthly, basis. Partial reimbursement requests can be prepared for projects that are still in progress. In addition, we recommend that documentation be maintained showing the allocation of costs related to multiple activities.

Management's response: Management concurs with cause, context and effect, and auditor's recommendation. Loan disbursements will be processed on a quarterly basis moving forward for both construction and consultant related activities.