

*City of Prineville, Oregon
Financial Report
Second Quarter Ended
December 31, 2015*



Executive Summary

Through the second quarter ending December 31, 2015 the City's financial condition increased slightly by approximately 3% or \$240,000. Timing in which property taxes are collected largely contributed to the increase in the City's financial condition. Fund's that have significant positive impacts to the City's financial condition included General Fund, Transportation SDC, Water SDC, the PERS / POB Fund, Railroad and Water. City funds with decreases in fund balances are largely due to capital improvements and scheduled debt service payments. Fund's that had significant negative impacts to the City's financial condition included Transportation, Wastewater SDC, Airport, Golf Course and Plaza Maintenance.

Through the second quarter, General Fund revenues came in at approximately 66% of the annual budget or \$2.74 million. Year to date property tax revenue is roughly \$1.6 million or 90% of the annual budget which is an increase of roughly \$57,000 over prior year's quarter end. Transient lodging taxes are up at roughly \$172,500 compared to \$150,200 in the prior year quarter end. Franchise fees are at roughly 44% of the annual budget and collection increased approximately \$56,000 over prior year's second quarter, largely due to increased revenue in electrical franchise fees. Electrical franchise fees have continued in their upward trend, ending the second quarter up by approximately \$58,000 over the same time frame last year. The General Funds ending balance increased approximately \$575,000 through the second quarter.

The Emergency Dispatch Fund shows a decrease to fund balance by roughly \$61,000 or -19% through the second quarter. During the second quarter there were capital expenditures of roughly \$60,400 which were largely for the records management system (RMS) upgrade. With the Sheriff's Department also making the switch, the RMS upgrade allows for the sharing critical information between the public safety entities.

The Transportation Fund's ending balance shows a decrease of approximately \$170,000 or -73% through the second quarter. Expenditures for budgeted capital projects in the first half of FY 16 are the significant reason for the decrease in fund balance. This fund is as anticipated.

Local development has positively affected the SDC funds. During the second quarter there were seven housing starts. The Wastewater SDC fund is the only SDC fund with capital improvements budgeted for FY 16. The Crooked River Wetland project will move from the planning phase to the construction phase in the third quarter as the project's construction contract was awarded in the second quarter.

The Railroad Fund has seen an increase to fund balance of approximately \$96,000 through the second quarter. Rail traffic and car storage has been on an upward trend over the last several quarters. Also contributing the increase in fund balance is the selling of tax credits in the first quarter.

Airport fund balance shows a decrease of approximately \$20,600 or -28%. Activity continues to increase at the airport. During the second quarter a new land lease was added with hangar construction to follow. Fuel inventory is approximately \$43,000 at quarter end offsetting the decrease in fund balance. The Airport is operating as anticipated.

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Meadow Lakes Golf shows a decrease in fund balance of roughly \$279,000 or -51%. Overall revenues are up compared to the prior year. Expenditures are also up compared to the prior year and management continues to monitor them closely.

Other enterprise funds are as anticipated with insignificant change to fund balance through the second quarter. Internal service funds are as anticipated and will balance out during the remaining quarters.

Actual beginning fund balances do not include accrued absences liability as it has in the past for the proprietary funds. For continued transparency and comparability the accrued absences liability, calculated as of June 30th 2015, has been taken into consideration in the adjusted beginning fund balance. Ending fund balance and the percentage change in fund balance has been calculated from the adjusted beginning fund balance. Please see page 25 for the adjustment details.

A summary is presented in each fund to provide an explanation of financial performance and operating issues. We appreciate comments on how we may be able to improve this report to enhance your understanding of the City's finances.

Sincerely,

Steve Forrester
City Manager
All City Funds

Liz Schuette,
Finance Director

Fund	Adjusted * Beginning Fund Balance	Current Year Resources	Current Year Expenditures	Ending Fund Balance	Change in Fund Balance	Percentage Change in Fund Balance
General	\$ 797,059	\$ 2,744,860	\$ 2,169,392	\$ 1,372,527	\$ 575,468	72%
Transportation	233,581	534,651	705,143	63,090	(170,491)	-73%
Emergency Dispatch	327,197	621,975	682,974	266,198	(60,999)	-19%
Planning	78,380	181,711	193,829	66,262	(12,118)	-15%
Transportation SDC	236,294	189,340	-	425,634	189,340	80%
Water SDC	117,092	132,504	-	249,596	132,504	113%
Wastewater SDC	109,607	63,795	113,614	59,788	(49,819)	-45%
LID Debt Service	88,675	81,371	74,957	95,089	6,414	7%
PERS/ POB	64,142	165,355	69,284	160,213	96,071	150%
Railroad	633,849	494,123	397,856	730,115	96,266	15%
Airport	72,949	366,218	386,831	52,336	(20,613)	-28%
Water	1,508,741	1,338,256	1,115,964	1,731,034	222,293	15%
Wastewater	1,766,550	1,638,944	1,991,279	1,414,215	(352,335)	-20%
Golf Course and Restaurant	542,662	745,103	1,024,215	263,549	(279,113)	-51%
Administration and Financial Services	328,700	976,945	1,011,071	294,574	(34,126)	-10%
Public Works Support Services	345,609	674,294	721,065	298,838	(46,771)	-14%
City Hall	169,199	94,670	132,660	131,209	(37,990)	-22%
Plaza Maintenance	43,216	12,840	27,120	28,936	(14,280)	-33%
Totals	\$ 7,463,502	\$ 11,056,954	\$ 10,817,252	\$ 7,703,204	\$ 239,702	3%

Notes: *Please see pg 25 for adjustment details

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General Fund

The General Fund accounts for the City's police and non-departmental operations and activities. The primary sources of revenue include property taxes, transient lodging taxes, franchise fees, and intergovernmental revenue.

Overall revenue collection for the second quarter is at approximately \$2.1 million with roughly \$1.58 million coming from property taxes. Year to date property tax revenue is roughly \$1.6 million or 90% of the annual budget through the second quarter compared to approximately \$1.55 million last year at quarter end. Transient lodging taxes are up over prior year at roughly \$172,500 compared to \$150,200 last year. Franchise fees are at roughly 44% of the annual budget and collection increased approximately \$56,000 over last year same time frame, largely due to increased revenue in electrical franchise fees. Electrical franchise fees are up by approximately \$58,000 over second quarter prior year.

Police spending through the second quarter was at approximately 52% of the annual budget. Personnel services for the police department are at roughly 52% of annual budget with overtime at roughly 71% of the annual budget. Police facility is at approximately 56% of the annual budget and non-departmental is at 51% of the annual budget.

Overall, the General Fund realized an increase in fund balance of approximately 72% or \$575,000 through the second quarter.

Revenue	Current Quarter		Quarter Budget %	Year to Date		Annual Budget %	Annual Budget
	Budget	Actual		Budget	Actual		
Property taxes	\$ 447,500	\$ 1,582,643	354%	\$ 895,000	\$ 1,608,754	90%	\$ 1,790,000
Transient lodging tax	52,500	66,241	126%	105,000	172,484	82%	210,000
Franchise fees	430,250	382,969	89%	860,500	753,401	44%	1,721,000
Licenses and permits	2,675	1,348	50%	5,350	5,597	52%	10,700
Intergovernmental revenues	58,450	52,393	90%	116,900	91,648	39%	233,800
Charges for services	25	-	-	50	-	-	100
Interest	750	1,094	146%	1,500	1,542	51%	3,000
Miscellaneous	49,675	15,713	32%	99,350	111,434	56%	198,700
Total revenue	\$ 1,041,825	\$ 2,102,401	202%	\$ 2,083,650	\$ 2,744,860	66%	\$ 4,167,300
Expenditures							
Police	\$ 847,925	\$ 838,244	99%	\$ 1,695,850	\$ 1,755,400	52%	\$ 3,391,700
Police facility	17,300	14,877	86%	34,600	38,770	56%	69,200
Non-departmental	185,725	185,949	100%	371,450	375,222	51%	742,900
Contingency							761,398
Total expenditures	\$ 1,050,950	\$ 1,039,070	99%	\$ 2,101,900	\$ 2,169,392	44%	\$ 4,965,198
Revenue over (under) expenditures	(9,125)	1,063,330	133%	(18,250)	575,468	72%	(797,898)
Beginning fund balance	797,898	797,059	100%	797,898	797,059	100%	797,898
Ending fund balance	\$ 788,773	\$ 1,860,389	236%	\$ 779,648	\$ 1,372,527	176%	\$ -

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Transportation Fund

The Transportation Fund accounts for the operation and maintenance of the City's streets, bike lanes, and sidewalk systems. Principal sources of revenue are state gas taxes allocated to cities, permits, and interest. Principal expenditures are for public works staff, patching, painting, electricity for streetlights and signals, insurance and asphalt.

Second quarter revenue, for the Transportation Fund, came in at approximately 45% of the annual budget. Intergovernmental revenue collection is at 42% of the annual budget. The State of Oregon gas tax came in at approximately \$282,000 through the second quarter which is an increase from the prior year second quarter end of roughly \$15,000.

Second quarter expenditures are roughly 51% of annual budget. Capital expenditures in the second quarter totaled approximately \$62,000 largely for the continuation of the grind and inlay project and the 3rd street sidewalk project. Personnel services are at approximately 48% of the annual budget.

The capital projects completed during the first and second quarter contributed to the overall decrease in fund balance through the second quarter of approximately \$170,000 or -73%. Fund balance is anticipated to recover by year end.

Revenue	Current Quarter		Quarter Budget %	Year to Date		Annual Budget %	Annual Budget
	Budget	Actual		Budget	Actual		
Franchise fees	\$ 64,750	\$ 64,750	100%	\$ 129,500	\$ 129,500	50%	\$ 259,000
Intergovernmental	207,200	186,249	90%	414,400	351,655	42%	828,800
Transfers	25,000	25,000	100%	50,000	50,000	50%	100,000
Interest	300	395	132%	600	672	56%	1,200
Miscellaneous	2,625	1,371	52%	5,250	2,825	27%	10,500
Total revenue	\$ 299,875	\$ 277,765	93%	\$ 599,750	\$ 534,651	45%	\$ 1,199,500
Expenditures							
Personnel services	\$ 53,500	\$ 50,806	95%	\$ 107,000	\$ 103,511	48%	\$ 214,000
Material & services	50,875	42,928	84%	101,750	85,012	42%	203,500
Capital outlay							
Improvements	101,150	61,699	61%	202,300	327,570	81%	404,600
Transfers	94,525	94,525	100%	189,050	189,050	50%	378,100
Contingency							169,799
Total expenditures	\$ 300,050	\$ 249,959	83%	\$ 600,100	\$ 705,143	51%	\$ 1,369,999
Revenue over (under) expenditures	(175)	27,807	12%	(350)	(170,491)	-73%	(170,499)
Beginning fund balance	170,499	233,581	137%	170,499	233,581	137%	170,499
Ending fund balance	\$ 170,324	\$ 261,388	153%	\$ 170,149	\$ 63,090	37%	\$ -

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Emergency Dispatch Fund

This fund accounts for the Emergency Dispatch operation. The operation provides dispatching and records management services for the public safety departments serving the Crook County area, with the exception of the State Police. The primary revenue sources are payments by users for services provided, including a transfer from the City's police department in the General Fund. The operation is managed by the City's Police Department.

Revenue collection for the Emergency Dispatch Fund was approximately \$622,000 or 51% of the annual budget. Second quarter revenue collection came in at roughly 112% of the quarter budget. Intergovernmental revenue came in at 123% of the quarter budget with roughly \$138,000 coming from Fire and Rescue.

Expenditures are approximately \$683,500 or 44% of the annual budget. Personnel services are up slightly at roughly \$240,700 or 107% of the quarter budget due to an unanticipated accrued absence payout in the second quarter. Capital Expenditures during the second quarter were largely for the records management system (RMS) upgrade which allows for the sharing of critical information with the Sheriff's Department.

The Emergency Dispatch Fund decreased its fund balance by roughly \$61,000 or -19% through the second quarter.

Revenue	Current Quarter		Quarter Budget %	Year to Date		Annual Budget %	Annual Budget
	Budget	Actual		Budget	Actual		
Intergovernmental	\$ 173,025	\$ 211,961	123%	\$ 346,050	\$ 351,998	51%	\$ 692,100
Charges for services	625	20	3%	1,250	2,420	97%	2,500
Interest	750	482	64%	1,500	707	24%	3,000
Transfers from other funds	133,425	133,425	100%	266,850	266,850	50%	533,700
Total revenue	\$ 307,825	\$ 345,888	112%	\$ 615,650	\$ 621,975	51%	\$ 1,231,300
Expenditures							
Personnel services	\$ 224,775	\$ 239,291	106%	\$ 449,550	\$ 452,796	50%	\$ 899,100
Material & services	25,400	47,920	189%	50,800	70,379	69%	101,600
Capital outlay							
Equipment	23,600	60,408	256%	47,200	68,298	72%	94,400
Transfers	45,750	45,750	100%	91,500	91,500	50%	183,000
Contingency							274,035
Total expenditures	\$ 319,525	\$ 393,369	123%	\$ 639,050	\$ 682,974	44%	\$ 1,552,135
Revenue over (under) expenditures	(11,700)	(47,481)	-15%	(23,400)	(60,999)	-19%	(320,835)
Beginning fund balance	320,835	327,197	102%	320,835	327,197	102%	320,835
Ending fund balance	\$ 309,135	\$ 279,716	90%	\$ 297,435	\$ 266,198	89%	\$ -

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Planning Fund

The Planning Fund accounts for the planning activities of the City. A transfer of funds from General Fund to Planning helps support the short term planning needs of the city. General administrative costs are paid through internal charges to the Internal Services Fund for the following services based upon the cost to the department for using these services; administrative and financial services, risk management, computer and phone services. The costs of these services are at full cost, including replacement cost, thereby providing a more accurate cost of providing services.

Second quarter revenue collection came in at approximately \$96,000 or 97% of the quarter budget. Revenue collection through the second quarter for licenses and permits is at approximately \$33,000 with roughly \$22,000 coming in the second quarter. Prior year collection was at approximately \$15,000 at second quarter end.

Expenditures incurred during the second quarter came in at approximately \$99,800 or 101% of the quarter budget with overall expenditures at roughly 41% of the annual budget.

Revenue	Current Quarter		Quarter	Year to Date		Annual	Annual
	Budget	Actual	Budget %	Budget	Actual	Budget %	Budget
Licenses & Permits	\$ 11,500	\$ 22,084	192%	\$ 23,000	\$ 33,077	72%	\$ 46,000
Intergovernmental	12,500	-	-	25,000	-	-	50,000
Charges for services	3,425	2,469	72%	6,850	5,918	43%	13,700
Interest	50	139	277%	100	215	108%	200
Transfers from other funds	71,250	71,250	100%	142,500	142,500	50%	285,000
Total revenue	\$ 98,725	\$ 95,941	97%	\$ 197,450	\$ 181,711	46%	\$ 394,900
Personnel services	\$ 57,775	\$ 57,146	99%	\$ 115,550	\$ 113,668	49%	\$ 231,100
Material & services	5,475	7,382	135%	10,950	16,468	75%	21,900
Capital Outlay	7,500	7,063	94%	15,000	7,193	24%	30,000
Transfers	28,250	28,250	100%	56,500	56,500	50%	113,000
Contingency							74,372
Total expenditures	\$ 99,000	\$ 99,840	101%	\$ 198,000	\$ 193,829	41%	\$ 470,372
Revenue over (under) expenditures	(275)	(3,899)	-5%	(550)	(12,118)	-15%	(75,472)
Beginning fund balance	75,472	78,380	104%	75,472	78,380	104%	75,472
Ending fund balance	\$ 75,197	\$ 74,481	99%	\$ 74,922	\$ 66,262	88%	\$ -

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Transportation SDC Fund

This fund accounts for the collection and expenditure of transportation system development charges. The primary revenue source is SDC's. Expenditures are for qualified capital improvement projects and related costs.

Revenue collection through the second quarter for the Transportation SDC Fund is at approximately 76% of the annual budget. Second quarter SDC collection came in at roughly \$27,000 with \$188,500 total collection through second quarter end which is approximately 77% of the annual budget.

There are no expenditures that have been charged to this fund through the second quarter.

Revenue	Current Quarter		Quarter Budget %	Year to Date		Annual Budget %	Annual Budget
	Budget	Actual		Budget	Actual		
Interest	\$ 625	396	63%	\$ 1,250	\$ 770	31%	\$ 2,500
Misc. Income	-	44	-	-	44	-	-
System development charges	61,450	27,294	44%	122,900	188,526	77%	245,800
Total revenue	\$ 62,075	\$ 27,734	45%	\$ 124,150	\$ 189,340	76%	\$ 248,300
Expenditures							
Material & services	\$ 90,000	\$ -	-	\$ 180,000	\$ -	-	\$ 360,000
Capital outlay							
Improvements	-	-	-	-	-	-	-
Transfers	3,075	-	-	6,150	-	-	12,300
Contingency							238,032
Total expenditures	\$ 93,075	\$ -	-	\$ 186,150	\$ -	-	\$ 610,332
Revenue over (under) expenditures	(31,000)	27,734	12%	(62,000)	189,340	80%	(362,032)
Beginning fund balance	362,032	236,294	65%	362,032	236,294	65%	362,032
Ending fund balance	\$ 331,032	\$ 264,028	80%	\$ 300,032	\$ 425,634	142%	\$ -

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Water SDC Fund

This fund accounts for the collection and expenditure of water system development charges. The primary revenue source is SDC's. Expenditures are for qualified capital improvement projects and related costs.

Overall second quarter revenue came in at approximately \$73,000 or 386% of the quarterly budget. System development charges collected during the second quarter was roughly \$72,800 or 385% of the quarter budget. Local development continued in the second quarter positively affecting the SDC funds. The largest contributor to the second quarter SDC collection was from BLM to increase their water meter size. They are making significant improvements to their loading site.

There are no expenditures that have been charged to this fund through the second quarter and no capital projects budgeted in this fund for FY16.

Revenue	Current Quarter		Quarter Budget %	Year to Date		Annual Budget %	Annual Budget
	Budget	Actual		Budget	Actual		
Interest	\$ 25	\$ 219	877%	\$ 50	406	406%	\$ 100
System development charges	18,875	72,757	385%	37,750	132,097	175%	75,500
Total revenue	\$ 18,900	\$ 72,976	386%	\$ 37,800	\$ 132,504	175%	\$ 75,600
Expenditures							
Transfers	\$ 48,450	\$ -	-	\$ 96,900	\$ -	-	\$ 193,800
Contingency							2,188
Total expenditures	\$ 48,450	\$ -	-	\$ 96,900	\$ -	-	\$ 195,988
Revenue over (under) expenditures	(29,550)	72,976	62%	(59,100)	132,504	113%	(120,388)
Beginning fund balance	120,388	117,092	97%	120,388	117,092	97%	120,388
Ending fund balance	\$ 90,838	\$ 190,068	209%	\$ 61,288	\$ 249,596	407%	\$ -

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Wastewater SDC Fund

This fund accounts for the collection and expenditure of wastewater system development charges. The primary revenue source is SDCs. Expenditures are for qualified capital improvement projects and related costs.

Overall second quarter revenue collection came in at approximately 3% of the quarter budget.

Expenditures were roughly \$113,600 or 17% of quarter budget. The Crooked River Wetlands construction is the only capital expenditure budgeted for FY 16. The project has been in the planning phase for a couple of years but during the second quarter, the project construction contract was awarded to Rotschy, Inc. from Vancouver, WA. The wetland construction is scheduled to start in the third quarter.

Ending fund balance through the second quarter decreased of roughly \$49,800 or -45% to \$59,800.

Revenue	Current Quarter		Quarter	Year to Date		Annual	Annual
	Budget	Actual	Budget %	Budget	Actual	Budget %	Budget
Interest	\$ 125	\$ 177	141%	\$ 250	\$ 338	68%	\$ 500
System development charges	28,375	20,269	71%	56,750	63,457	56%	113,500
Intergovernmental	187,500	-	-	375,000	-	-	750,000
Debt proceeds	455,000	-	-	910,000	-	-	1,820,000
Total revenue	\$ 671,000	\$ 20,446	3%	\$ 1,342,000	\$ 63,795	2%	\$ 2,684,000
Expenditures							
Material & services	\$ 33,250	\$ -	-	\$ 66,500	\$ -	-	\$ 133,000
Capital outlay							
Improvements	642,500	113,614	18%	1,285,000	113,614	4%	2,570,000
Transfers	9,250	-	-	18,500	-	-	37,000
Contingency							96,103
Total expenditures	\$ 685,000	\$ 113,614	17%	\$ 1,370,000	\$ 113,614	4%	\$ 2,836,103
Revenue over (under) expenditures	(14,000)	(93,168)	-85%	(28,000)	(49,819)	-45%	(152,103)
Beginning fund balance	152,103	109,607	72%	152,103	109,607	72%	152,103
Ending fund balance	\$ 138,103	\$ 16,439	12%	\$ 124,103	\$ 59,788	48%	\$ -

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LID Debt Service Fund

This fund accounts for the repayment of debt issued to finance property owner requested infrastructure projects. The primary revenue source is payment of assessments by benefited property owners.

The LID Debt Service Fund is as anticipated.

Revenue	Current Quarter		Quarter	Year to Date		Annual	Annual
	Budget	Actual	Budget %	Budget	Actual	Budget %	Budget
Interest	\$ 75	\$ 94	125%	\$ 150	\$ 152	51%	\$ 300
Assessment repayments	40,625		-	81,250	81,219	50%	162,500
Total revenue	\$ 40,700	\$ 94	0%	\$ 81,400	\$ 81,371	50%	\$ 162,800
Expenditures							
Debt service							
Principal							
Ironhorse LID - 2006	\$ 19,800	\$ -	-	\$ 39,600	\$ 39,024	49%	\$ 79,200
Interest	17,700	-	-	35,400	35,932	51%	70,800
Contingency							145,529
Total expenditures	\$ 37,500	\$ -	-	\$ 75,000	\$ 74,957	25%	\$ 295,529
Revenue over (under) expenditures	3,200	94	0%	6,400	6,414	7%	(132,729)
Beginning fund balance	132,729	88,675	67%	132,729	88,675	67%	132,729
Ending fund balance	\$ 135,929	\$ 88,769	65%	\$ 139,129	\$ 95,089	68%	\$ -

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PERS/POB Fund

This fund accounts for the potential issuance of pension obligation bonds to fund the City's existing unfunded actuarial liability (UAL) and associated debt repayment. The principal source of revenue is charges to other funds with salaries subject to PERS via a surcharge. A transfer from the General Fund is included to pre-fund a portion of debt service costs. Expenditures are for payments to PERS for the UAL and for debt service requirements.

Second quarter revenues included a credit from PERS of approximately \$20,000 from the setup of the City's side account in 2014 that provides rate relief from funding the City's unfunded PERS liability.

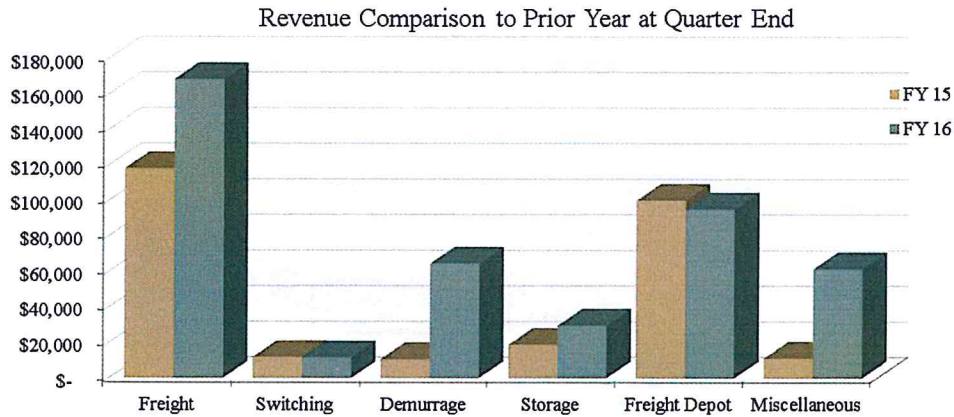
Expenditures are as anticipated with a debt service payment going out in the second quarter.

Revenue	Current Quarter			Year to Date		Annual	Annual
	Budget	Actual	Budget %	Budget	Actual	Budget %	Budget
Interest	\$ 75	\$ 223	298%	\$ 150	\$ 378	126%	\$ 300
Misc.	-	20,027	-	-	20,027	-	-
Transfer from other funds	72,475	72,475	100%	144,950	144,950	50%	289,900
Total revenue	\$ 72,550	\$ 92,725	128%	\$ 145,100	\$ 165,355	57%	\$ 290,200
Expenditures							
Debt Service							
Principal - POB 2013	\$ 27,500	\$ -	-	\$ 55,000	\$ -	-	\$ 110,000
Interest - POB 2013	34,650	69,284	200%	69,300	69,284	50%	138,600
Contingency							108,418
Total expenditures	\$ 62,150	\$ 69,284	111%	\$ 124,300	\$ 69,284	19%	\$ 357,018
Revenue over (under) expenditures	\$ 10,400	\$ 23,442	37%	\$ 20,800	\$ 96,071	150%	\$ (66,818)
Beginning fund balance	66,818	64,142	96%	66,818	64,142	96%	66,818
Ending fund balance	\$ 77,218	\$ 87,584	113%	\$ 87,618	\$ 160,213	183%	\$ -

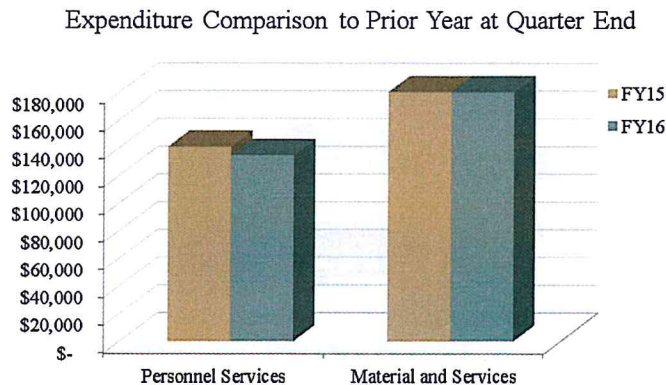
Railroad Fund

This fund accounts for the activities of the City’s railroad operation and for the City’s freight depot operation. Starting in FY 14 the Railroad and Freight Depot Funds were consolidated. Primary revenue sources are payments for the use of railroad and freight depot facilities and related services. Expenditures are for the railroad and freight depot operations, including repair, debt service and capital improvements. Additionally, transfers to other City operations are budgeted.

Overall revenue collection during the second quarter is at roughly \$189,000 or 104% of the quarter budget. Charges for services for the railroad are at approximately \$245,000 or 69% of the annual budget and freight depot charges for services are approximately \$95,000 or 54% of annual budget. Overall revenue comparisons for first and second quarter combined to prior year are up roughly \$159,000. Below is a breakdown of the funds major revenue sources compared to prior year collection at second quarter end.



Overall expenditures through the second quarter are at approximately \$398,000 or 30% of the annual budget. Personnel services are at roughly \$134,000 or 47% of the annual budget. Prior year comparisons show personnel services down slightly and materials and services flat at quarter end.



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Through the second quarter the ending fund balance is at approximately \$730,000, an increase of roughly \$96,000 or 15%.

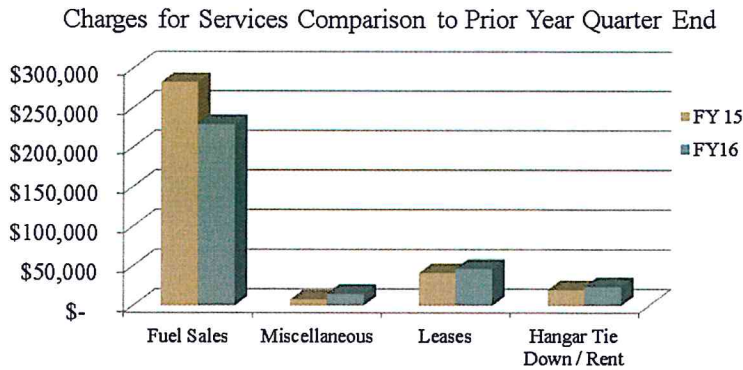
Revenue	Current Quarter		Quarter	Year to Date		Annual	Annual
	Budget	Actual	Budget %	Budget	Actual	Budget %	Budget
Charges for services							
Railroad	\$ 88,375	\$ 112,590	127%	\$ 176,750	\$ 244,939	69%	\$ 353,500
Freight Depot	44,150	49,897	113%	88,300	94,993	54%	176,600
Use of money & property	15,675	22,385	143%	31,350	40,589	65%	62,700
Intergovernmental	-	-	-	-	1,821	-	-
Miscellaneous	7,500	4,030	54%	15,000	61,380	205%	30,000
Transfers	25,225	-	-	50,450	50,400	50%	100,900
Total revenue	\$ 180,925	\$ 188,903	104%	\$ 361,850	\$ 494,123	68%	\$ 723,700
Expenditures							
Personnel services	\$ 71,900	\$ 59,793	83%	\$ 143,800	\$ 134,128	47%	\$ 287,600
Material and services	63,675	60,184	95%	127,350	185,729	73%	254,700
Debt Service							
Principal - Credit Facility	23,000	-	-	46,000	47,418	52%	92,000
Interest - Credit Facility	2,225	-	-	4,450	2,981	33%	8,900
Transfers	13,800	13,800	100%	27,600	27,600	50%	55,200
Contingency							618,863
Total expenditures	\$ 174,600	\$ 133,778	77%	\$ 349,200	\$ 397,856	30%	\$ 1,317,263
Revenue over (under) expenditures	6,325	55,125	9%	12,650	96,266	15%	(593,563)
Beginning fund balance	593,563	633,849	107%	593,563	633,849	107%	593,563
Ending fund balance	\$ 599,888	\$ 688,974	115%	\$ 606,213	\$ 730,115	120%	\$ -

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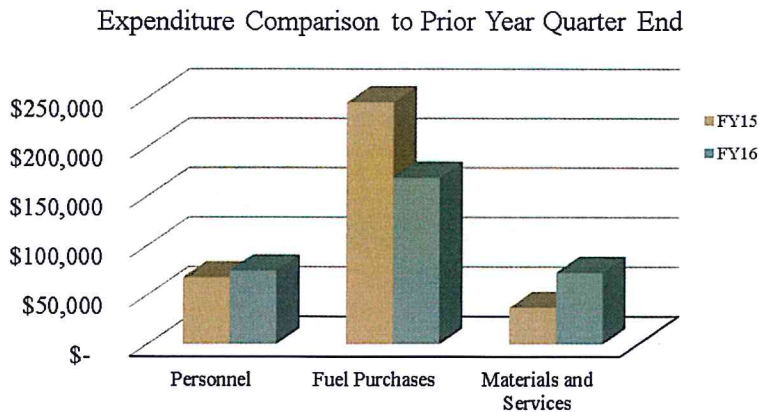
Airport Fund

This fund accounts for the activities of the airport. The airport’s main source of operating revenue is through charges for services that revolve around fuel sales and hanger leases. Expenditures are for general operations of the airport including cost of goods sold, maintenance and capital improvements.

Revenues for the second quarter were approximately 54% of the quarter budget or \$130,000. Fuel sales are at roughly \$230,000 and hangar lease charges at approximately \$47,000 for first and second quarter combined. Fuel Prices have decreased significantly over the last year which has played a role in the decrease in fuel revenue as airport activity has increased. A new land lease was added during the second quarter with hangar construction to follow. Below is a comparison to prior year for the revenue sources that make up charges for services at quarter end.



Second quarter expenditures came in at approximately \$143,000 or 58% of the quarter budget. Overall expenditures are tracking under budget through the second quarter. Below is a comparison of expenditures to the prior year at quarter end.



Overall fund balance is down approximately \$20,600 or -28% through the second quarter with fuel inventory at quarter end at roughly \$43,000.

December 31, 2015

Revenue	Current Quarter		Quarter	Year to Date		Annual	Annual
	Budget	Actual	Budget %	Budget	Actual	Budget %	Budget
Intergovernmental	\$ 15,000	\$ -	-	\$ 30,000	\$ 50,000	83%	\$ 60,000
Charges for services	212,625	130,146	61%	425,250	316,218	37%	850,500
Other revenues	25	-	-	50	-	-	100
Transfers	12,500	-	-	12,500	-	-	50,000
Total revenue	\$ 240,150	\$ 130,146	54%	\$ 467,800	\$ 366,218	38%	\$ 960,600
Expenditures							
Personnel Service	\$ 37,350	\$ 37,390	100%	\$ 74,700	\$ 74,665	50%	\$ 149,400
Materials and Services	175,875	84,392	48%	351,750	241,460	34%	703,500
Capital outlay	6,525	-	-	13,050	3,256	12%	26,100
Debt Service	6,250	-	-	12,500	25,000	100%	25,000
Transfers	21,225	21,225	100%	42,450	42,450	50%	84,900
Contingency							20,591
Total expenditures	\$ 247,225	\$ 143,007	58%	\$ 494,450	\$ 386,831	38%	\$ 1,009,491
Revenue over (under) expenditures	(7,075)	(12,862)	-18%	(26,650)	(20,613)	-28%	(48,891)
Beginning fund balance	48,891	72,949	149%	48,891	72,949	149%	48,891
Ending fund balance	\$ 41,816	\$ 60,087	144%	\$ (26,649)	\$ 52,336	-196%	\$ -

December 31, 2015

Water Fund

This fund accounts for the activities of the City's water utility. The primary source of revenue is water sales and expenditures are for the operation of the system including repair and maintenance of infrastructure.

Overall revenue collection in the second quarter came in at approximately \$510,000 or 94% of the quarter budget. Revenue associated with charges for services came in at roughly \$508,000 or 97% of quarter budget. Overall revenues through the second quarter are at approximately 61% of the annual budget. This largely due to the weather related increase of water usage and construction during the first and second quarter.

Second quarter expenditures are at roughly 68% of the quarter budget. Capital improvements during the second quarter were at approximately \$64,600. Roughly \$42,500 of the capital improvements during the second quarter were from water improvements that were mostly related to the groundwater monitoring up by the airport and meter replacements.

Overall, the fund balance through the second quarter increased by approximately \$222,000 or 15%.

Revenue	Current Quarter		Quarter Budget %	Year to Date		Annual Budget %	Annual Budget
	Budget	Actual		Budget	Actual		
Charges for services	\$ 524,500	\$ 508,130	97%	\$ 1,049,000	\$ 1,333,797	64%	\$ 2,098,000
Interest	1,250	1,181	95%	2,500	2,001	40%	5,000
Miscellaneous	1,375	1,210	88%	2,750	2,458	45%	5,500
Transfers	17,500	-	-	35,000	-	-	70,000
Total revenue	\$ 544,625	\$ 510,522	94%	\$ 1,089,250	\$ 1,338,256	61%	\$ 2,178,500
Expenditures							
Materials and services	\$ 122,225	\$ 95,830	78%	\$ 244,450	\$ 220,231	45%	\$ 488,900
Franchise fee expense	25,000	25,000	100%	50,000	50,000	50%	100,000
Capital outlay							
Improvements	180,625	64,623	36%	361,250	87,360	12%	722,500
Debt service							
Principal							
Refunding bond 2011 SDC	27,500	-	-	55,000	-	-	110,000
Water revenue bond 2003	11,250	-	-	22,500	105,000	233%	45,000
Interest							
Refunding bond 2011 SDC	26,525	-	-	53,050	103,786	98%	106,100
Water revenue bond 2003	5,425	-	-	10,850	10,838	50%	21,700
Transfers	269,375	269,375	100%	538,750	538,750	50%	1,077,500
Contingency							1,130,022
Total expenditures	\$ 667,925	\$ 454,828	68%	\$ 1,335,850	\$ 1,115,964	29%	\$ 3,801,722
Revenue over (under) expenditures	(123,300)	55,694	4%	(246,600)	222,293	15%	(1,623,222)
Beginning fund balance	1,623,222	1,508,741	93%	1,623,222	1,508,741	93%	1,623,222
Ending fund balance	\$ 1,499,922	\$ 1,564,435	104%	\$ 1,376,622	\$ 1,731,034	126%	\$ -

December 31, 2015

Wastewater Fund

This fund accounts for the activities of the City's wastewater and treatment facilities. The primary source of revenue is sewer service fees. Expenditures are for the operation of the wastewater system including repair and maintenance of infrastructure and debt service related to infrastructure costs.

Overall revenue collection through the second quarter came in at approximately \$1.6 million or 50% of the annual budget. Second quarter revenue collection for charges for services was roughly \$799,000 or 101% of the quarter budget. Charges for services are up over the prior year through the second quarter by roughly \$57,000.

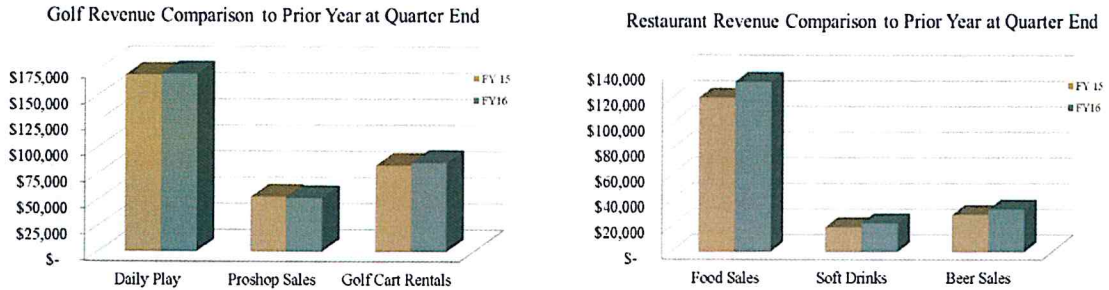
Expenditures are at roughly 43% of the annual budget and are as anticipated at quarter end. Fund balance has decreased through the second quarter by roughly \$352,000 or -20%. This decrease can largely be attributed to the first quarter debt service payments in the amount of approximately \$581,000.

Revenue	Current Quarter		Quarter Budget %	Year to Date		Annual Budget %	Annual Budget
	Budget	Actual		Budget	Actual		
Charges for services	\$ 792,500	\$ 799,061	101%	\$ 1,585,000	\$ 1,597,187	50%	\$ 3,170,000
Interest	750	928	124%	1,500	1,738	58%	3,000
Miscellaneous	12,000	24,672	206%	24,000	24,877	52%	48,000
SDCs - reimbursement fees	7,825	3,847	49%	15,650	15,141	48%	31,300
Total revenue	\$ 813,075	\$ 828,507	102%	\$ 1,626,150	\$ 1,638,944	50%	\$ 3,252,300
Expenditures							
Personnel services	\$ 27,575	\$ 26,251	95%	\$ 55,150	\$ 53,145	48%	\$ 110,300
Materials and services	130,075	111,519	86%	260,150	258,875	50%	520,300
Franchise fees expense	39,750	39,750	100%	79,500	79,500	50%	159,000
Capital outlay							
Improvements	122,925	19,669	16%	245,850	357,831	73%	491,700
Debt service							
DEQ CWSRF R74682/2	105,725	-	-	211,450	209,896	50%	422,900
Refunding 2011 / principle	25,000	-	-	50,000	85,000	85%	100,000
Interest							
DEQ CWSRF R74682/1	4,750	-	-	9,500	-	-	19,000
DEQ CWSRF R74682/2	41,100	-	-	82,200	83,714	51%	164,400
Refunding 2011 / interest	54,725	-	-	109,450	202,794	93%	218,900
Fees							
DEQ CWSRF R74682/1 & 2	7,125	-	-	14,250	28,474	100%	28,500
Transfers	316,025	316,025	100%	632,050	632,050	50%	1,264,100
Contingency							1,128,524
Total expenditures	\$ 874,775	\$ 513,215	59%	\$ 1,749,550	\$ 1,991,279	43%	\$ 4,627,624
Revenue over (under) expenditures	(61,700)	315,292	18%	(123,400)	(352,335)	-20%	(1,375,324)
Other resources/(requirements)							
Debt service reserve	304,000	-		304,000	-		304,000
Beginning fund balance	1,679,324	1,766,550	105%	1,679,324	1,766,550	105%	1,679,324
Ending fund balance	\$ 1,617,624	\$ 2,081,842	129%	\$ 1,555,924	\$ 1,414,215	91%	\$ 304,000

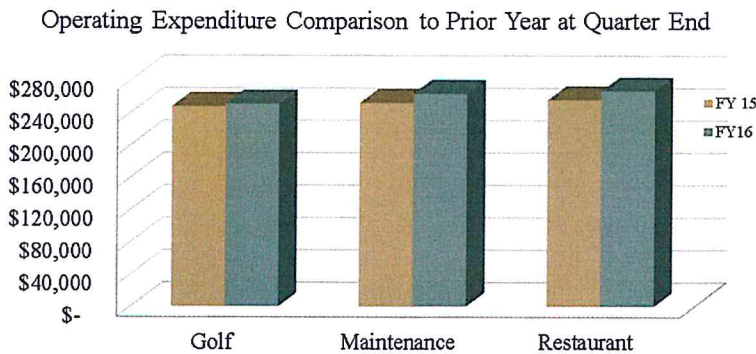
Golf Course and Restaurant Fund

This fund accounts for the activities of Meadow Lakes Golf Course and Restaurant. Revenue is generated through user fees, restaurant sales, and an operating payment from the City’s Wastewater Fund for treatment.

Revenue collection through the second quarter is at approximately 43% of the annual budget or \$745,000. Golf revenue is at roughly \$347,000 or 45% of the annual budget through the second quarter, this down slightly over prior year second quarter by approximately \$1,600 or -.46%. Restaurant revenues are at approximately \$209,400 or 51% of the annual budget through the second quarter which is an increase over prior year quarter end by roughly \$21,500 or 11.45%. Below is a comparison to the prior year quarter end of the significant operating revenue sources for golf and the restaurant.



Overall expenditures through second quarter came in at roughly \$1.024 million or 49% of the annual budget. Overall expenditures for the golf course are roughly \$430,000 or 69% through the second quarter. Restaurant operating expenditures through the second quarter are approximately 54% or \$267,000. Overall operating expenditures have increased over prior year at second quarter end roughly 3.44%. Below is a comparison of operating expenditures to the prior year at quarter end by department.



Fund balance decreased roughly \$279,000 or -51% leaving the ending fund balance at approximately \$263,000. Management continues to monitor expenditures closely.

December 31, 2015

Revenue	Current Quarter		Quarter	Year to Date		Annual	Annual
	Budget	Actual	Budget %	Budget	Actual	Budget %	Budget
Charges for services							
Golf Course	\$ 192,950	\$ 84,340	44%	\$ 385,900	\$ 346,804	45%	\$ 771,800
Waste disposal	92,500	92,500	100%	185,000	185,000	50%	370,000
Restaurant	101,750	83,403	82%	203,500	209,412	51%	407,000
Other	1,250	370	30%	2,500	2,641	53%	5,000
Interest	500	469	94%	1,000	953	48%	2,000
Miscellaneous	500	237	47%	1,000	293	15%	2,000
Debt Proceeds	44,500	-	-	89,000	-	-	178,000
Total revenue	\$ 433,950	\$ 261,319	60%	\$ 867,900	\$ 745,103	43%	\$ 1,735,800
Expenditures							
Golf Course	\$ 156,350	\$ 105,502	67%	\$ 312,700	\$ 429,882	69%	\$ 625,400
Waste disposal	121,275	103,709	86%	242,550	263,643	54%	485,100
Restaurant	124,975	112,861	90%	249,950	266,886	53%	499,900
Debt service							
Principal - note payable	9,500	\$ 5,761	61%	19,000	9,449	50%	38,000
Interest - Note Payable	-	1,198	-	-	2,148	-	-
Principal - Credit facility	10,950	-	-	21,900	22,541	51%	43,800
Interest - Credit facility	1,050	-	-	2,100	1,417	34%	4,200
Principal - 2011 bond	2,500	-	-	5,000	10,000	100%	10,000
Interest - 2011 bond	4,650	-	-	9,300	18,250	98%	18,600
Contingency							382,894
Total expenditures	\$ 431,250	\$ 329,030	76%	\$ 862,500	\$ 1,024,215	49%	\$ 2,107,894
Revenue over (under) expenditures	2,700	(67,710)	-12%	5,400	(279,113)	-51%	(372,094)
Beginning fund balance	372,094	542,662	146%	372,094	542,662	146%	372,094
Ending fund balance	\$ 374,794	\$ 474,952	127%	\$ 377,494	\$ 263,549	70%	\$ -

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December 31, 2015

Administration and Financial Support Services Fund

This fund accounts for the activities of the City Manager’s office, human resources, recorder, finance, Council directed contributions, and information technology services. The primary source of revenue is charges to other funds for services.

Overall revenue collection for the second quarter came in at approximately \$496,000 or 103% of the quarter budget.

Overall expenditures for the second quarter end are at roughly 104% of the quarter budget or \$509,000. Information technology is at roughly 69% of the annual budget with personnel services at approximately 88% of the annual budget and may require a budget adjustment by year end.

Fund balance decreased approximately \$34,000 or -10% through the second quarter.

Revenue	Current Quarter		Quarter Budget %	Year to Date		Annual Budget %	Annual Budget
	Budget	Actual		Budget	Actual		
Charges for services	\$ 482,400	\$ 495,725	103%	\$ 964,800	\$ 976,031	51%	\$ 1,929,600
Interest	300	477	159%	600	914	76%	1,200
Total revenue	\$ 482,700	\$ 496,202	103%	\$ 965,400	\$ 976,945	51%	\$ 1,930,800
Expenditures							
City Council	\$ 21,250	\$ 12,109	57%	\$ 42,500	\$ 30,733	36%	\$ 85,000
Administration/team services	189,025	199,056	105%	378,050	387,684	51%	756,100
Financial services	175,225	155,307	89%	350,450	326,716	47%	700,900
Information technology	103,525	142,845	138%	207,050	265,939	69%	384,100
Contingency							274,867
Total expenditures	\$ 489,025	\$ 509,317	104%	\$ 978,050	\$ 1,011,071	46%	\$ 2,200,967
Revenue over (under) expenditures	(6,325)	(13,115)	-4%	(12,650)	(34,126)	-10%	(270,167)
Beginning fund balance	270,167	328,700	122%	270,167	328,700	122%	270,167
Ending fund balance	\$ 263,842	\$ 315,585	120%	\$ 257,517	\$ 294,574	114%	\$ -

December 31, 2015

City Hall Fund

This fund accounts for the operating costs of the city hall facility and related debt service. Revenue is received through rental charges to user departments and activities.

Revenues and expenditures are as anticipated. The debt service payment took place in the second quarter.

Revenue	Current Quarter		Quarter	Year to Date		Annual	Annual
	Budget	Actual	Budget %	Budget	Actual	Budget %	Budget
Rent	\$ 45,900	\$ 45,900	100%	\$ 91,800	\$ 91,800	50%	\$ 183,600
Misc. Income	2,175	829	38%	8,700	2,442	28%	8,700
Interest	200	231	116%	400	428	54%	800
Total revenue	\$ 48,275	\$ 46,960	97%	\$ 100,900	\$ 94,670	49%	\$ 193,100
Expenditures							
Materials and services	\$ 20,025	\$ 15,411	77%	\$ 40,050	\$ 27,722	35%	\$ 80,100
Debt service							
Principal - USDA 2005	11,000	43,790	398%	22,000	43,790	100%	44,000
Interest - USDA - 2005	15,500	61,148	395%	31,000	61,148	99%	62,000
Transfers	2,500	-	-	5,000	-	-	10,000
Contingency							55,744
Total expenditures	\$ 49,025	\$ 120,349	245%	\$ 98,050	\$ 132,660	53%	\$ 251,844
Revenue over (under) expenditures	(750)	(73,388)	-43%	2,850	(37,990)	-22%	(58,744)
Other requirements							
Debt service reserve	105,000			105,000			105,000
Beginning fund balance	163,744	169,199	103%	163,744	169,199	103%	163,744
Ending fund balance	\$ 162,994	\$ 95,811	59%	\$ 166,594	\$ 131,209	79%	\$ 105,000

December 31, 2015

Plaza Maintenance Fund

This fund accounts for the maintenance of the plaza joining City Hall and the Crook County Annex building. The county and the city maintain the plaza in a joint effort. Starting in 2005 the county was responsible for accounting for the maintenance of the plaza per a city and county agreement. The agreement has been revised and the city starting FY 13 now assumes the responsibility of accounting for the plaza maintenance. Revenues are generated through a transfer from the city with matching monies from the county. Expenditures are for maintaining the landscaping, sidewalks and lighting.

Second quarter revenues included the sale of pavers that were removed from the plaza for the plaza improvements.

Second quarter expenditures are related to the plaza project. This project's purpose is to replace the pavers that were causing a trip hazard with poured concrete.

Fund balance decreased roughly \$14,000 or -33% which was anticipated as the plaza project continues.

Revenue	Current Quarter		Quarter Budget %	Year to Date		Annual Budget %	Annual Budget
	Budget	Actual		Budget	Actual		
Intergovernmental	\$ 2,500	\$ -	-	\$ 5,000	\$ 10,000	100%	\$ 10,000
Interest	25	40	161%	50	86	86%	100
Misc. Income	-	2,755	-	-	2,755	-	-
Transfers	2,500	-	-	5,000	-	-	10,000
Total revenue	\$ 5,025	\$ 2,795	56%	\$ 10,050	\$ 12,840	64%	\$ 20,100
Expenditures							
Materials and services	\$ 12,450	\$ 24,542	197%	\$ 24,900	\$ 27,120	54%	\$ 49,800
Transfers	925	-	-	1,850	-	-	3,700
Contingency							8,044
Total expenditures	\$ 13,375	\$ 24,542	183%	\$ 26,750	\$ 27,120	44%	\$ 61,544
Revenue over (under) expenditures	(8,350)	(21,747)	-50%	(16,700)	(14,280)	-33%	(41,444)
Beginning fund balance	41,444	43,216	104%	41,444	43,216	104%	41,444
Ending fund balance	\$ 33,094	\$ 21,469	65%	\$ 24,744	\$ 28,936	117%	\$ -

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December 31, 2015

Public Works Support Services Fund

This fund accounts for the activities of the Public Works management and support staff, fleet and vehicle maintenance and public works office space operating costs. The primary source of revenue is charges to other funds for services.

Overall revenues are as anticipated.

Expenditures for public works support services are tracking under budget through the second quarter at \$721,000 or 40% of annual budget. Second quarter expenditures for fleet and vehicles is at roughly 210% of the quarter budget with the purchase of an F250 and an F550 during the second quarter.

Fund balance decreased roughly \$47,000 or -14% through the second quarter.

Revenue	Current Quarter		Quarter Budget %	Year to Date		Annual Budget %	Annual Budget
	Budget	Actual		Budget	Actual		
Charges for services	\$ 363,525	\$ 330,025	91%	\$ 727,050	\$ 662,800	46%	\$ 1,454,100
Interest	375	461	123%	750	878	59%	1,500
Miscellaneous	5,500	4,112	75%	11,000	10,616	48%	22,000
Total revenue	\$ 369,400	\$ 334,598	91%	\$ 738,800	\$ 674,294	46%	\$ 1,477,600
Expenditures							
Public Works Support Services	\$ 310,325	\$ 278,692	90%	\$ 620,650	\$ 558,355	45%	\$ 1,241,300
Public Works Fleet & Vehicles	61,250	128,896	210%	122,500	148,778	61%	245,000
Public Works Facilities	8,750	8,580	98%	17,500	13,932	40%	35,000
Contingency							293,084
Total expenditures	\$ 380,325	\$ 416,169	109%	\$ 760,650	\$ 721,065	40%	\$ 1,814,384
Revenue over (under) expenditures	(10,925)	(81,571)	-24%	(21,850)	(46,771)	-14%	(336,784)
Beginning fund balance	336,784	345,609	103%	336,784	345,609	103%	336,784
Ending fund balance	\$ 325,859	\$ 264,038	81%	\$ 314,934	\$ 298,838	95%	\$ -

(47)

December 31, 2015

Beginning Fund Balance Adjustment Details

Actual audited beginning fund balances do not include accrued absences liability as it has in the past for the proprietary funds. For continued transparency and comparability the accrued absences liability, calculated as of June 30th 2015, has been taken into consideration in the adjusted beginning fund balance. Ending fund balance and the percentage change in fund balance has been calculated from the adjusted beginning fund balance.

All City Funds

Fund	Actual Audited Beginning Fund Balance	Accrued Absence Liability	Adjusted Beginning Fund Balance
General	\$ 797,059	\$ -	\$ 797,059
Transportation	233,581	-	233,581
Emergency Dispatch	327,197	-	327,197
Planning	78,380	-	78,380
Transportation SDC	236,294	-	236,294
Water SDC	117,092	-	117,092
Wastewater SDC	109,607	-	109,607
LID Debt Service	88,675	-	88,675
PERS/ POB	64,142	-	64,142
Railroad	647,066	13,217	633,849
Airport	76,513	3,564	72,949
Water	1,508,741	-	1,508,741
Wastewater	1,781,398	14,848	1,766,550
Golf Course and Restaurant	674,325	131,663	542,662
Administration and Financial Services	436,765	108,065	328,700
Public Works Support Services	432,154	86,545	345,609
City Hall	169,199	-	169,199
Plaza Maintenance	43,216	-	43,216
Totals	\$ 7,821,404	\$ 357,902	\$ 7,463,502