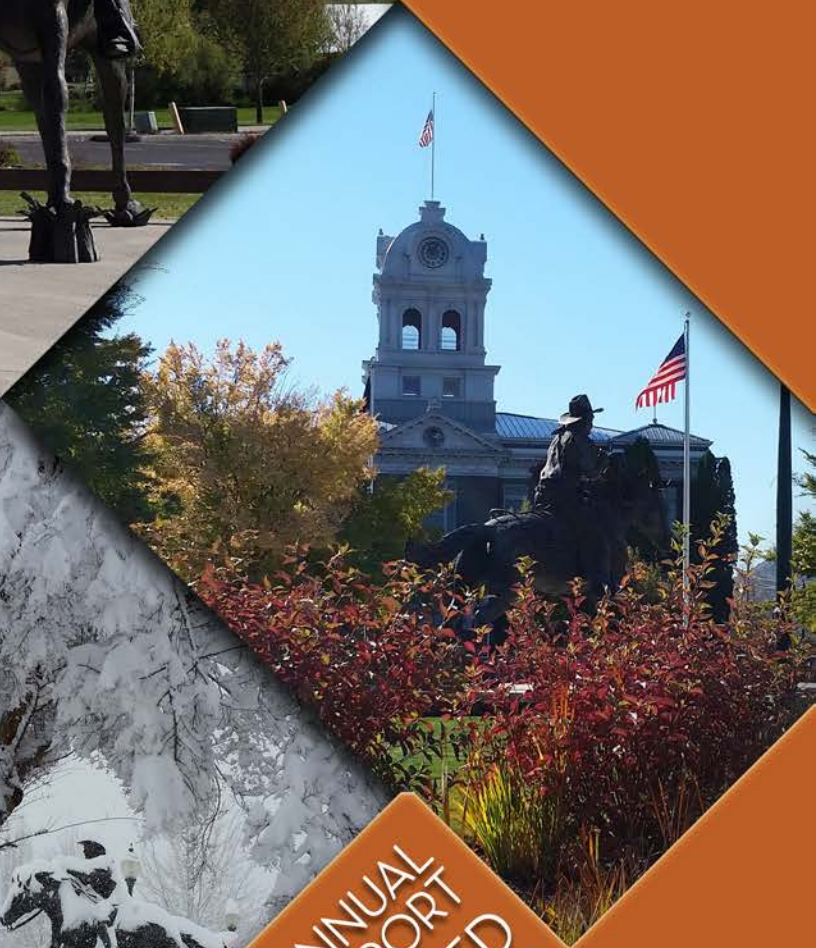


CITY OF PRINEVILLE,
OREGON



COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED
JUNE 30, 2019



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**City of Prineville, Oregon
Comprehensive Annual Financial Report
Year Ended June 30, 2019**

Prepared by:
City of Prineville Finance Department
Liz Schuette, Finance Director

Available online at
<https://www.cityofprineville.com>



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Introductory Section

Letter of Transmittal
Certificate of Achievement
Elected and Appointed Officials
Organization Chart



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CITY FINANCE

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City Manager Steve Forrester

December 21, 2019

To the Honorable Mayor, City Councilors, Finance Committee Members and Citizens of Prineville, Oregon:

We hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Prineville, Oregon (the “City”) for the fiscal year ended June 30, 2019.

This report presents the financial position of the City as of June 30, 2019 and the results of its operations for the fiscal year then ended. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America and meet the requirements of the standards prescribed by the Oregon Secretary of State Audits Division. We believe the data, as presented, is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the various funds of the City.

The accuracy of the City’s financial statements and the completeness and fairness of their presentation is the responsibility of the City’s management. The City maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, and that financial records can be relied upon to produce financial statements in accordance with GAAP. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal accounting controls should not exceed benefits likely to be derived.

Pauly, Rogers, and Co. P.C., has issued an unmodified or “clean” opinion on the City’s financial statements for the fiscal year ended June 30, 2019. The independent auditors’ opinion is located at page 13 in the “Financial Section” of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The City’s MD&A is located on page 16, immediately following the independent auditor’s report.

Prineville and Its Services

Prineville is a community where citizens, civic organizations, businesses and city government work together to ensure that the community retains its hometown identity, high quality of life, and its natural beauty. The City incorporated in 1880, and today serves a population of 10,010. It is close to the region’s business core and more urban amenities, with Bend approximately thirty miles to the southwest and the regional airport in Redmond approximately 20 miles west. The City provides a small-town atmosphere with its historic county courthouse building, other pioneer-era buildings and residential dwellings, and the contemporary architecture of newer homes. Prineville is the gateway to recreation in the Ochoco National Forest and Prineville Reservoir.



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The City is a full-service municipality that operates under a council/manager form of government. The elected Prineville City Council consists of a mayor and six councilors who act as the board of directors. The Council sets policies for city government, enacts ordinances and hires, and directs and evaluates the city manager. In turn, the city manager is the City's chief executive officer, responsible for overall management and administration.

Municipal services provided by the City include police, emergency dispatch, water and wastewater utilities, street operations, planning, engineering, railroad and freight depot facilities, golf course and restaurant, and airport management services.

The Crook County Fire & Rescue District provides fire and emergency services to the community, the Crook County Parks and Recreation District provides parks and recreation services, and Crook County provides library services. Prineville is the county seat of Crook County.

Local Economy

The city's economy is linked with that of the entire Central Oregon region. Within the last 10 years Facebook and Apple constructed major data centers in Prineville, which help to diversify the economy. Prineville serves as a hub-community for residents of Crook County, with significant commercial and industrial development. The top 10 largest employers in Prineville include Rosendin Electric Inc., Les Schwab Distribution Facility, Crook County School District, Facebook Data Center, Brasada Ranch, Contact Industries, St. Charles Health Systems, Crook County, Bureau of Land Management, and Western Heavy Haul & SMAF. Additionally, agriculture plays a significant cultural and economic role in Prineville.

Long-term Financial Planning

Long-term financial planning is performed on an ongoing basis. The City prepares 5-, 10- and 20- year financial plans for its General Fund, golf course, utilities and railroad, and is preparing various long-term financial analysis of its transportation system to inform decision makers. The financial plans include reserves by fund that fall within the policy guidelines set by the City Council and reviewed by the City's Finance Committee during the budget process. Reserve policy guidelines are measured as a percentage of annual operating expenses or current year revenues, and generally range between 15 percent and 25 percent depending on the fund.

Along with the adoption of the biennial 2021 budget, residential and most commercial water customers will see their base rates increase by 2 percent for the first year. Commodity charges will also increase by 2 percent. Commercial customers will experience a base water rate reduction proportional to a reduction in included consumption. Over the course of the next two years, commercial base water rate charges will be reduced and included consumption for commercial accounts will be eliminated. Sewer rates will be adjusted in a fashion similar to water rates to incentivize conservation. Base wastewater rates will not increase and will remain at \$52.93 per month while commodity charges will increase by 12.5 percent.

In regards to the City's long-term debt obligations, the City had a total of \$21.9 million in long-term debt obligations including \$17.9 million in full faith and credit obligations and a United States Department of Agriculture (USDA) bond for \$4 million in federal funds as of June 30, 2018.



City's Credit Ratings

In August of fiscal year 2015, Standard and Poor's rating services affirmed the City's "A+" long-term rating. Their rationale was cited as the City has "strong financial management, very strong budgetary flexibility, very strong liquidity, strong budgetary performance, adequate debt and contingent liabilities, and a strong institutional framework." Our private lender for the FFCO in FY 2019 for acquisition of the new public safety building stated in the approval letter, "We are once again impressed with the City's management and high credit quality." The City continues to maintain strong financial management, and has improved in all of the areas stated above in the Standard and Poor's comments for our rating in FY 2015.

Major Initiatives

The City continues its incremental strategic planning process for the community and organization. The foundation has been established with the creation of a financial planning and decision making framework for its major operations: water, wastewater, and transportation systems, police and emergency dispatch, railroad and freight facilities, and golf facilities. The Council and management are working toward clearly defined goals and objectives. During the budget review process, goals and objectives are developed and prioritized by the City Council and staff. The process is a continuing cycle of setting goals and objectives, reviewing short- and long-term goals, evaluating results, and reassessing the goals and their priority.

In preparing the budget for biennium 2021, the City Council updated and adopted various goals that were incorporated into budgeted operations. The City Council also established guidelines to achieve goals in the following major areas: support for county jail, urban and growth management, utility infrastructure, finances, downtown enhancement, recreation and culture, and partnerships with other agencies. Additionally, the City's Finance Committee, consisting of Councilors Steve Uffelman, Gail Merritt and Patricia Jungmann, continue their focus on long-range financial stability, sustainability and audit oversight, and improving all finance processes.

Awards

Comprehensive Annual Financial Reporting Award. The City received the *Certificate of Achievement for Excellence in Financial Reporting* (CAEFR) award from the Government Finance Officers Association (GFOA) for its fiscal year 2018 report, making it the third time the City has applied and received the award. The CAEFR is a prestigious national award that recognizes conformance with the highest standards of preparation of state and local government financial reports. In order to receive this award, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards and satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

Distinguished Budget Presentation Award. The City received the *Distinguished Budget Presentation Award* for its fiscal year 2018-19 budget document from the GFOA, making it the thirteenth consecutive City budget document to receive this award. The award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a governmental entity, its financial staff, and its management. This international award program was first established in 1984 to encourage exemplary budgetary practices and to provide peer recognition for government finance officers who prepare budget documents. Budget proficiency is rated in four major categories: as a policy document, an operations guide, a financial plan, and a communications device. The City also received special recognition for its capital presentation in the fiscal year 2019 budget.



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Acknowledgements

The preparation of this Comprehensive Annual Financial Report was a combined effort of the dedicated finance staff under the direction of Liz Schuette. We wish to express our appreciation to everyone who contributed to the preparation of this report. Lastly, we wish to recognize the Mayor, Councilors, and the Finance Committee for their full support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Steve Forrester
City Manager

Liz Schuette
Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Prineville
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Executive Director/CEO



City of Prineville Elected Officials

Mission Statement

Adopted February 9, 2016

The City of Prineville provides quality municipal services and programs which contribute to our reputation as a desirable place to live, work and play.

We strive to improve our quality of life through transparency; open communication; investment in essential infrastructure; public safety; community programs; and business, while staying within the constraints of fiscally responsible government.



Mayor Steve Uffelman



Councilor Jason Beebe



Councilor Janet Hutchison



Councilor Patricia Jungmann



Councilor Jeff Papke



Councilor Gail Merritt



Councilor Teresa Rodriguez

Elected Officials	Term Expires
Steve Uffelman, Mayor	December 31, 2020
Jason Beebe, Councilor	December 31, 2020
Janet Hutchison, Councilor	December 31, 2022
Patricia Jungmann, Councilor	December 31, 2022
Gail Merritt, Councilor	December 31, 2020
Jeff Papke, Councilor	December 31, 2022
Teresa Rodriguez, Councilor	December 31, 2020

Appointed Officials	Position
Steve Forrester	City Manager
Jered Reid	City Attorney

Management Team	Position
Dale Cummins	Police Chief
Kelly Coffelt	Airport Manager
James Wilson	IT Director
Josh Smith	Planning Director
Eric Klann, P.E.	Public Works Director / City Engineer
Zach Lampert	Head Golf Professional / Facility Manager
Darla Rhoden	Human Resource Director
Liz Schuette	Finance Director
Matt Wiederholt	Railroad and Freight Depot Manager

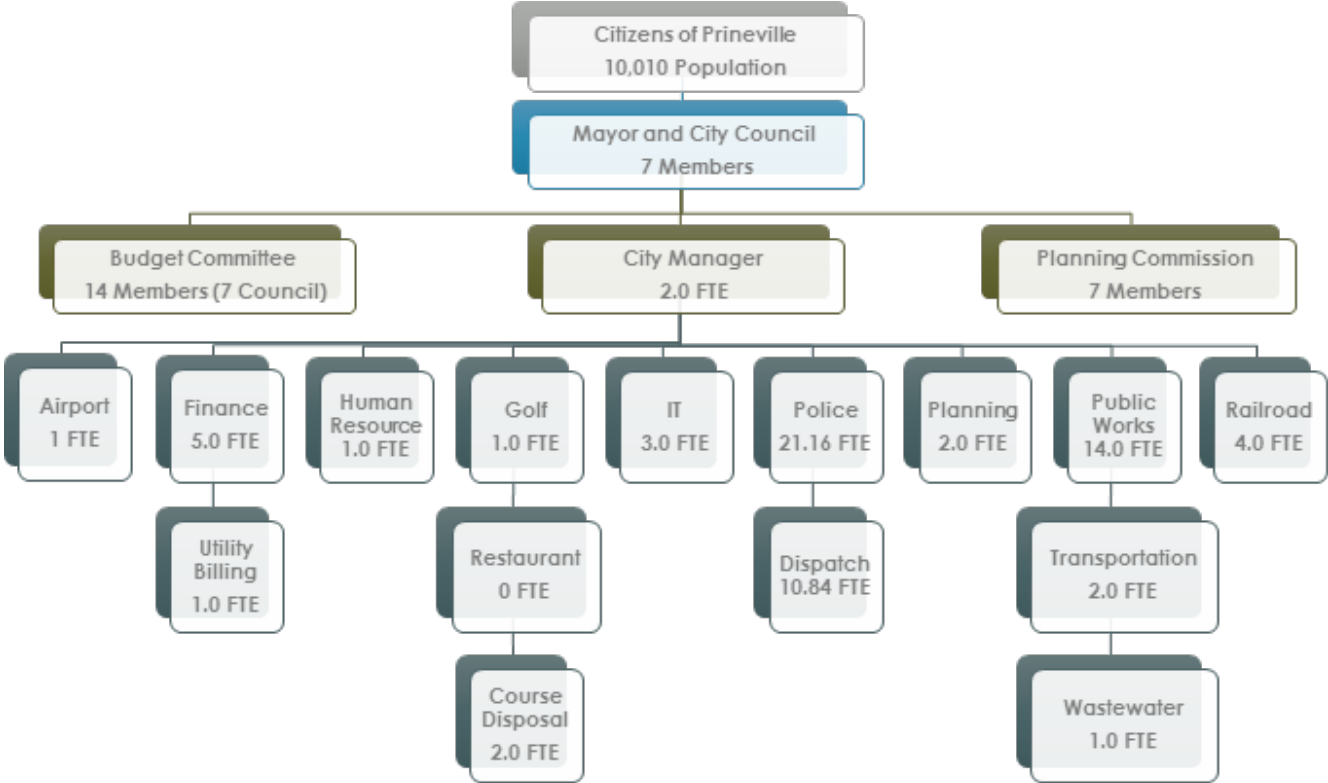
City Hall

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City of Prineville, Oregon Organization Chart

Year Ended June 30, 2019





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Financial Section

**Independent Auditors' Report
Management's Discussion and Analysis**



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12700 SW 72nd Ave. ♦ Tigard, OR 97223
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www.paulyrogersandcocpas.com

November 22, 2019

To the Honorable Mayor and Members of the City Council
City of Prineville, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prineville as of and for the year ended June 30, 2019, 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.

Auditors' 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 from 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 risks 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 opinion.

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 Prineville, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof 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, and other required supplementary information as listed in 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.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

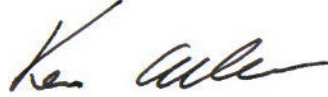
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

The listing of Council members containing their term expiration dates, located before the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

The introductory, statistical, and the compliance and other reports sections, as listed in the table of contents, have 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 them.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 22, 2019, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2019

Management's Discussion and Analysis ("MD&A") is presented to facilitate financial analysis and provide an overview of the financial activities of the City of Prineville (the "City") for the fiscal year ended June 30, 2019. Information in the MD&A is based on currently known facts, decisions and conditions. Please read the MD&A in conjunction with the basic financial statements and the accompanying notes.

Financial Highlights

The City's assets and deferred outflows of resources totaled \$114 million at June 30, 2019, consisting of \$89.2 million in capital assets, \$18.3 million in cash and investments, \$408,800 in restricted cash and investments, \$4 million in other assets, and \$2.1 million deferred outflows of resources. Total assets and deferred outflows of resources increased by \$20.32 million from the previous fiscal year.

The City's liabilities and deferred inflows of resources totaled \$30.9 million at June 30, 2019 consisting of \$27 million in long-term liabilities, \$2.8 million in accounts payable and other liabilities, and \$1.1 million in deferred inflows related to pensions.

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$83.1 million at the close of fiscal year 2018-19, an increase of \$16.9 million over the prior year. Unrestricted net position totaled \$9.2 million with the remainder of the City's net position invested in capital assets totaling \$69.7 million, capital projects \$1.7 million, streets and highways \$1.9 million, and debt service reserve \$575,200.

For its governmental activities, the City generated \$748,590 in charges for services and received \$2.8 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$11.9 million for the year, resulting in a net direct expense of \$8.4 million. Receipt of \$7.2 million in general revenues and \$3.1 million in transfers resulted in a change in net position of \$1,945,063.

For its business-type activities, the City generated \$24.2 million in charges for services, operating and capital grants and contributions to fund direct expenses totaling \$81,606. Expenses for business-type activities totaled \$6.6 million resulting in a change to net position of \$14.9 million.

Fund balance in the City's governmental funds was \$5.4 million at June 30, 2019, an increase of \$662,952 from June 30, 2018.

The City's total long-term debt increased \$2.5 million during the fiscal year ended June 30, 2019. The City issued new debt totaling \$4 million for the police facility building, paying principal reductions in the amount of \$1.5 million for previously issued debt.

Debt per capita increased from \$1,964 to \$2,146 (9 percent), using the city population of 10,220, the population increased during the fiscal year by 210 from 10,010 according to the Portland State University population report issued on July 1, 2019.

City of Prineville, Oregon
Management's Discussion and Analysis

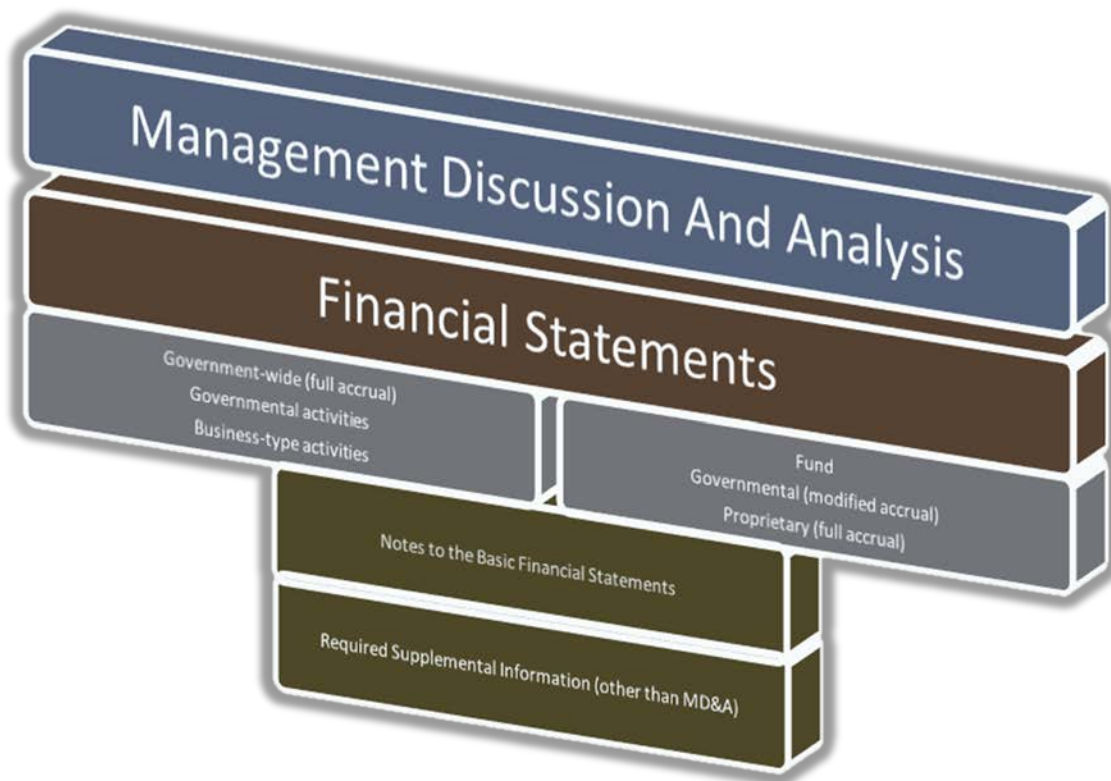
Year Ended June 30, 2019

Overview of the Financial Statements

In addition to this discussion and analysis, the financial section of this annual report contains the *basic financial statements, required supplementary information, and other supplementary information*, including the *combining statements and schedules* of the non-major funds.

The basic financial statements also include *notes* that explain the information in the financial statements and provide additional details. The following chart illustrates how the various sections of this report are arranged to one another.

Required Elements of the Comprehensive Annual Financial Report



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 City assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time increases or decreases in the 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 fiscal year ended June 30, 2019. Changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash, or other financial assets, flows. Thus, revenues and

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2019

expenses are reported in this statement for some items – such as property taxes and accrued vacation – that will result in cash flows in future fiscal periods.

Each of these government-wide financial statements, *Statement of Net Position* and *Statement of Activities*, distinguish functions of the City that are supported primarily by taxes and inter-governmental revenues (*government activities*) from other functions that are intended to recover all, or a significant portion of, their cost through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, highways and streets, and interest on long-term debt. The business-type activities include railroad, golf, airport, and public works, including water and wastewater.

The City's government-wide financial statements begin on page 29 and the government-wide financial policies are included in the notes to financial statements.

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 of Prineville, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Each of the funds of the City is classified in one of three categories: government funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government 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 financing decisions. Reconciliations from the *Government Funds Balance Sheet to the Government-wide Statement of Net Position* and from the *Government Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities* are included in this report.

The City reported activity in five individual governmental funds and three internal service funds performing governmental activities during the fiscal year ended June 30, 2019. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* for the General Fund and the City's other major funds (emergency dispatch, transportation, transportation system development charges, and pension obligation debt service). Data from all other governmental funds are combined into a single, aggregated presentation. Individual data for each of these non-major governmental funds, if applicable, is provided in the form of combining statements in the "Other Supplementary Data" section of this report and in the budget to actual comparison schedules.

The City adopts an annual budget for each of its funds. A budget to actual schedule has been provided for each fund to communicate budgetary compliance.

The "Basic Governmental Fund Financial Statements" can be found on pages 29-36 of this report.

Proprietary funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its railroad and freight depot, water, wastewater, airport, and golf funds. Internal service

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2019

funds are used to report the administrative and facility operations of the City where charges for services are primarily recovered from other operations and functions of the City.

Proprietary funds financial statements provide similar, but more detailed, information as the government-wide financial statements. The proprietary fund financial statements provide information separately for the railroad and freight depot, water, wastewater, airport, and golf funds.

The “Basic Proprietary Funds Financial Statements” can be found beginning on page 37.

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. The notes to the financial statements begin on page 43. The combining statements referred to above in connection with non-major governmental funds and business-type funds are presented in the “Additional Supplementary Information” section of this report.

Statement of Net Position

Net position, at a specific point in time, serves as a useful indicator of an entity's financial position. In the case of the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$83.1 million at June 30, 2019.

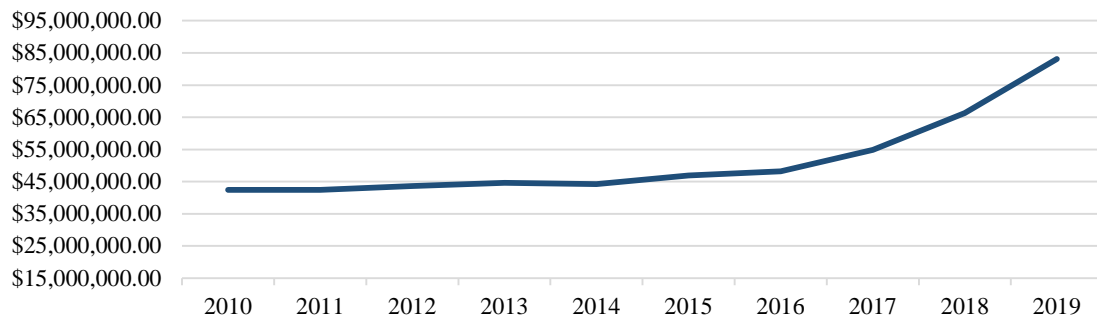
The City's net position is heavily allocated to its investment in capital assets (land, infrastructure, buildings and equipment) less the related outstanding debt issued to acquire those capital assets and accumulated depreciation, \$69.6 million, 84 percent (83.7%) of total position. The City's net investment in capital assets in water and wastewater utilities represent approximately 58 percent (58.3%) of total capital assets.

- The net position of the governmental funds equaled \$17 million, an increase of \$2 million or 14 percent (13.6%) over the prior year-end balance.
- The net position in the water utility totaled \$20.9 million, an increase of \$5.5 million or approximately 36 percent (36.0%) over the prior year-end balance.
- The net position in the wastewater utility totaled \$32.4 million, an increase of \$8 million or roughly 33 percent (32.8%) over the prior year-end balance.
- The net position in the railroad totaled \$8 million, a decrease of \$164,247 over prior year, or 2 percent (2.1%) from the prior year-end balance.
- The net position in the Golf Course Fund totaled \$1.3 million, an increase of \$95,740 or roughly 8 percent (7.9%) from the prior year-end balance.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2019

Total Net Position



The City's net position includes approximately \$4.2 million (5 percent) that is restricted, debt service \$575,200, transportation operations \$1,890,054, and capital projects \$1,710,797. The remaining net position of \$9.2 million may be used to meet the City's ongoing obligations to citizens and creditors.

Net Position at June 30, 2019 and 2018

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 11,005,145	\$ 7,159,934	\$ 11,320,069	\$ 8,625,281	\$ 22,325,214	\$ 15,785,215
Non-current assets	105,000	105,000	303,758	456,300	408,758	561,300
Capital assets	19,931,633	17,056,204	69,285,738	58,139,431	89,217,371	75,195,635
Total assets	<u>31,041,778</u>	<u>24,321,138</u>	<u>80,909,565</u>	<u>67,221,012</u>	<u>111,951,343</u>	<u>91,542,150</u>
Deferred outflows	2,093,617	2,187,242	-	-	2,093,617	2,187,242
Total assets and deferred outflows	<u>33,135,395</u>	<u>26,508,380</u>	<u>80,909,565</u>	<u>67,221,012</u>	<u>114,044,960</u>	<u>93,729,392</u>
Current liabilities	1,801,064	1,064,678	1,047,598	1,392,428	2,848,662	2,457,106
Long-term debt - net of current portion	13,244,822	9,306,983	13,736,827	14,560,575	26,981,649	23,867,558
Total liabilities	<u>15,045,886</u>	<u>10,371,661</u>	<u>14,784,425</u>	<u>15,953,003</u>	<u>29,830,311</u>	<u>26,324,664</u>
Deferred inflows	1,136,371	1,128,644	-	-	1,136,371	1,128,644
Total liabilities and deferred inflows	<u>16,182,257</u>	<u>11,500,305</u>	<u>14,784,425</u>	<u>15,953,003</u>	<u>30,966,682</u>	<u>27,453,308</u>
Net investment in capital assets	14,105,369	14,763,230	55,548,911	43,578,856	69,654,280	58,342,086
Restricted	1,995,054	1,391,944	2,180,997	1,955,523	4,176,051	3,347,467
Unrestricted	852,715	(1,147,099)	8,395,232	5,733,630	9,247,947	4,586,531
Total net position	<u>16,953,138</u>	<u>15,008,075</u>	<u>66,125,140</u>	<u>51,268,009</u>	<u>83,078,278</u>	<u>66,276,084</u>
Total net position, liabilities and deferred inflows	<u>\$ 33,135,395</u>	<u>\$ 26,508,380</u>	<u>\$ 80,909,565</u>	<u>\$ 67,221,012</u>	<u>\$ 114,044,960</u>	<u>\$ 93,729,392</u>

Overall, the City increased its net position by 16.8 million during fiscal year 2019 while also continuing to make investments in capital infrastructure, reduce its other outstanding debt obligations, and control operational spending. The \$14.9 million increase in business-type activities is largely due to Data Center Expansion, Aquifer Storage and Recovery Project, Industrial Park Utility Improvements, and the Elm Street Bridge project.

As of June 30, 2019, the City reports positive balances in all three categories of net position for the government.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2019

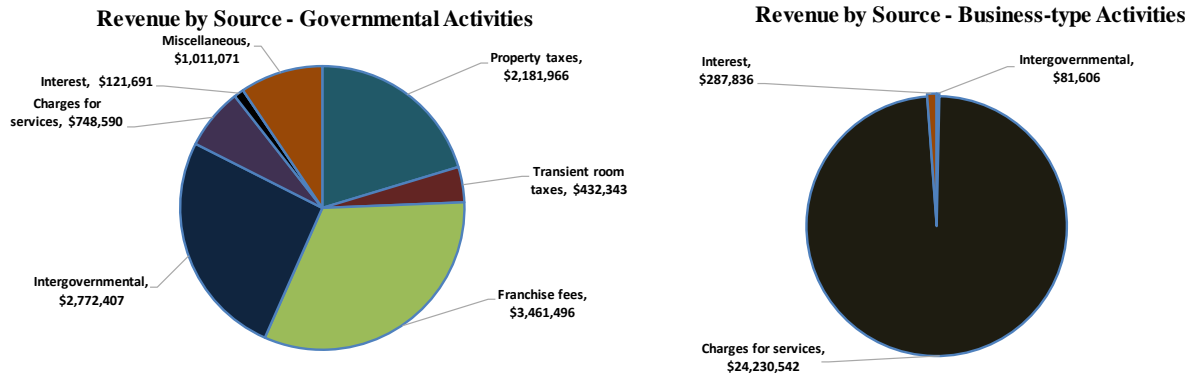
Statement of Activities

As with the *Statement of Net Position*, the City reports governmental activities on a consolidated basis.

Governmental activities increased Prineville's net position by \$2 million during fiscal year ended June 30, 2019 as compared to an increase of approximately a \$1.7 million in the prior year. Revenue increased by \$1.6 million and expenses, excluding transfers, increased by \$1.9 million. Key elements of these changes as illustrated in the summary of activities table on the prior page are primarily the results of an increase of electrical franchise fees from data center activities, in lieu of tax dollars, property tax, and transient lodging tax.

The revenues charted in the pie chart below in the sources for governmental activities include all program and general revenues for governmental activities such as property and transient room taxes, franchise fees, charges for services, intergovernmental revenue, and miscellaneous revenues.

Business-type activities increased the City of Prineville's net position by \$9.7 million. Wastewater Fund revenues represent approximately 48 percent of total business-type revenue, with 99 percent of its revenue coming from charges for service, the Water Fund revenue represents approximately 35 percent of business activities with intergovernmental, charges of service, and other. Capital contributions totaled approximately \$82 thousand, \$68,800 in the Water Fund and \$12,900 in the Wastewater Fund. Other business-type activities include the airport, railroad, and golf course, these activities represent approximately 17 percent of revenues during the year, generally these revenues fall into the charges for service, and intergovernmental revenue areas.



City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2019

A summary of the *Statement of Activities* follows:

	Governmental Activities		Business-type Activities		Total		
	2019	2018	2019	2018	2019	2018	Change
Revenue							
Property taxes	\$ 2,181,966	\$ 2,067,373	\$ -	\$ -	\$ 2,181,966	\$ 2,067,373	\$ 114,593
Transient room taxes	432,343	339,003	-	-	432,343	339,003	93,340
Franchise fees	3,461,496	2,913,102	-	-	3,461,496	2,913,102	548,394
Intergovernmental	2,772,407	2,010,594	81,606	296,225	2,854,013	2,306,819	547,194
Charges for services	748,590	650,523	24,230,542	18,526,587	24,979,132	19,177,110	5,802,022
Interest	121,691	56,637	287,836	104,594	409,527	161,231	248,296
Capital contributions	-	-	-	-	-	-	-
Miscellaneous	1,011,071	1,039,410	-	137,343	1,011,071	1,176,753	(165,682)
Total revenue	10,729,564	9,076,642	24,599,984	19,064,749	35,329,548	28,141,391	7,188,157
Expenses							
General government	2,695,309	1,000,996	-	-	2,695,309	1,000,996	1,694,313
Public safety	8,113,155	7,961,382	-	-	8,113,155	7,961,382	151,773
Streets and highways	877,535	732,512	-	-	877,535	732,512	145,023
Interest	209,483	187,046	-	-	209,483	187,046	22,437
Railroad	-	-	838,289	1,014,557	838,289	1,014,557	(176,268)
Water	-	-	1,628,957	1,177,361	1,628,957	1,177,361	451,596
Wastewater	-	-	2,161,516	2,293,751	2,161,516	2,293,751	(132,235)
Golf and restaurant	-	-	1,231,167	1,367,914	1,231,167	1,367,914	(136,747)
Other non-major	-	-	771,943	745,602	771,943	745,602	26,341
	11,895,482	9,881,936	6,631,872	6,599,185	18,527,354	16,481,121	2,046,233
Increase (decrease) in net position before transfers	(1,165,918)	(805,294)	17,968,112	12,465,564	16,802,194	11,660,270	5,141,924
Transfers in (out)	3,110,981	2,787,724	(3,110,981)	(2,787,724)	-	-	-
Increase (decrease) in net position	1,945,063	1,982,430	14,857,131	9,677,840	16,802,194	11,660,270	5,141,924
Net position, July 1, 2018	15,008,075	13,025,645	51,268,009	41,590,169	66,276,084	54,615,814	11,660,270
Net position, June 30, 2019	<u>\$ 16,953,138</u>	<u>\$ 15,008,075</u>	<u>\$ 66,125,140</u>	<u>\$ 51,268,009</u>	<u>\$ 83,078,278</u>	<u>\$ 66,276,084</u>	<u>\$ 16,802,194</u>

Financial Analysis of Prineville's Funds

The City of Prineville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Prineville's governmental funds is to provide information on near-term inflows, outflows and balances of available resources. Such information is useful in assessing Prineville's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending as of the end of the fiscal year.

As of June 30, 2019, \$5.4 million is the reported combined ending fund balance for the City of Prineville's governmental funds, an increase of approximately \$663,000 from June 30, 2018. The increase is primarily the result of an increase in electrical franchise fees from the data centers, system development charges, and debt proceeds for the new public safety building that will be expended in the coming year. Net increases or decreases in fund balance are as follows:

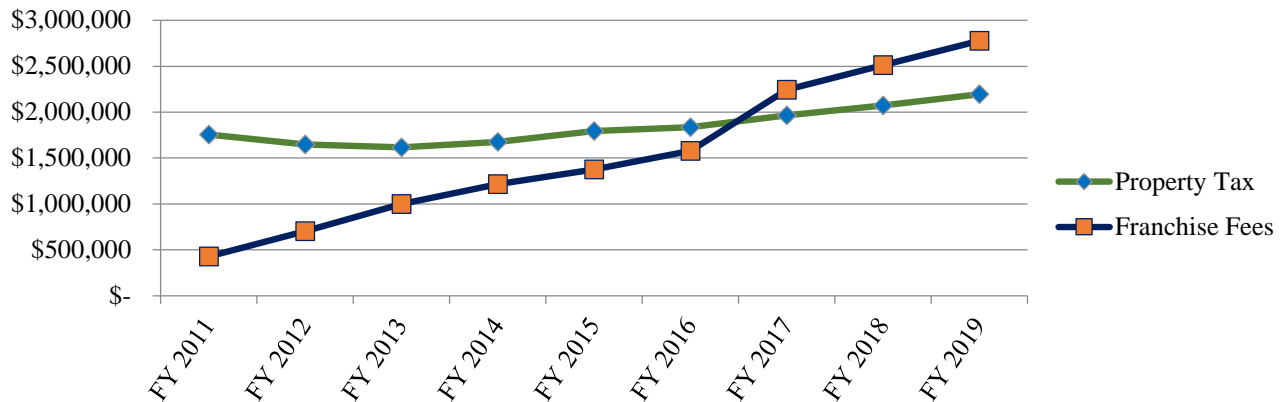
City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2019

General Fund/Community Development	\$ 227,487	11%
Emergency Dispatch	\$ 101,416	25%
Transportation Fund	\$ 57,943	17%
Transportation SDC Fund	\$ 545,167	57%
Pension Debt Service Fund	\$(269,061)	45%

General Fund Budgetary Highlights. The General Fund is the chief operating fund of the City. As of June 30, 2019, total fund balance was \$2,394,531, an increase of \$227,487 (11 percent) from prior year. Within the General Fund ending balance \$2.2 million is considered unassigned. General Fund actual current year resources were more than budgeted by \$738,823. Positive variances in property taxes of \$54,108, transient room tax \$122,343, franchise fees \$416,496, and miscellaneous by \$307,559. The additional franchise fee revenue was unanticipated at budget not knowing how slowly or quickly the data centers would complete and populate their projects, miscellaneous revenue included the sale of property, additional court fines, interest revenue, and a bio mass grant. Beginning fund balance was \$155,046 more than budgeted also due to data center activity. A budget adjustment was made to accommodate the increased costs for personnel at the police department due to overtime from staff shortage, \$350,000 in transfers related to the debt service for acquisition of the new police facility, and an additional expense in materials and services. Total actual expenditures were \$3.7 million.

Below shows General Fund property tax collection and electrical franchise fee trends from 2011 through 2019.



Emergency Dispatch. The Emergency Dispatch Fund revenue received for the year came in over budget largely due to a reimbursement for expenditures from the State E-911 dollars for radio system upgrades. Total expenditures were \$148,450 under budget with the majority of this in personal services due to staff turnovers.

Transportation and Transportation SDC Funds. In the Transportation Fund, revenues were under budget by \$52,600, this due to the decrease of \$100,000 from General Fund. Expenditures in personnel, materials and services, and capital outlay combined were under budget approximately \$18,700. In the Transportation SDC Fund revenues came in under budget \$119,900, this largely due to the timing of the Elm Street Bridge project and grant reimbursements. Expenditures came in under budget approximately \$581,000, this also having to do with the timing of the Elm Street Bridge project.

Pension Debt Service Fund. Charges for services and transfer revenue came in lower than originally budgeted, interest came in higher than budgeted approximately \$11,900. Expenditures were as budgeted for debt service and an \$800,000 contribution to a new PERS side account.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2019

Proprietary funds. The focus of the City's proprietary funds is to provide information on the financial performance, i.e., ability for each fund to recover full costs of the services provided. Such information is useful in assessing Prineville's ability to continue to provide those services on a sustainable basis.

As of June 30, 2019, the City realized an increase in net position of \$14.9 million for the combined performance of all proprietary funds. Charges for service and other operating income from combined funds increased \$5.7 million over fiscal year 2019. The biggest factor to the increase in net position was due to the impact of SDC fees paid by data center projects, Aquifer Storage and Recovery project, and the Airport Industrial Park Utility Improvements project in both the Water and the Wastewater Fund, and the Airbase project in the Airport Fund.

Railroad and Freight Depot Fund. Revenue collection for the railroad operation came in under budget approximately \$308,000 for the year, rail traffic and storage played a big part in the decrease in revenue. Expenditures budgeted compared to actual were also under budget approximately \$405,400, net change in fund balance was an increase of \$91,000.

Golf and Restaurant Fund. Golf realized an increase in activity over the prior year totaling \$81,600. Total charges for services came in under budget by \$177,100, this directly tied to the lease of the Restaurant in February that was not part of the original budget numbers. Expenditures for departments also coming in under adjusted budget. Net ending change in fund balance increased approximately \$67,900.

Airport Fund. The airport charges for services was up over prior year approximately \$78,700, personnel services decrease approximately \$30,000, while materials and services increased approximately \$56,400. The budgeted capital project revenue totaled approximately \$1.4 million, and capital outlay expenditures for the project \$1.3 million. Net change in fund balance shows an increase from the prior of approximately \$120,500.

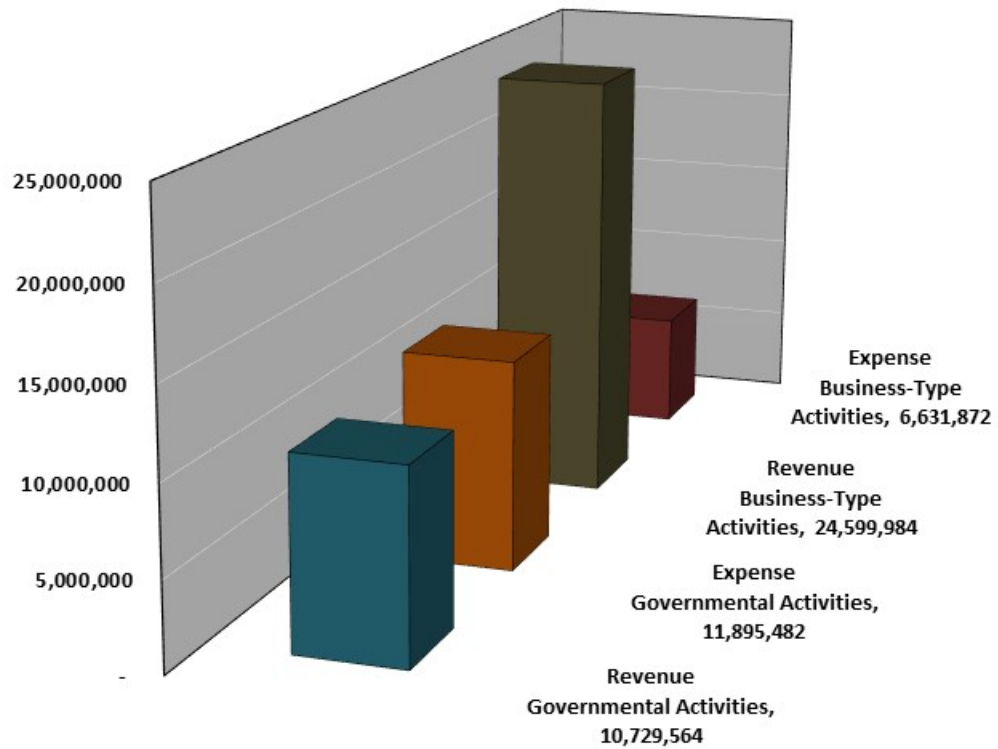
Water Fund. Revenues budget to actual came in under projections approximately \$249,800. This directly related to the ASR project reimbursement and expenditures being moved to the SDC fund, water metered sales were \$139,200 above actual budget. Expenditures were under budget roughly \$148,600. Net change in fund balance was a decrease of approximately \$664,172, this a result of the budgeted \$1.4 million in capital improvements.

Wastewater Fund. Revenue budget to actual was approximately \$90,900 over budget. Operating expenditures came in under budget \$28,200, actual capital outlay came in at roughly \$340,200. Net change in fund balance was an increase of \$2.2 million this directly related to the reimbursement of SDCs paid for expansion of the data centers.

The City continues to actively pursue additional business for the airport, railroad and freight depot operations. It has also adjusted its utility rates incrementally to recover total costs of operations and provide adequate funding for debt service and capital replacement and expansion.

City of Prineville, Oregon
Management's Discussion and Analysis

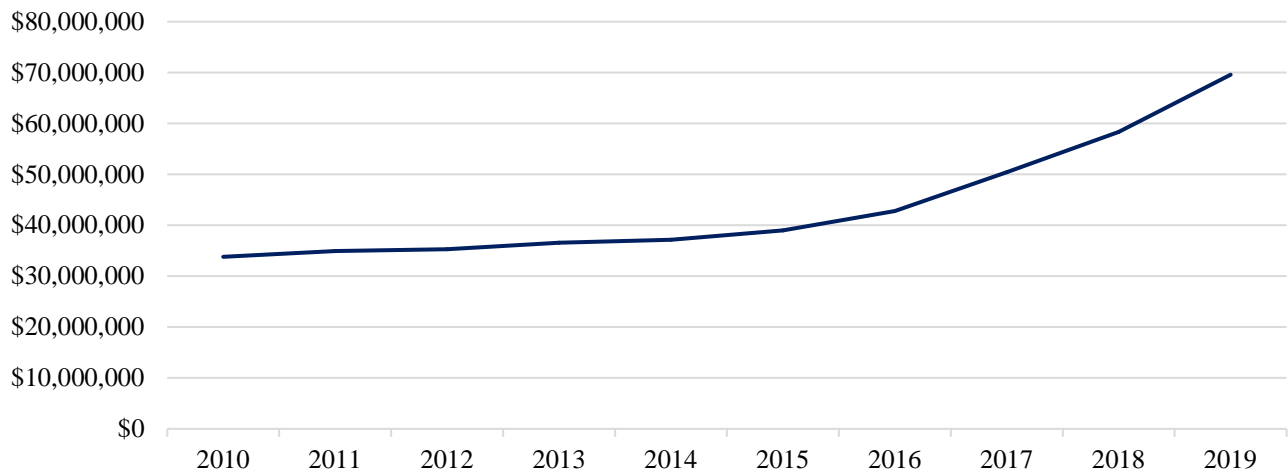
Year Ended June 30, 2019



Capital Asset and Debt Administration

Capital Assets. The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2019 is \$69.6 million. The investment in capital assets includes land, buildings, equipment and infrastructure such as roads, water and wastewater systems. The net increase in net capital assets for the year ended June 30, 2019 was \$11.2 million.

Net Investment in Capital Assets



Additional information on capital assets is included in "Note 4" to the financial statements of this report on pages 58-60.

City of Prineville, Oregon
Management's Discussion and Analysis

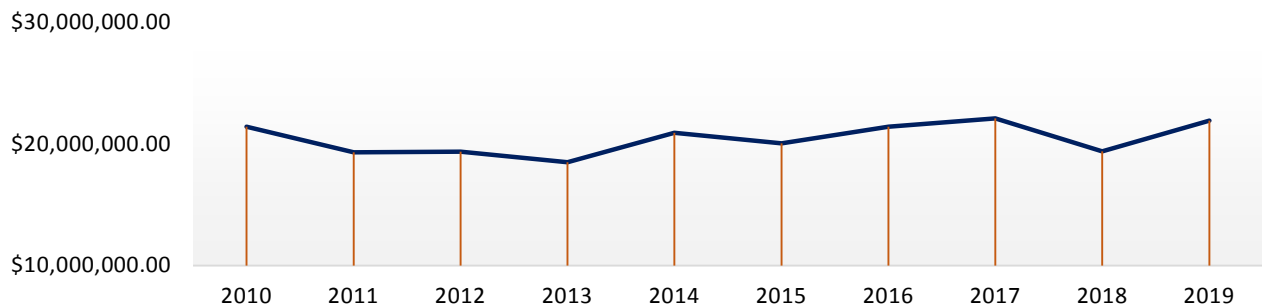
Year Ended June 30, 2019

Long-term debt. As of June 30, 2019, the City's outstanding bonded debt was \$21.9 million, \$2.53 million more than at June 30, 2018. Of this, \$18 million is backed by the full faith and credit of the City, including \$5.1 million for obligations repaid with water, wastewater and golf revenues, \$3.9 CWSRL in wastewater, \$2.4 million refinanced note payable for pension obligation repaid from all funds with employees subject to Oregon Public Employees Retirement System (OPERS) retirement payments, \$558,100 debt for the Barnes Butte property acquisition to add additional green space, water rights, and transportation improvements, \$354,500 debt for the acquisition of police vehicles, \$1.1 million of refunded federal debt for the city hall building, debt in the Golf Fund for golf carts with a balance of \$82,100, and Infrastructure Finance Authority (IFA) loan for \$730,200. The City also had \$3.94 million bond outstanding in wastewater with USDA for the wetlands. The City is liable for notes payable with government commitment if other revenues are insufficient to repay the debt. There are no debt requirements, commitments or other limitations required by debt holders that significantly affect the availability of resources for current or future use.

Schedule of Outstanding Long-term Debt
 June 30, 2019 and June 30, 2018

	Governmental activities		Business-like activities		Totals	
	2019	2018	2019	2018	2019	2018
Full faith and credit obligation: \$	-	-	\$ 5,054,000	\$ 5,315,000	\$ 5,054,000	\$ 5,315,000
Water, golf, wastewater						
Special assessment debt	-	-	-	-	-	-
Pension note payable	2,367,352	2,549,000	-	-	2,367,352	2,549,000
Federal debt	-	-	3,943,840	4,000,000	3,943,840	4,000,000
Oregon IFA/CWSRL			4,656,899	5,138,244	4,656,899	5,138,244
Other notes payable	5,827,264	2,292,974	82,088	107,331	5,909,352	2,400,305
Totals	<u>\$ 8,194,616</u>	<u>\$ 4,841,974</u>	<u>\$ 13,736,827</u>	<u>\$ 14,560,575</u>	<u>\$ 21,931,443</u>	<u>\$ 19,402,549</u>

Total Outstanding Debt



Additional information on the City's long-term debt is included in "Note 5" to the financial statements on pages 60-65.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2019

Key Economic Factors and Budget Information for the Future

- ***Unemployment and real estate*** – Oregon's unemployment rate ended FY19 at 4 percent with the Bend-Redmond area ending at 3.9 percent according to the Bureau of Labor and Statistics. As of September FY20, the Bend-Redmond area and Oregon's unemployment has increased slightly to a preliminary 4.1 percent. Unemployment has remained relatively stable through FY19 and so far in FY20 with typical fluctuations during the seasons.

According to reports from the Central Oregon Association of Realtors, real estate sales volume for Crook County in Q1 & Q2 has been fairly consistent from 2016 through 2019, posting combined sales volume of 222, 227, 238 and 236 respectively. In the same period Q3 & Q4 has shown some variability and decline in 2018, posting combined sales volume of 276, 299 and 247. The last two quarters of 2019 will determine if the trend continues. One contributing factor to the decline in sales volume may be the rapid increase in sales price from \$197,000 in Q1 of 2017 to \$280,000 in Q3 of 2019.

Dwelling approvals for FY19 drastically increased from previous years with 230 units approved, of which 81 were single family and one was a 135 unit multifamily complex. Dwelling approvals for FY16 – FY18 were 38, 76 and 114 respectively, however; 44 multifamily units in FY18 were not built. So far through October of FY20 the City has seen 18 dwelling approvals, all single family. The expectation is that development will be more in line with FY17 with around 70 units including a mix of single and multifamily. With the announcement of additional data center development and other potential manufacturing industries the community will continue to feel some housing pressure. However, once housing developments currently under construction enter the market this demand is expected to wane except for very low income individuals. There is evidence of a slowdown in the market especially as housing, material and labor costs climb.

- ***Apple*** – In October 2012, Apple initiated construction of a 338,000 square foot data center. At this time the second building has been completed while the 3rd building and logistics center have still not been initiated.
- ***Facebook*** – In January 2010, Facebook chose to locate their first company-owned 334,000 square foot data center in Prineville. Since then Facebook has completed three similar sized data centers, nearly completed two 1,000,000 square foot H-style buildings and has plans to initiate additional buildings on the remainder of their site.

Residential, Commercial and Public development – With the announcement of continued data center development and room for more growth due to available land and infrastructure improvements, residential development has the potential to continue at least at a modest pace similar to FY17. In the event of a national market downturn, it is possible that Prineville may be somewhat insulated due to the local and regional demand. Commercially, new construction has been isolated to the east side of town on the Ochoco Lumber site. Most development elsewhere is coming in the form of re-purposing and rehabilitating older buildings such as the old Ford Garage. With many vacant structures such as the bank building, Brothers Restaurant and old bowling alley, Prineville is more apt to see redevelopment of these sites than purely new construction, with the exception of the Ochoco Lumber mixed use area. The public sector has been busy with large infrastructure projects such as the City's Aquifer Storage and Recovery system (ASR), the opening of the new Crook County Jail, beginning development on the new helibase at the airport and master plan work for the new Barnes Butte Recreation Area.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2019

- **PERS** – Market returns for OPERS have slightly improved Prineville's unfunded liability as of December 30, 2017 actuarial valuation report. The City has an unfunded actuarial liability (UAL) of \$3.164 million as of December 31, 2017, which reflects a decrease of \$650,500 from December 31, 2016.
- Effective July 1, 2019, the City's OPERS contribution rate is 14.62 percent, a decrease of 1.06 percent from the projected rate from the prior year. Market returns from the prior year affected the funded ratio as of December 31, 2017.
- Historically, OPERS contribution rates have fluctuated based upon earnings, the amount of the City's UAL, and the percentage of the UAL to covered payroll. Generally, OPERS rates have decreased as the City approached or exceeded full funding. In 2015, the Moro decision was ruled unconstitutional affecting the 2016 rate in a negative way. The ruling increased the City's UAL, however, the City received a 6 percent rate credit for the side account contribution in 2014 which stabilized the contribution rate for the City.
- To address the UAL on a long-term basis, and provide stability to the City's retirement contributions, the City chose to take advantage of low interest rates (4.94 percent) and enter into a loan obligation of \$2.95 million to be repaid over 15 years. The loan proceeds were invested with OPERS in a side account, which resulted in reduced OPERS contribution rates beginning in fiscal year 2016. The actuarial report shows rates reduced by -6 percent and a rate credit of 6 percent was received in FY17. In 2018, the City refunded its pension obligation at a rate lower (3.7 percent) than the 2014 rate, keeping the same maturity and freeing the City from very constricting covenants. The current outstanding debt totals \$2.5 million as of June 30, 2018. On March 25, 2019, the City made an \$800,000 deposit to a new PERS side account receiving an additional -1.35 percent offset to our rate. Additionally the City was able to receive the 25 percent matching funds from the State of Oregon totaling \$200,000. This additional deposit will be factored into the December 31, 2019 valuation and will provide an additional rate decrease beginning July 1, 2021.

See "Note 7" on pages 66-73 in the financial statements for additional discussion related to OPERS.

Requests for Information

This financial report is designed to provide a general overview to those parties interested in Prineville's finances. Questions concerning the information provided in the report or requests for additional information should be addressed to the City's finance department at 387 NE Third Street, Prineville, Oregon 97754.

Financial Section

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Governmental Funds



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City of Prineville, Oregon
Statement of Net Position

June 30, 2019

Assets	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and investments	\$ 9,319,318	\$ 9,022,875	\$ 18,342,193
Receivables (net of allowances for uncollectibles)			
Property taxes	111,827	-	111,827
Accounts	746,198	2,621,599	3,367,797
Inventory	25,412	446,846	472,258
Prepaid expenses	30,539	600	31,139
Internal balances	771,851	(771,851)	-
Restricted cash and investments	105,000	303,758	408,758
Capital assets:			
Non-depreciable	4,043,138	8,466,353	12,509,491
Other (net of accumulated depreciation)	15,888,495	60,819,385	76,707,880
<i>Total assets</i>	<u>31,041,778</u>	<u>80,909,565</u>	<u>111,951,343</u>
Deferred outflows of resources			
Pension related deferrals - Net pension liability	2,073,932	-	2,073,932
Pension related deferrals - OPEB Liability GASB 75	19,685	-	19,685
<i>Total deferred outflows of resources</i>	<u>2,093,617</u>	<u>-</u>	<u>2,093,617</u>
Liabilities, deferred inflows and net position			
Liabilities			
Accounts payable	815,231	621,506	1,436,737
Accrued interest	23,641	92,754	116,395
Deposits payable	-	86,409	86,409
Other liabilities	118,471	44,705	163,176
Accrued compensated absences	843,721	202,224	1,045,945
Non-current liabilities:			
Due within one year:			
Bonds payable	82,000	57,704	139,704
Notes payable	562,181	846,074	1,408,255
Due in more than one year:			
Proportionate share of net pension liability	4,773,655	-	4,773,655
OPEB Liability GASB 75	276,551	-	276,551
Bonds payable	1,059,000	3,886,136	4,945,136
Notes payable	6,491,435	8,946,913	15,438,348
<i>Total liabilities</i>	<u>15,045,886</u>	<u>14,784,425</u>	<u>29,830,311</u>
Deferred inflows			
Pension related deferrals - net pension liability	1,096,486	-	1,096,486
Pension related deferrals - OPEB Liability GASB 75	39,885	-	39,885
<i>Total deferred inflows of resources</i>	<u>1,136,371</u>	<u>-</u>	<u>1,136,371</u>
Net position			
Net investment in capital assets	14,105,369	55,548,911	69,654,280
Restricted for:			
Streets and highways	1,890,054	-	1,890,054
Debt service	105,000	470,200	575,200
Capital projects	-	1,710,797	1,710,797
Unrestricted	852,715	8,395,232	9,247,947
<i>Total net position</i>	<u>\$ 16,953,138</u>	<u>\$ 66,125,140</u>	<u>\$ 83,078,278</u>

The accompanying notes are an integral part of these financial statements.

City of Prineville, Oregon
Statement of Activities

Year Ended June 30, 2019

Function / program	Expenses	Program revenues			Net (expense) revenue and changes in net position		Total
		Fees and charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	
Governmental activities							
General government	\$ 2,695,309	123,930	\$ -	\$ -	\$ (2,571,379)		\$ (2,571,379)
Public safety	8,113,155	21,694	1,179,719	-	(6,911,742)		(6,911,742)
Highways and streets	877,535	602,966	1,592,688	-	1,318,119		1,318,119
Interest on long-term debt	209,483	-	-	-	(209,483)		(209,483)
Total governmental activities:	11,895,482	748,590	2,772,407	-	(8,374,485)		(8,374,485)
Business-type activities							
Railroad	838,289	733,948	-	-	-	\$ (104,341)	(104,341)
Water	1,628,957	8,522,709	-	68,752	-	6,962,504	6,962,504
Wastewater	2,161,516	11,757,992	-	12,854	-	9,609,330	9,609,330
Golf and restaurant	1,231,167	1,038,266	-	-	-	(192,901)	(192,901)
Airport	771,943	2,177,627	-	-	-	1,405,684	1,405,684
Total business-type activities:	6,631,872	24,230,542	-	81,606	-	17,680,276	17,680,276
Total activities	\$ 18,527,354	\$ 24,979,132	\$ 2,772,407	\$ 81,606	(8,374,485)	17,680,276	9,305,791
General revenues							
Taxes:							
Property taxes, levied for general purposes					2,181,966	-	2,181,966
Transient room taxes					432,343	-	432,343
Franchise fees					3,461,496	-	3,461,496
Earnings on investments					121,691	287,836	409,527
Miscellaneous					1,011,071	-	1,011,071
Total general revenues					7,208,567	287,836	7,496,403
Transfers					3,110,981	(3,110,981)	-
Changes in net position					1,945,063	14,857,131	16,802,194
Net position, July 1, 2018					15,008,075	51,268,009	66,276,084
Net position, June 30, 2019					\$ 16,953,138	\$ 66,125,140	\$ 83,078,278

The accompanying notes are an integral part of these financial statements.

City of Prineville, Oregon
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	Pension Debt Service Fund	Total Governmental Funds
Assets						
Cash and investments	\$2,198,585	\$ 516,886	\$ 503,007	\$1,653,762	\$ 594,230	\$ 5,466,470
Receivables:						
Property taxes	111,827	-	-	-	-	111,827
Accounts	312,029	145,028	96,463	98,597	-	652,117
Due from other funds	771,851	-	-	-	-	771,851
Total assets	\$3,394,292	\$ 661,914	\$ 599,470	\$1,752,359	\$ 594,230	\$ 7,002,265
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 131,621	\$ 156,242	\$ 210,169	\$ 141,445	\$ -	\$ 639,477
Other liabilities	8,310	-	-	110,161	-	118,471
Total liabilities	139,931	156,242	210,169	251,606	-	757,948
Deferred inflows of resources						
Unavailable revenue - property taxes	111,827	-	-	-	-	111,827
Unavailable revenue - other	748,003	-	-	-	-	748,003
Total deferred inflows of resources	859,830	-	-	-	-	859,830
Fund balance						
Restricted	-	-	389,301	1,500,753	-	1,890,054
Committed	-	505,672	-	-	594,230	1,099,902
Assigned to:						
Other purposes	241,205	-	-	-	-	241,205
Unassigned	2,153,326	-	-	-	-	2,153,326
Total fund balances	2,394,531	505,672	389,301	1,500,753	594,230	5,384,487
Total liabilities, deferred inflows of resources and fund balances	\$3,394,292	\$ 661,914	\$ 599,470	\$1,752,359	\$ 594,230	\$ 7,002,265

The accompanying notes are an integral part of these financial statements.

City of Prineville, Oregon
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Year Ended June 30, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balance - total governmental funds	\$ 5,384,487
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in funds.	17,620,843
Unavailable revenues are deferred on the budgetary financial statements, but in the government wide state they are considered revenues	859,830
The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	(525,848)
The Net Pension Asset (Liability), and deferred inflows and outflows related to the Net Pension Asset is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries	(2,254,620)
Long-term liabilities, including bonds payable, capital leases and accrued vacation, are not due and payable in the current period, and therefore, are not reported in the funds.	(3,811,162)
The OPEB GASB 75 Liability, and deferred inflows and outflows related to the OPEB GASB 75 Liability is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries	(296,751)
Bond interest is not accrued as a liability in the government funds.	<u>(23,641)</u>
Net position of governmental activities	<u><u>\$ 16,953,138</u></u>

The accompanying notes are an integral part of these financial statements.

City of Prineville, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2019

	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	Pension Debt Service Fund	Total Governmental Funds
Revenues						
Taxes	\$ 2,626,451	\$ -	\$ -	\$ -	\$ -	\$ 2,626,451
Intergovernmental	421,380	907,042	1,315,073	277,615	-	2,921,110
Franchise fees	3,031,496	-	430,000	-	-	3,461,496
Licenses and permits	49,034	-	9,841	-	-	58,875
Charges for services	74,896	21,694	-	-	474,922	571,512
Systems development charges	-	-	-	593,125	-	593,125
Interest	51,926	10,630	5,778	31,425	21,932	121,691
Miscellaneous	362,659	-	4,740	9,001	11,046	387,446
Total revenues	6,617,842	939,366	1,765,432	911,166	507,900	10,741,706
Expenditures						
Current:						
General government	676,154	-	-	-	801,000	1,477,154
Public safety	3,209,694	1,236,690	-	-	-	4,446,384
Highways and streets	-	-	471,062	9,868	-	480,930
Capital outlay	-	203,860	1,118,327	326,474	-	1,648,661
Debt service:						
Principal	78,505	-	-	-	181,648	260,153
Interest	16,704	-	-	-	94,313	111,017
Total expenditures	3,981,057	1,440,550	1,589,389	336,342	1,076,961	8,424,299
Excess (deficiency) of Revenues over expenditure	2,636,785	(501,184)	176,043	574,824	(569,061)	2,317,407
Other financing sources (uses)						
Transfers in	270,602	770,000	300,000	-	300,000	1,640,602
Transfers out	(2,679,900)	(167,400)	(418,100)	(29,657)	-	(3,295,057)
Total other financing sources (uses)	(2,409,298)	602,600	(118,100)	(29,657)	300,000	(1,654,455)
Net change in fund balances	227,487	101,416	57,943	545,167	(269,061)	662,952
Fund balance, July 1, 2018	2,167,044	404,256	331,358	955,586	863,291	4,721,535
Fund balance, June 30, 2019	\$ 2,394,531	\$ 505,672	\$ 389,301	\$ 1,500,753	\$ 594,230	\$ 5,384,487

The accompanying notes are an integral part of these financial statements.

City of Prineville, Oregon
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
Governmental Funds
Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	662,952
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay was less actual additions and depreciation expense</p>		
Capital Outlay		3,368,476
Depreciation expense		(530,700)
		2,837,776
Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenue in the fund statements:		(6,737)
<p>Internal service funds are used to account for all costs arising from the operations of the City's central services activities and insurance programs. The primary funding sources are charges to the other funds. This is the net gain of the funds for the year.</p>		
		(1,293,058)
<p>Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which debt proceeds exceeds principal payments:</p>		
		287,513
<p>The Pension Expense and the changes in deferred inflows and outflows related to the Net Pension Asset represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.</p>		
		(401,313)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.</p>		
Accrued compensated absences		(131,231)
OPEB Liability GASB 75		(10,839)
		(142,070)
Change in net position of governmental activities	\$	1,945,063

The accompanying notes are an integral part of these financial statements.

Financial Section

Basic Financial Statements

Fund Financial Statements

Proprietary Funds

Enterprise Funds

Railroad

Water

Wastewater

Golf and Restaurant

Internal Service Funds



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City of Prineville, Oregon
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Water	Wastewater	Golf Course	Railroad	Non-major Funds		
Assets							
Current assets							
Cash and investments	\$ 738,024	\$ 6,536,376	\$ 611,744	\$ 956,778	\$ 179,953	\$ 9,022,875	\$ 3,852,848
Accounts receivable, net	1,928,113	480,702	22,387	58,901	131,496	2,621,599	94,081
Inventory	145,422	37,316	43,204	183,047	37,857	446,846	25,412
Prepaid expenses	-	-	600	-	-	600	30,539
Total current assets	2,811,559	7,054,394	677,935	1,198,726	349,306	12,091,920	4,002,880
Non-current assets							
Restricted cash and investments	-	303,758	-	-	-	303,758	105,000
Capital assets:							
Non-depreciable	4,962,523	2,013,616	-	146,133	1,344,081	8,466,353	-
Capital assets (net of accumulated depreciation)	15,608,998	34,489,463	1,256,179	7,485,807	1,978,938	60,819,385	2,310,790
Total non-current assets	20,571,521	36,806,837	1,256,179	7,631,940	3,323,019	69,589,496	2,415,790
Total assets	\$ 23,383,080	\$ 43,861,231	\$ 1,934,114	\$ 8,830,666	\$ 3,672,325	\$ 81,681,416	\$ 6,418,670
Deferred outflows of resources							
Pension Related Deferrals	-	-	-	-	-	-	842,196
Total assets & deferred outflows	\$ 23,383,080	\$ 43,861,231	\$ 1,934,114	\$ 8,830,666	\$ 3,672,325	\$ 81,681,416	\$ 7,260,866
Liabilities and net position							
Current liabilities:							
Accounts payable	\$ 285,573	\$ 121,260	\$ 8,701	\$ 25,631	\$ 180,341	\$ 621,506	\$ 175,754
Accrued interest payable	4,747	87,076	931	-	-	92,754	12,717
Deposits payable	27,144	59,265	-	-	-	86,409	-
Other liabilities	-	-	43,655	-	1,050	44,705	-
Accrued compensated absences	-	21,937	130,368	45,426	4,493	202,224	299,795
Bonds payable, current portion	-	57,704	-	-	-	57,704	-
Notes payable, current portion	136,602	638,599	70,873	-	-	846,074	330,663
Proportionate share of net pension liability	-	-	-	-	-	-	1,938,517
Total current liabilities	454,066	985,841	254,528	71,057	185,884	1,951,376	2,757,446
Non-current liabilities							
Due to general fund	-	-	-	771,851	-	771,851	-
Bonds payable, net of current portion	-	3,886,136	-	-	-	3,886,136	-
Notes payable, net of current portion	2,032,408	6,549,290	365,215	-	-	8,946,913	4,584,000
Total non-current liabilities	2,032,408	10,435,426	365,215	771,851	-	13,604,900	4,584,000
Total liabilities	2,486,474	11,421,267	619,743	842,908	185,884	15,556,276	7,341,446
Deferred Inflows of Resources							
Pension Related Deferrals	-	-	-	-	-	-	445,268
Total liabilities & deferred inflows	2,486,474	11,421,267	619,743	842,908	185,884	15,556,276	7,786,714
Net position							
Net Investment in Capital Assets	18,402,511	25,371,350	820,091	7,631,940	3,323,019	55,548,911	(2,603,873)
Restricted							
Debt service	-	470,200	-	-	-	470,200	105,000
Capital projects	1,710,797	-	-	-	-	1,710,797	-
Unrestricted	783,298	6,598,414	494,280	355,818	163,422	8,395,232	1,973,025
Total net position	20,896,606	32,439,964	1,314,371	7,987,758	3,486,441	66,125,140	(525,848)
Total liabilities, deferred inflows and net position	\$ 23,383,080	\$ 43,861,231	\$ 1,934,114	\$ 8,830,666	\$ 3,672,325	\$ 81,681,416	\$ 7,260,866

The accompanying notes are an integral part of these financial statements.

City of Prineville, Oregon
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Water	Wastewater	Golf Course	Railroad	Non-major Funds		
Operating revenues							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,572,022	\$ 1,572,022	\$ 204,403
Charges for services	8,377,533	11,549,474	1,029,354	538,858	605,605	22,100,824	226,823
Other operating revenues	145,176	208,518	8,912	195,090	-	557,696	231,680
Total operating revenues	<u>8,522,709</u>	<u>11,757,992</u>	<u>1,038,266</u>	<u>733,948</u>	<u>2,177,627</u>	<u>24,230,542</u>	<u>662,906</u>
Operating expenses							
Salaries and wages	-	127,070	671,385	313,957	129,359	1,241,771	3,129,617
Materials and supplies	1,161,234	898,982	479,683	247,536	561,571	3,349,006	3,343,596
Depreciation	407,105	821,950	67,089	276,796	81,013	1,653,953	201,293
Total operating expenses	<u>1,568,339</u>	<u>1,848,002</u>	<u>1,218,157</u>	<u>838,289</u>	<u>771,943</u>	<u>6,244,730</u>	<u>6,674,506</u>
Operating income (loss)	<u>6,954,370</u>	<u>9,909,990</u>	<u>(179,891)</u>	<u>(104,341)</u>	<u>1,405,684</u>	<u>17,985,812</u>	<u>(6,011,600)</u>
Non-operating revenues (expenses)							
Interest income	78,692	176,785	12,074	20,094	191	287,836	91,061
Interest expense	(60,618)	(313,514)	(13,010)	-	-	(387,142)	(137,955)
Total non-operating revenues (expenses)	<u>18,074</u>	<u>(136,729)</u>	<u>(936)</u>	<u>20,094</u>	<u>191</u>	<u>(99,306)</u>	<u>(46,894)</u>
Capital contributions	68,752	12,854	-	-	-	81,606	-
Transfers in	149,584	2,103,941	370,000	-	50,000	2,673,525	5,155,025
Transfers out	(1,658,773)	(3,880,000)	(93,433)	(80,000)	(72,300)	(5,784,506)	(389,589)
Change in net position	5,532,007	8,010,056	95,740	(164,247)	1,383,575	14,857,131	(1,293,058)
Net position, July 1, 2018	<u>15,364,599</u>	<u>24,429,908</u>	<u>1,218,631</u>	<u>8,152,005</u>	<u>2,102,866</u>	<u>51,268,009</u>	<u>767,210</u>
Net position, June 30, 2019	<u>\$ 20,896,606</u>	<u>\$ 32,439,964</u>	<u>\$ 1,314,371</u>	<u>\$ 7,987,758</u>	<u>\$ 3,486,441</u>	<u>\$ 66,125,140</u>	<u>\$ (525,848)</u>

The accompanying notes are an integral part of these financial statements.

City of Prineville, Oregon
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds						Governmental
	Water	Wastewater	Golf Course	Railroad	Non-major Funds	Total	Activities Internal Service Funds
Cash flow from operating activities							
Cash received for services	\$ 7,206,059	\$ 11,775,609	\$ 1,035,410	\$ 740,909	\$ 2,271,941	\$ 23,029,928	\$ 601,631
Cash paid to suppliers for goods and services	(1,245,493)	(1,195,391)	(478,350)	(256,460)	(429,915)	(3,605,609)	(3,275,992)
Cash paid to employees for services	-	(119,464)	(670,275)	(313,217)	(129,144)	(1,232,100)	(2,803,981)
Net cash from operating activities	5,960,566	10,460,754	(113,215)	171,232	1,712,882	18,192,219	(5,478,342)
Cash flow from non-capital activities							
Transfers in	149,584	2,103,941	370,000	-	50,000	2,673,525	5,155,025
Transfers out	(1,658,773)	(3,880,000)	(93,433)	(80,000)	(72,300)	(5,784,506)	(389,589)
Interfund loan repayments	-	-	-	-	(166,739)	(166,739)	-
Net cash from non-capital activities	(1,509,189)	(1,776,059)	276,567	(80,000)	(189,039)	(3,277,720)	4,765,436
Cash flow from capital and related financing activities							
Debt issuance	-	-	-	-	-	-	4,000,000
Bond/Debt principal paid	(101,990)	(656,516)	(65,243)	-	-	(823,749)	(359,845)
Interest paid	(86,237)	(350,558)	(17,551)	-	-	(454,346)	(151,832)
Acquisition of capital assets	(6,220,968)	(5,102,330)	(29,701)	(21,573)	(1,344,081)	(12,718,653)	(238,946)
Net cash from capital and related financing activities	(6,409,195)	(6,109,404)	(112,495)	(21,573)	(1,344,081)	(13,996,748)	3,249,377
Cash flow from investing activities							
Interest earnings	78,692	176,785	12,074	20,094	191	287,836	91,061
Net cash from investing activities	78,692	176,785	12,074	20,094	191	287,836	91,061
Net change in cash and investments	(1,879,126)	2,752,076	62,931	89,753	179,953	1,205,587	2,627,532
Cash and investments, July 1, 2018	2,617,150	4,088,058	548,813	867,025	-	8,121,046	1,330,316
Cash and investments, June 30, 2019	\$ 738,024	\$ 6,840,134	\$ 611,744	\$ 956,778	\$ 179,953	\$ 9,326,633	\$ 3,957,848
Reconciliation of operating income (loss) to net cash from operating activities							
Operating income/(loss)	\$ 6,954,370	\$ 9,909,990	\$ (179,891)	\$ (104,341)	\$ 1,405,684	\$ 17,985,812	\$ (6,011,600)
Adjustments to reconcile operating income/(loss) to net cash from operating activities:							
Depreciation	407,105	821,950	67,089	276,796	81,013	1,653,953	201,293
Change in assets and liabilities:							
Accounts receivable	(1,317,900)	16,167	(2,856)	6,961	94,314	(1,203,314)	(61,275)
Inventory	48,298	(9,041)	4,892	(27,808)	13,453	29,794	(4,164)
Prepaid expenses	-	-	3,600	-	-	3,600	(30,539)
Deposits payable	1,250	1,450	-	-	-	2,700	-
Net Pension Asset, Deferred Inflows	-	-	-	-	-	-	46,014
Net Pension Asset, Deferred Outflows	-	-	-	-	-	-	228,383
Accounts payable	(132,557)	(287,368)	(11,748)	18,884	132,256	(280,533)	102,307
Other accrued expenses	-	7,606	4,589	740	215	13,150	51,239
Other liabilities	-	-	1,110	-	(14,053)	(12,943)	-
Total adjustments	(993,804)	550,764	66,676	275,573	307,198	206,407	533,258
Net cash from operating activities	\$ 5,960,566	\$ 10,460,754	\$ (113,215)	\$ 171,232	\$ 1,712,882	\$ 18,192,219	\$ (5,478,342)
Noncash investing, capital, and financing activities							
Contributions of capital assets	68,752	12,854	-	-	-	81,606	-

The accompanying notes are an integral part of these financial statements.



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Financial Section

Notes to Financial Statements



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City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Prineville, Oregon is a municipal corporation, incorporated in 1880. It operates under its own charter with a council/manager form of government. The Prineville City Council, composed of the mayor and six council members, comprises the legislative branch of the government. The City Council appoints a city manager who serves as the administrative head of the entity. As required by GAAP in the United States of America, all significant activities of the City have been included in the basic financial statements. The City qualifies as a primary government since the City has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts, which provide public services within the city's boundaries. The City is not financially accountable for any of these entities; therefore, none of them are considered component units, nor are they included in these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements, the *Statement of Net Position* and the *Statement of Activities*, report information on all of the City's activities. For the most part, the effect of interfund activity has been removed from the government-wide statements. An exception to this is services or goods provided by an activity and used by another activity. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are segregated from business-type activities, which are primarily supported by charges for services and fees.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific activity. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Indirect expenses are recovered through internal service fund charges. These indirect expenses are allocated based on a full-cost approach, thereby allocating indirect expenses among functions with the objective of allocating all expenses. Taxes and other revenues that are not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – This fund accounts for the activity of the police department and non-departmental activities. Additionally, activity accounted for in a sub-fund for community development is combined with the general fund for financial statement presentation.

Emergency dispatch Fund – Accounts for the emergency dispatch services provided to all public safety agencies within Crook County. Resources include a transfer from the Prineville Police Department, 911 telephone taxes administered by Crook County, and the other public safety agencies utilizing the services.

Transportation Fund – Accounts for the City's transportation systems, including street, sidewalk and bike paths, operations and maintenance. The primary revenue source is the state gas tax allocated to cities.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Transportation SDC Fund – Accounts for the receipt and expenditures of system development charges (SDC) that are dedicated for transportation system expansion improvements.

Pension Obligation Debt Service Fund – Accounts for the payment of debt issued to fund a pension retirement unfunded actuarial liability, and other governmental accrued liabilities. The primary revenue source is a charge to all City funds that have employees with earnings subject to OPERS retirement contributions.

Major Proprietary funds are:

Railroad Fund – Accounts for the operation and maintenance of the City’s railroad and freight depot operations. The primary source of revenue is charges for services to utilize the rail system and storage facilities.

Water Fund – This fund accounts for the operation and maintenance of water service and distribution facilities. The principal source of revenue is charges for water consumption. Additionally, a water SDC sub-fund, which accounts for the receipt and expenditures of system development charges that are dedicated for water system expansion improvements, is consolidated for reporting purposes.

Wastewater Fund – This fund accounts for the operation and maintenance of the wastewater collection and treatment system. The principal source of revenue is charges for service. Additionally, a wastewater SDC sub-fund, which accounts for the receipt and expenditures of system development charges that are dedicated for wastewater system expansion improvements, is consolidated to the Wastewater Fund for financial reporting purposes.

Golf Course Fund – Accounts for the operation and maintenance of the golf course, restaurant and wastewater treatment. The principal sources of revenue are green fees, cart rentals, food and beverage sales, and charge to the Wastewater Fund.

Additionally the City reports the following:

Internal Service Funds

Internal service funds account for services provided for departmental units within the City.

Services provided by the internal service funds include facility maintenance, fleet maintenance, technology and communications, administrative services, and risk management. The cost of the services provided is recovered by charges to the department receiving the service. The reporting for the internal service funds are consolidated in the reporting of the proprietary statements.

Administrative Services Fund – Accounts for the City Council, city manager’s office, finance department and information technology operations. The principal source of revenue is charges to City departments and operations.

Building Facilities Fund – Accounts for the operations, maintenance, debt service and replacement costs of the city hall building, public works building, police department facilities, Barnes Butte property, and the senior center project. The principal source of revenue is rent, and grants.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

The Plaza Maintenance sub-fund is combined with the building facilities for financial statement presentation.

Public Works Support Services Fund - Accounts for the public works department staff and vehicle/equipment maintenance operations. The principal source of revenue is charges to City operations utilizing public works staff, such as water, wastewater, and streets.

Non-major Funds

The City also reports the following non-major funds:

Non-major Governmental Funds

Special Revenue Funds

Community Development Fund – Accounts for the City’s community development and planning activities. The principal sources of revenue are planning fees and charges and transfer from the General Fund. This fund is combined with the General Fund.

Non-major Proprietary Funds

Airport Fund – Accounts for the operation of the Prineville-Crook County Airport. The City operates the County-owned airport as provided in an intergovernmental agreement. Principal sources of revenue include fuel sales, and hangar, building and ground leases.

Internal Service Fund

Plaza Maintenance Fund - Accounts for the operation of the plaza located between city hall and a county office building. Principal sources of revenue include intergovernmental revenue from Crook County and City payments. This sub-fund is combined with the Building Facilities Fund.

The City’s government-wide and proprietary statements are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Interfund transfers, interfund services provided and used, interfund reimbursements and interfund payables and receivables are all interfund activities. The effect of interfund activities and administrative charges are eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated from the government-wide statements since elimination would distort the program revenues and direct costs of the City’s functions.

Amounts reported as program revenues in the government-wide statement of activities include: fees, charges to users for services provided, goods produced or privileges provided; operating grants and contributions; and capital grants and contributions. Taxes, grants and contributions that are not restricted are reported as general revenues. Transient room taxes and franchise fees are based on gross receipts and are reported as general revenues.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's primary ongoing operations. The primary operating revenues of the Water Fund, Wastewater Fund, Railroad Fund, Golf and Restaurant Fund, and Airport Fund are charges to customers for sales and services. The primary revenue of the City's internal service funds are charges for services to other City funds, received in the form of transfers.

The Water Fund and Wastewater Fund also receive fees, which are intended to recover the cost of providing new customers to the utility systems. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded. The government-wide financial statements are presented on a full-accrual basis of accounting with an economic resource measurement focus, as are the proprietary fund financial statements. An economic resource focus concentrates on an entity or fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurements focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resource measurement focus. The measurement focus concentrates on the fund's resources available for spending currently or in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Similar to the connection between an economic resource measurement focus and full accrual basis of accounting, a current financial resource measurement focus is inseparable from a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). Measurable means the amount of the transaction can be determined and revenues are considered available when they are collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual are property taxes, state, county and local shared revenues, franchise taxes, intergovernmental revenues, and investment income.

An unearned revenue liability arises on the balance sheets of the governmental funds when potential revenue does not meet both the measurable and available criteria for recognition in the current period. This unavailable revenue consists primarily of uncollected property taxes not deemed available to finance operations of the current period. In the government-wide statement of activities, with a full accrual basis of accounting, revenue must be recognized as soon as it is earned regardless of its availability. Thus, the liability created on the balance sheets of the governmental funds for unavailable revenue, is eliminated. Similar to the way its revenues are recorded, governmental funds only record those expenditures that affect current financial resources. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. In the government-wide financial statements, however, with a full accrual basis of accounting, all expenses affecting the economic resource status of the government are recognized.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the basic financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of sales and services, administrative overhead, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of 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 assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Equity

Assets Liabilities and Net Position

Cash and Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury, certificates of deposit, U.S. government agency securities, instrumentalities of U.S. government-sponsored corporations, commercial paper, bankers' acceptances, repurchase agreements and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Additionally, Oregon Revised Statutes require that deposits be made with approved depository banks. Local Government Investment Pool balances are backed by the full faith and credit of the State of Oregon.

The City maintains a cash and investment pool for all of the City's funds. Monies within the cash and investment pool are identified by fund and by type. Interest earned on the cash and investment pool is allocated to the individual funds based on the individual fund's average cash balance for the period in which the interest was earned. For the *Statement of Cash Flow* purposes, the City considers "cash" to include the pooled cash and investments. The cash and investment pool possesses the general characteristics of a demand deposit account since the cash and investment pool has sufficient liquidity in that any fund may deposit or withdraw cash at any time without notice or penalty.

Inventory

The City accounts for inventories using the purchases method, the basis used to value inventories is the cost basis, and the method used to apply that basis is first-in first-out at lower of cost or market.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Receivables

Real and personal property taxes receivable that are collected within 60 days after year-end are considered measurable and available, and therefore, are recognized as revenue. The remaining balance is recorded as unavailable or unearned revenue because it is not deemed available to finance the operations of the current period. Property taxes are levied and become a lien on the property as of July 1. Taxes are payable in three installments on November 15, February 15 and May 15. Taxes unpaid as of May 16 are considered delinquent. All property taxes are billed and collected by Crook County, Oregon and then turned over to the City.

Grant proceeds are recorded as revenue in the period in which qualified program expenditures are incurred. Franchise fees and transient room taxes are recorded as revenue in the period in which they are earned, provided they are remitted to the City within 60 days after year-end.

All governmental type accounts receivable, property taxes, grants, notes, assessments and other receivables are shown net of an allowance for uncollectible accounts, and as of June 30, 2019, no uncollectible amounts are anticipated or have been recognized by management.

Prepaid Expenses

In both government-wide and fund financial statements, certain payments to vendors reflect costs applicable to future City accounting periods and are recorded as prepaid expenses. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets for governmental activities are recorded at estimated historical cost prior to fiscal year 2007 with subsequent additions at cost. Business-type capital assets are recorded at cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value. Infrastructure (bridges, roads, water and sewer improvements, and drainage systems) acquired during the year have been recorded at cost or fair value if contributed by developers. The City defines capital assets as assets with an initial cost of more than \$10,000 and an estimated life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and structures	25-50
Improvements other than buildings	10-20
Machinery and equipment	5-30
Vehicles	5-10
Infrastructure	30-40

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Accrued Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave within limits set by collective bargaining agreements, personnel policies and employment agreements. All employees with accrued paid leave are paid the outstanding accrued vacation balance at separation of employment. Employees with sick leave accruals that meet longevity requirements are paid, within limits, for their sick leave accruals. All vacation and sick pay is accrued when incurred in the government-wide and proprietary statements. Compensated absences are paid by the individual funds when they become due. The General Fund, Emergency Dispatch Fund, Transportation Fund and the Community Development Fund are governmental funds that have primarily incurred and paid compensated absences in prior years.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund-type *Statement of Net Position*. Prepaid assets, and deferred amounts on refunding, if significant, are deferred and amortized over the life of the bond using straight-line amortization. Bond premiums and discounts are amortized using the straight-line method. In the fund financial statements, governmental fund-types recognize bond premiums, 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the *Statement of Net Position* will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the *Statement of Financial Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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.

Fund Equity

The City implemented GASB Statement No. 54 for the year ended June 30, 2011. GASB Statement No. 54 requires analysis and presentation of fund balance in five categories. The new fund balance categories are:

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

- *Non-spendable* – Includes items that are not in a spendable form because they are either legally or contractually required to be maintained intact.
- *Restricted* – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.
- *Committed* – Includes items that have committed funding for specific purposes or uses by the governing board.
- *Assigned* – Includes items assigned by specific uses, authorized by the city manager and or finance director.
- *Unassigned* – This is the residual classification used for those balances not assigned to another category in the General Fund. Deficit fund balances in other governmental funds are also presented as unassigned.

GASB Statement No. 54 implementation requires the highest legal authority to approve authorized commitments of fund balance and to approve who can authorize making assignments of fund balance. The City Council makes commitments through Resolutions. The city manager is authorized to make assignments of fund balance per City Resolution Number 1247.

GASB Statement No. 54 also requires a spending policy, as it relates to ending fund balance. The spending policy states in what order fund balance categories are spent. The spending policy provides that restricted balances are spent first, followed by committed, then unassigned.

Pension Plan

Substantially all of the City's employees, except for Railroad Fund employees, are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. 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. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

Interfund Transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations. They are utilized to cover administrative services, provide for additional funding for reserve purposes, contribute towards the cost of capital projects, and to provide for other operational resources.

Budget

The City adopts an annual budget in accordance with Oregon Revised Statutes (ORS) 294.305 through 294.565. The adopted budget is on a modified accrual basis for all funds. Minor reclassifications are made between the budgetary and the GAAP statements. The Oregon Constitution and ORS require that the budget must be balanced and that the fiscal year for local governments is from July 1 through June 30.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

The Prineville Budget Committee, consisting of seven citizen representatives, the six city councilors and mayor, is required by ORS as part of the budget process. Through a process of public hearings and deliberations, the Budget Committee reviews, and then recommends a budget to the Prineville City Council for approval. The budget sets forth City Council's goals and objectives, and identifies the resources necessary to accomplish the goals and objectives. The City's budget is legally adopted by City Council resolution before July 1.

The City maintains budgetary controls to ensure compliance with legal provisions of the City's annual appropriations resolution adopted by the City Council as part of the budget process. The legal level of budgetary control, by City Council resolution, is by department within the General Fund and Administrative Services Internal Service Fund, by program within the Golf and Restaurant Fund and the Public Works Support Services Internal Service Fund and by major function, i.e., personal services, material and services, capital outlay, transfers, debt service and other requirements in the remaining funds. The City cannot legally exceed appropriations at these respective levels. Departments may transfer appropriations within a department. All such transfers are reviewed by finance department staff for appropriateness with approval by the city manager as appropriate.

Appropriations lapse at fiscal year-end; projects not completed in the current fiscal year must be re-appropriated in the next fiscal year as part of the adoption of the annual budget.

City Council may change the budget throughout the fiscal year by transferring appropriations between levels of legal compliance. Unexpected additional resources may be budgeted by adopting supplemental budgets as authorized by ORS. A supplemental budget requires newspaper publications, and City Council approval at a minimum, and may require public comments or hearings over a certain dollar threshold. The City Council also approved one resolution adjusting appropriations during the year.

All expenditures were within authorized appropriations.

Net Position Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to have been applied. It is the City's policy to deplete restricted net position first, then committed, then assigned, and lastly unrestricted.

Fund Balance Flow Assumptions

The City may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to have been applied. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. When components of restricted fund balance can be used for the same purpose, committed fund balance is depleted second, followed by assigned fund balance. Unassigned fund balance is applied last.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

Reserve Policies

The City shall maintain adequate working capital reserves in all funds.

The General Fund shall maintain six months working capital to allow the City to adequately fund operations until property taxes are received in November of each year without borrowing, and shall maintain a goal of 20 percent reserve of its revenue budget. It is the intent of the City to limit the use of the General Fund reserves to non-recurring needs, to ensure the City has the flexibility to respond and mitigate short-term economic downturns, short-term volatility in revenues, and unforeseen emergency situations or circumstances, fund other capital needs or other such non-recurring needs. Additionally, the City will maintain a debt service reserve equal to the annual debt service payment for all debt paid by the General Fund.

The City's business-like funds, excluding the rail road, shall maintain a minimum working capital balance sufficient for 60 days of operating expenses, together with a 5 percent of budgeted revenue for an emergency repair reserve. Additionally, the City will seek to stabilize utility rates by setting aside funds (capital projects reserve), as funding is available from existing resources, for scheduled capital maintenance programs to reduce future borrowing. Where resources from rates and other sources are insufficient to fund scheduled capital projects, long-term debt may be utilized. Evaluation of future debt service requirements will be incorporated into the financial analysis noted above, including funding and maintaining debt service reserves equal to the annual debt service payment for all debt within the funds.

The City's Transportation Fund shall maintain at a minimum working capital balance sufficient for 60 days of operating expenses, together with an emergency reserve of 5 percent of current year revenue. Additionally, the City will set aside funds (capital projects reserve), as funding is available from existing resources, for scheduled capital maintenance programs, and one time capital improvements that are identified in the master plan. The City commits to evaluate annually and utilize electrical franchise fees collected to fund additional capital contributions as needed for projects, and to retain and maintain the pavement condition index (PCI) at the level approved by the City Council.

The City's internal service funds shall maintain, at minimum, a working capital balance of 15 percent of operating expenses and the City will commit funds and maintain a debt service reserve equal to the annual debt service payment for all debt within the funds.

The City's debt service funds shall maintain adequate working capital to pay required debt service without borrowing and fund debt service reserves in an amount equal to the annual debt service payment.

Due to the variability in revenues resulting from business cycles for the City's railroad operation, the City's Railroad Fund shall maintain one year's operating expense and 20 percent of total budget for capital reserve. The City will strive to maintain combined total reserves of not less than \$1 million with a target of \$2 million, increased annually by the percent change in the CPI.

The City's other operating funds shall maintain a minimum working capital balance sufficient for 45 days of operating expenses, for non-recurring capital projects the City will review annually the five year CIP, estimate the impact to the budgets and target an appropriate reserve amount to fund the projects or maintain a debt service payment should the project be too large to fund with current resources, and the City will commit funds and maintain a debt service reserve equal to the annual debt service payment for all debt within the funds.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

1. Summary of Significant Accounting Policies (continued)

The policies establish the amounts the City will strive to maintain. They set forth the guidelines for both current activities and long-range planning. The policies are reviewed annually to assure the highest standards of fiscal management. The City may use the unassigned fund balances on a one-time or temporary basis for purposes described above, committed funds may be spent with approval of the City Council on a one time basis. The City will develop a plan to restore unassigned and committed reserves to the desired levels.

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. Cash and Investments

The City maintains a pooled cash and investment account for all City funds. The types of investments in which the City may invest are restricted by State of Oregon statutes and a council-adopted investment policy. Authorized investments include U.S. Treasury obligations including treasury notes, bond and strips; federal instrumentality securities from specific federal agencies; commercial paper rated at least A-1 or an equivalent rating; corporate bonds rated at least Aa or an equivalent rating; bankers acceptances rated at least Aa or an equivalent rating; the Oregon State Treasurer’s LGIP limited by state statute; certificates of deposits; repurchase agreements and obligations of the states of Oregon, California, Idaho and Washington rated AA or better.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

2. Cash and Investments (continued)

At June 30, 2019, the City's cash and investments were comprised of the following:

Cash on hand	\$	3,000
Demand checking accounts		1,604,041
Local government investment pool		17,143,910
	\$	<u>18,750,951</u>

	Governmental Activities	Business-type Activities	Total
Restricted cash and investments	\$ 105,000	303,758	408,758
Cash and investments	9,319,318	9,022,875	18,342,193
Total cash and investments	<u>9,424,318</u>	<u>9,326,633</u>	<u>18,750,951</u>

Deposits with Financial Institutions

Deposits with financial institutions are comprised of demand checking accounts. Effective July 1, 2008, the State of Oregon formed the Oregon Public Funds Collateralization Program under ORS 295. The collateralization program creates a state-wide pool of qualified bank depositories for local governments, providing collateralization for bank balances that exceed the limits of Federal Depository Insurance Corporation (FDIC), and eliminating the need for certificates of participation. As of June 30, 2019, the City had a total bank balance of \$3,629,832, of which \$250,000 was covered by FDIC and the NCUA, with the remaining amount collateralized by the Oregon Public Collateralization Program.

Custodial Credit Risk

Custodial credit risk is the risk that deposits with a financial institution may not be returned to the City. The City's policy, in compliance with state statutes, requires that bank deposits be covered by FDIC and deposited in a financial institution that is qualified in the Oregon Public Funds Collateralization Program. Additionally, deposits in the LGIP are administered by the Oregon State Treasury with the advice of other state agencies and is not rated or registered with the U.S. Securities and Exchange Commission.

The LGIP is an open-ended, no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any public funds. The LGIP is commingled with the State of Oregon's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP.

The board established portfolio diversification percentages based on the types and maturities of investments. LGIP must manage and invest its funds as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. A copy of the State's Comprehensive Annual Financial Report may be obtained at <http://www.ost.state.or.us/>.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

2. Cash and Investments (continued)

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2019. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. The City intends to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2019, the fair value of the position in the LGIP is 100.65 percent of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

Interest Rate Risk

The City's investment policy limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2019, the City did not hold any individual investments. As such, its interest rate risk is limited to adjustments in its money market accounts, including the LGIP.

Credit Risk

As mentioned above, Oregon Revised Statutes limits the investments that the City may have to high quality bonds with limited exposure to credit risk. The City is in compliance with these statutes at June 30, 2019.

3. Receivables

Accounts Receivable

The City maintains security deposits for utility accounts and writes off uncollectible accounts as they occur. Past write-off experience is insignificant to the balance of accounts receivable therefore no allowance for doubtful accounts has been recorded.

As of June 30, 2019, accounts receivable consisted of the following:

Accounts receivable-governmental activities	\$ 858,025
Accounts receivable- business type	<u>2,621,599</u>
Total	<u><u>\$ 3,479,624</u></u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

3. Receivables (continued)

Amounts Due from Other Funds

An amount due to the General Fund from the Railroad Fund in the amount of \$771,851 is recorded. The amount due is the result of transfers from the General Fund to the Freight Depot Fund through June 30, 2019 to pay debt service related to industrial park development, with the intent for the transfers to be repaid at a future date. However, repayment terms have not been established pending the railroad demonstrating the ability to generate sufficient positive cash flow to discontinue the transfers and repay the debt on a recurring basis. Accordingly, unearned revenue of \$771,851 has been recorded in the General Fund.

4. Capital Assets

Purchased or constructed capital assets acquired prior to June 30, 2007 are recorded at estimated historical cost with subsequent additions at cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the time of donation or contribution. Infrastructure (roads, water, wastewater, sidewalks and other similar improvements) acquired during the year are recorded at cost or fair value if contributed by developers. The City defines capital assets as assets with an initial cost of more than \$10,000 and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add value of the asset or materially extend the assets' useful lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and structures	25-50
Improvements other than buildings	10-20
Machinery and equipment	5-30
Vehicles	5-10
Infrastructure	30-40

Governmental activities: Capital asset activity for governmental activities for the year ended June 30, 2019, was as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land and Easements	\$ 2,389,830	\$ -	\$ -	\$ 2,389,830
Work in progress	16,450	1,636,858	-	1,653,308
Total capital assets not being depreciated	2,406,280	1,636,858	-	4,043,138

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

4. Capital Assets (continued)

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets being depreciated:				
Buildings and improvements	\$ 2,560,314	\$ 6,739	\$ -	\$ 2,567,053
Vehicles and equipment	5,108,521	513,885	-	5,622,406
Infrastructure	27,940,797	1,449,940	-	29,390,737
Total capital assets being depreciated	35,609,632	1,970,564	-	37,580,196
Less accumulated depreciation for:				
Buildings and improvements	911,818	84,087	-	995,905
Vehicles and equipment	3,688,973	232,811	-	3,921,784
Infrastructure	16,358,917	415,095	-	16,774,012
Total accumulated depreciation	20,959,708	731,993	-	21,691,701
Total Capital Assets Net of Depreciation	<u>\$ 17,056,204</u>			<u>\$ 19,931,633</u>

Depreciation expense was charged to the functions of governmental activities as follows:

Public safety	\$ 508,195
Highways and streets	54,968
General government	168,830
Total	<u>\$ 731,993</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

4. Capital Assets (continued)

Business-type activities: Capital asset activity for business-type activities, by fund, for the year ended June 30, 2019, is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Business-type activities:				
Capital assets not being depreciated:				
Land and Easements	\$ 1,309,131	\$ -	\$ -	\$ 1,309,131
Work in progress	2,862,899	4,294,323	-	7,157,222
Total capital assets not being depreciated	4,172,030	4,294,323	-	8,466,353
Capital assets being depreciated:				
Buildings and improvements	12,301,301	414,830	\$ -	12,716,131
Vehicles and equipment	4,770,790	29,701	-	4,800,491
Infrastructure	61,336,167	8,061,406	-	69,397,573
Total capital assets being depreciated	78,408,258	8,505,937	-	86,914,195
Less accumulated depreciation for:				
Buildings and improvements	4,448,647	782,955	-	5,231,602
Vehicles and equipment	4,125,340	106,120	-	4,231,460
Infrastructure	15,866,870	764,878	-	16,631,748
Total accumulated depreciation	24,440,857	1,653,953	-	26,094,810
Total capital assets net of depreciation	\$ 58,139,431			\$ 69,285,738

5. Debt

In the following schedules, long-term obligations information is presented separately with respect to governmental and business-type activities, including individual fund information for business-type activity. The schedules present current year changes in these obligations and the current portions, amount due within one year, for each issue. For the governmental activities, compensated absences are liquidated by the fund that pays for the employee costs associated with the services received. Compensated absences are due and payable on demand upon an employee's retirement or other separation from employment. There are two known employee retirements or separations as of June 30, 2019. The amount due to these employees including benefits, as of June 30, 2019, is presented as a current liability, with the balance of the compensated obligation shown as a non-current liability.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

5. Debt (continued)

	Amount of Original Issue	Interest Rates	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due Within One Year
Governmental activities:							
Full faith and credit obligations							
Direct borrowings:							
Note payable - Barnes Butte Property 2017	\$ 720,000	3.14%	\$ 585,466	\$ -	\$ 27,360	\$ 558,106	\$ 28,230
Note payable - Pension Obligation - Refi 2017	2,549,000	3.70%	2,549,000	-	181,648	\$ 2,367,352	200,465
Note Payable - Police Vehicles 2018	433,000	2.93%	433,000	-	78,505	\$ 354,495	84,823
Note Payable - Street Sweeper	164,325	4.98%	66,508	-	32,845	\$ 33,663	33,663
Note Payable - Police Building	4,000,000	3.15%	-	4,000,000	260,000	\$ 3,740,000	215,000
USDA 2017 Refunding - City Hall	1,208,000	2.67%	1,208,000	-	67,000	\$ 1,141,000	82,000
Long-term debt obligations	9,074,325		4,841,974	4,000,000	647,358	8,194,616	644,181
Compensated absences	-		661,251	182,470	-	843,721	843,721
Total governmental activities	<u>\$ 9,074,325</u>		<u>\$ 5,503,225</u>	<u>\$ 4,182,470</u>	<u>\$ 647,358</u>	<u>\$ 9,038,337</u>	<u>\$ 1,487,902</u>
	Amount of Original Issue	Interest Rates	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due Within One Year
Business-Type Activities							
Bond:							
USDA 2018 - wastewater	4,000,000	2.75%	4,000,000	-	56,160	3,943,840	57,704
Total bonds:	4,000,000		4,000,000	-	56,160	3,943,840	57,704
Direct borrowings							
State CWSRL - wastewater	8,876,287	2.94%	4,388,244	-	461,574	3,926,670	475,245
FFCO - Series 2017 refunding - water, golf, wastewater	5,315,000	2.67%	5,315,000	-	261,000	5,054,000	341,000
IFA - 2016 wastewater	750,000	1.00%	750,000	-	19,771	730,229	26,753
Note Payable - Golf Carts	176,725	2.74%	107,331	-	25,243	82,088	25,243
Total direct borrowings:	15,118,012		10,560,575	-	767,588	9,792,987	868,241
Long-term debt obligations	19,118,012		14,560,575	-	823,748	13,736,827	925,945
Compensated absences	-		189,074	13,150	-	202,224	202,224
Total business type activities	<u>\$ 5,315,000</u>		<u>\$ 14,749,649</u>	<u>\$ 13,150</u>	<u>\$ 823,748</u>	<u>\$ 13,939,051</u>	<u>\$ 1,128,169</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

5. Debt (continued)

Governmental Activities

A United States Department of Agriculture (USDA) debt obligation was utilized to finance the construction of city hall in 2006. This debt was refinanced in 2018. The annual debt service requirement is \$112,465, including interest of 2.67 percent annually. The City reserved an amount of \$105,000 for future requirements on this debt. The note contains a provision stating that in the event of default the lender may exercise any amount available at law or in equity. However, amounts due from the City are not subject to acceleration.

A \$2.55 million note payable entered into in 2018 was utilized to fund the City’s actuarial unfunded pension liability. This was a refunding of a 2014 note payable. Annual debt service in fiscal year 2019 was \$275,961 increasing by an average of 3.7 percent annually, consistent with the projected annual increase in payroll obligations. The obligation matures in 10 years, fiscal year 2028, and includes taxable interest of 3.70 percent annually. The note does not have significant default provisions.

A \$433,000 note payable entered into in 2018 was utilized to purchase police vehicles. The annual debt service requirement is \$95,209, including interest of 2.93 percent annually. The note contains a provision stating that in the event of default the lender may exercise any amount available at law or in equity. However, amounts due from the City are not subject to acceleration.

A \$4 million note payable entered into in 2019 was utilized to finance the construction of a new police building. The annual debt service requirement varies from \$331,700 to \$336,705, including interest of 3.15 percent annually. The note contains a provision stating that in the event of default the lender may exercise any amount available at law or in equity. However, amounts due from the City are not subject to acceleration.

The Barnes Butte (Iron Horse) note payable contains a provision stating that in the event of default the lender may exercise any amount available at law or in equity. However, amounts due from the City are not subject to acceleration. The street sweeper note contains a provision that in the event of default the lender may declare all amounts immediately due or require the City to redeliver all related equipment and any other additional collateral to the lender.

Future maturities of governmental long term debt at June 30, 2019, are as follows:

Direct Borrowings:

Year	Note Payable Ironhorse		Note Payable Pension Bond		Street Sweeper	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 28,230	\$ 20,378	\$ 200,465	\$ 87,639	\$ 33,663	\$ 838
2021	29,127	19,481	218,990	80,217	-	-
2022	30,051	18,556	237,213	72,110	-	-
2023	31,007	17,601	260,122	63,328	-	-
2024	31,992	16,616	277,643	53,699	-	-
2025-2029	407,699	40,355	1,172,919	103,145	-	-
Total	\$ 558,106	\$ 132,987	\$ 2,367,352	\$ 460,138	\$ 33,663	\$ 838

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

5. Debt (continued)

Direct Borrowings:

Year	Police Vehicles		Police Building		FFCO 2017 - City Hall	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 84,823	\$ 10,387	\$ 215,000	\$ 117,810	\$ 82,000	\$ 30,465
2021	87,308	7,901	225,000	111,038	84,000	28,275
2022	89,866	5,343	230,000	103,950	86,000	26,033
2023	92,498	2,710	240,000	96,705	89,000	23,736
2024	-	-	245,000	89,145	91,000	21,360
2025-2029	-	-	1,345,000	324,765	493,000	69,046
2030-2034	-	-	1,240,000	99,225	216,000	8,677
Totals	<u>\$ 354,495</u>	<u>\$ 26,341</u>	<u>\$ 3,740,000</u>	<u>\$ 942,638</u>	<u>\$ 1,141,000</u>	<u>\$ 207,592</u>

Business-type Activities

In addition to the schedule on the previous page, debt for each of the business-type activities for the year ended June 30, 2019, by the business activity responsible for the repayment of the debt obligation, are presented below. The City issued \$5.315 million in full faith and credit obligations to refinance three outstanding obligations totaling \$7.255 million (\$4.57 million wastewater related, \$2.27 million of water related debt, and \$415 thousand golf related debt). The full faith and credit obligations mature in fiscal year 2031 for water and wastewater, and 2026 for golf, and have effective interest rates of 2.67 percent. Sources of repayment include water utility, wastewater utility, and golf revenues. The obligations do not have significant default provisions.

Wastewater. The wastewater utility has financed the City's sewer treatment plant, golf course treatment facility, and collection system improvements through several debt obligations. These obligations are described as follows:

A previously refunded issue was refunded again in 2018 with proceeds of the full faith and credit obligation noted above. Full faith and credit obligation series 2011 was refunded. A CWSRL obligation requires annual debt service payments of \$587,220, including interest of 3 percent (2.94 percent). The obligation contains a provision stating that in the event of default, Oregon DEQ (lender) may declare the outstanding loan amount plus any accrued interest fees and other amounts immediately due and payable, cease making disbursement of loan proceeds, operate the facility that produces pledged revenues and collect the gross revenues, set and collect utility rates and charges, pay or settle any liens, or direct the State treasurer to withhold any amounts otherwise due to the borrower from the State of Oregon.

The City finalized a finance agreement with USDA, the total amount received was \$4,000,000, at an interest rate of 2.75 percent. Loan becomes due in 2058 and the annual debt service is \$166,660. The City also drew down on the final \$54,622 of the 2016 IFA loan. Of the \$750,000 total loan, \$19,722 is due within one year. The note contains a provision stating that in the event of default, USDA, at its option, may declare all or part of the indebtedness immediately due and payable.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

5. Debt (continued)

The summary of wastewater outstanding obligations and their future maturities including principal and interest at June 30, 2019, are as follows:

<u>Wastewater</u>	<u>Balance June 30, 2018</u>	<u>New Issues</u>	<u>Principal Paid</u>	<u>Balance June 30, 2019</u>
Revenue Bond:				
USDA 2018	\$ 4,000,000	\$ -	\$ 56,160	\$ 3,943,840
Direct Borrowings:				
State CWSRL	4,388,244	-	461,574	3,926,670
Full Faith and Credit Obligations Refunding 2017	2,650,000	-	119,010	2,530,990
IFA Loan 2016	750,000	-	19,771	730,229
Total Wastewater	<u>\$ 11,788,244</u>	<u>\$ -</u>	<u>\$ 656,515</u>	<u>\$ 11,131,729</u>

Revenue Bond:

<u>Year</u>	<u>USDA 2018</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 57,704	\$ 108,456
2021	59,291	106,869
2022	60,922	105,238
2023	62,597	103,563
2024	64,319	101,841
2025-2029	349,117	481,683
2030-2034	399,835	430,965
2034-2039	457,920	372,880
2040-2044	524,444	306,356
2045-2049	600,631	230,169
2050-2054	687,887	142,913
2055-2060	619,173	43,048
Total	<u>\$ 3,943,840</u>	<u>\$ 2,533,981</u>

Direct Borrowing:

<u>Year</u>	<u>State CWSRL</u>		<u>IFA Loan 2016</u>		<u>Full Faith 2017</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 475,244	\$ 111,976	\$ 26,753	\$ 7,302	\$ 159,399	\$ 67,577
2021	489,318	97,902	27,020	7,035	163,707	63,321
2022	503,810	83,410	27,291	6,765	166,938	58,951
2023	518,731	68,489	27,563	6,492	175,554	54,493
2024	534,093	53,127	27,839	6,216	176,631	49,806
2025-2029	1,405,474	62,585	143,427	26,848	1,116,328	171,790
2030-2034	-	-	150,743	19,532	572,433	23,179
2035-2039	-	-	158,433	11,842	-	-
2040-2044	-	-	141,160	3,674	-	-
Total	<u>\$ 3,926,670</u>	<u>\$ 477,489</u>	<u>\$ 730,229</u>	<u>\$ 95,706</u>	<u>\$ 2,530,990</u>	<u>\$ 489,117</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

5. Debt (continued)

Water. A summary of outstanding debt payable from water system revenues including future maturities of water-related debt principal and interest, at June 30, 2019, are as follows:

<u>Water</u>	<u>Balance June 30, 2018</u>	<u>New Issues</u>	<u>Principal Paid</u>	<u>Balance June 30, 2019</u>
Full Faith and Credit Obligations 2017	\$ 2,271,000	\$ -	\$ 101,990	\$ 2,169,010

Direct Borrowing:

<u>Year</u>	<u>Full Faith 2017</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 136,602	\$ 57,913
2021	140,293	54,265
2022	143,062	50,519
2023	150,446	46,519
2024	151,369	42,683
2024-2029	956,672	15,534
2030-2031	<u>490,566</u>	<u>28,594</u>
Total	<u>\$ 2,169,010</u>	<u>\$ 296,027</u>

Golf. As described above, the City refinanced the outstanding note payable in 2017. The term on the new note payable is eight years, maturing in 2026 with interest of 2.67 percent. In FY 2016 the Golf Course obtained a 5 year loan for golf carts that bears a 2.74 percent interest rate. The note does not have any significant default provisions. The Golf Course's debt obligations, including future maturities of principal and interest at June 30, 2019, are as follows:

<u>Golf</u>	<u>Balance June 30, 2018</u>	<u>New Issues</u>	<u>Principal Paid</u>	<u>Balance June 30, 2019</u>
Direct Borrowings:				
Full Faith and Credit Obligations Refunding 2017	\$ 394,000	\$ -	\$ 40,000	\$ 354,000
Bank of the Cascades Notes Payable - Carts	<u>107,331</u>	<u>-</u>	<u>25,243</u>	<u>82,088</u>
Total Wastewater	<u>501,331</u>	<u>-</u>	<u>65,243</u>	<u>436,088</u>

Direct Borrowings:

<u>Year</u>	<u>Full Faith 2017</u>		<u>Bank of the Cascades Note Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 45,000	\$ 13,550	\$ 25,873	\$ 1,960
2021	45,000	11,750	56,215	129
2022	50,000	9,950	-	-
2023	50,000	8,150	-	-
2024	55,000	6,150	-	-
2025-2029	<u>109,000</u>	<u>5,945</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 354,000</u>	<u>\$ 55,495</u>	<u>\$ 82,088</u>	<u>\$ 2,089</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

6. Interfund Transfers

Interfund transfers between governmental and business-type activities are reported as net transfers in the *Statement of Activities*. Details of the transfers between governmental and business-type activities are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 270,602	\$ (2,679,900)
Transportation Fund	300,000	(418,100)
Emergency Dispatch Fund	770,000	(167,400)
Transportation SDC Fund	-	(29,657)
Pension Debt Service Fund	300,000	-
Water	149,584	(1,658,773)
Wastewater	2,103,941	(3,880,000)
Railroad	-	(80,000)
Golf	370,000	(93,433)
Non-major Enterprise Funds	50,000	(72,300)
Internal Service Funds	<u>5,155,025</u>	<u>(389,589)</u>
Total	<u>\$ 9,469,152</u>	<u>\$ (9,469,152)</u>

Transfers from the General Fund to the Emergency Dispatch Fund reflect the City's share of the contracted service, to Transportation Fund for capital improvements, to the Airport Fund for the operational funding agreement between the City and Crook County, and to the other governmental funds transfers reflect contributions to fund community development operations and pay for internal services such as administration, finance, information technology, and building facilities. Transfers from other funds to internal service funds reflect the internal cost allocation of internal services such as administration, finance, information technology, facilities, pension liabilities, and public works personnel and support services. The transfer from the Wastewater Fund to Golf and Restaurant Fund is for payment for treatment services, and the transfers to water and wastewater are transfers from SDC funds for qualified infrastructure improvements paid for by utility funds.

7. Defined Benefit Pension Plan

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238)**. The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **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, and 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 benefits results.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

7. Defined Benefit Pension Plan (continued)

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 1 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 2 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.

- ii. **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 on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **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 members) when determining the monthly benefit.
 - iv. **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 equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** 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 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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

7. Defined Benefit Pension Plan (continued)

- ii. **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.
- iii. **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.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

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. The 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. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2019 were \$361,228, excluding amounts to fund employer specific liabilities. In addition approximately \$282,707 in employee contributions were paid or picked up by the City in fiscal 2019. At June 30, 2019, the City reported a net pension liability of \$4,773,655 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2016. 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 employers, actuarially determined. As of the measurement date of June 30, 2018 and 2017, the City's proportion was 0.031 percent and 0.031 percent, respectively. Pension expense for the year ended June 30, 2019 was \$675,711.

The rates in effect for the year ended June 30, 2019 were:

- (1) Tier 1/Tier 2 – 12.17%
- (2) OPSRP general services – 3.94%
- (3) OPSRP Police and Fire – 8.71%

	Deferred Outflow of Resources	Deferred Inflow of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 162,386	\$ -
Changes in assumptions	1,109,866	-
Net difference between projected and actual earnings on pension plan investments	-	211,977
Net changes in proportionate share	145,494	636,172
Differences between City contributions and proportionate share of contributions	<u>294,958</u>	<u>248,337</u>
Subtotal - Amortized Deferrals (below)	1,712,704	1,096,486
City contributions subsequent to measuring date	<u>361,228</u>	-
Deferred outflow (inflow) of resources	<u><u>\$ 2,073,932</u></u>	<u><u>\$ 1,096,486</u></u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

7. Defined Benefit Pension Plan (continued)

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2020.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 560,878
2021	122,034
2022	(137,961)
2023	46,147
2024	25,120
Thereafter	-
Total	<u>\$ 616,218</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2019. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

Actuarial Valuations – 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 (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer 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 actuarially determined amount for funding a disability benefit component, and (c) 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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

7. Defined Benefit Pension Plan (continued)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2016 rolled forward to June 30, 2018
Experience Study Report	2016, Published July 26, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Projected salary increase	3.50 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

Assumed Asset Allocation:

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

(Source: June 30, 2018 PERS CAFR; p. 98)

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

7. Defined Benefit Pension Plan (continued)

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, revised as of June 7, 2017, the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

(Source: June 30, 2018 PERS CAFR; p. 72)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2018 and 2017, was 7.20 percent and 7.50 percent, respectively, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

7. Defined Benefit Pension Plan (continued)

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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 7,977,681	\$ 4,773,655	\$ 2,128,996

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2018 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the City for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the City.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

7. Defined Benefit Pension Plan (continued)

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. 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 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.

Contributions:

The City pays 6 percent of covered payroll on behalf of its employees. The City made \$278,280 of contributions to member IAP accounts for the year ended June 30, 2019.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

8. Other Information

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Except for unemployment compensation, the City purchases commercial insurance to minimize its exposure to these risks. There was no change in commercial insurance coverage from fiscal year 2018 to 2019. Workers compensation claims are insured through incurred loss retrospective policies. Settled claims have not exceeded this commercial coverage for any of the past three years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Deferred Compensation Plan

The City has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(g). The plan is administered by independent plan administrators through administrative service agreements. The plan is available to all employees of the City. Employees may defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, or financial hardship. The plan's assets are held in a custodial account for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of the City's creditors, nor can they be used by the City for any purpose other than the payment of benefits to the plan participants. Accordingly, these plan assets and related liability are not recorded in the City's basic financial statements.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

9. Fund Balances

Below is a schedule of fund balances as of June 30, 2019, based on GASB Statement No. 54 implementation:

Fund Balances:	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	POB Debt Service Fund	Total
<u>Restricted:</u>						
Highways and streets	-	-	389,301	1,500,753	-	1,890,054
	-	-	389,301	1,500,753	-	1,890,054
<u>Committed to:</u>						
Public safety	-	505,672	-	-	-	505,672
Debt service	-	-	-	-	594,230	594,230
	-	505,672	-	-	594,230	1,099,902
Assigned to: Other purposes	241,205	-	-	-	-	241,205
Unassigned:	2,153,326	-	-	-	-	2,153,326
Total	\$ 2,394,531	\$ 505,672	\$ 389,301	\$ 1,500,753	\$ 594,230	\$ 5,384,487

10. Property Tax Abatements

As of June 30, 2019, the City provides tax abatements through two programs: Long-Term Rural Enterprise Zone Facilities, ORS 285C.400 and Levy Exemption, ORS 307.519.

The Oregon Long-Term Rural Enterprise Zone Facilities program is a State of Oregon economic development program established, that allows for property tax exemptions for up to 15 years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. This program is only available in counties with chronic low income or chronic unemployment.

The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100 percent of the amount of real property taxes attributable to the new investment for up to a 15-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

The Levy Exemption ORS 307.519 provides an exemption from taxation for low income housing properties. These properties must either be offered for rent or held for the purpose of developing low income rental housing.

For the fiscal year ended June 30, 2019, the City abated property taxes totaling \$6,394,020 and \$10,888 under the Enterprise Zone and Levy Exemption, respectively.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

11. Other Post-Employment Benefits

Post-employment Health Insurance Subsidy

Plan Description

The City administers a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the City's group health insurance plans. The City's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective. The valuation date was July 1, 2016 and the measurement date was June 30, 2018.

Funding Policy

The City has not established a trust fund to finance the cost of post-employment health care benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the City on a pay-as-you-go basis. There is no obligation on the part of the City to fund these benefits in advance. The City considered the liability to be solely the responsibility of the City as a whole and it is allocated to the governmental statements.

Actuarial Methods and Assumptions

The City engaged an actuary to perform a valuation as of June 30, 2018 using the Entry Age Normal, level percent of salary Actuarial Cost Method. Mortality rates were based on the RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females. Demographic assumptions regarding retirement, mortality, and turnover are based on Oregon PERS valuation assumptions as of December 31, 2015. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

Changes in the Net OPEB Liability

Total OPEB Liability at June 30, 2018	\$ 285,912
Changes for the year:	
Service cost	25,209
Interest	10,775
Changes in benefit terms	-
Differences between expected and actual experience	3,983
Changes of assumptions or other input	(28,890)
Benefit payments	(20,438)
Balance as of June 30, 2019	<u><u>\$ 276,551</u></u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

11. Other Post-Employment Benefits (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Trend Rates

The following analysis presents the net OPEB liability using a discount rate of 3.87 percent, as well as what the City's net OPEB liability would be if it was calculated using a discount rate that is one percentage point lower (2.87 percent) or one percentage point higher (4.87 percent) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB Liability	\$ 300,514	\$ 276,551	\$ 254,835

	1% Decrease Healthcare	Current Trend Rate Healthcare	1% Increase Healthcare
Total OPEB Liability	\$ 247,691	\$ 276,551	\$ 311,470

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

The City reports information on deferred outflows and deferred inflows of resources at year end as well as a schedule of amounts of those deferred outflows of resources and deferred inflows of resources that will be recognized in other post-employment benefit expense for the following five years.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,568	\$ -
Changes in assumptions or other input	-	39,885
Benefit Payments	16,117	-
Deferred outflow (inflow) of resources	\$ 19,685	\$ 39,885

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	Amount
2020	\$ (4,323)
2021	\$ (4,323)
2022	\$ (4,323)
2023	\$ (4,323)
2024	\$ (4,323)
Thereafter	\$ (14,702)
Total	\$ (36,317)

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2019

11. Other Post-Employment Benefits (continued)

RHIA

Plan Description:

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, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:

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 dollars 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 dollars 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan.

A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently contributes 0.53 percent of annual covered OPERF payroll and 0.45 percent of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and 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, 2017, 2018 and 2019 were \$20,302, \$19,985 and \$20,964, respectively, which equaled the required contributions each year.

At June 30, 2019, the City's net OPEB liability / (asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.



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Financial Section

Required Supplementary Information

Schedule of Contributions and the Proportionate Share of the Net Pension Liability

General Fund

Emergency Dispatch Fund

Transportation Fund



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City of Prineville, Oregon
Schedule of Contributions and the Proportionate Share of the Net Pension Liability

Year Ended June 30, 2019

OREGON PERS - GASB 68:

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.03 %	\$ 4,773,656	\$ 4,416,769	108.1 %	82.1 %
2018	0.03 %	\$ 4,179,097	\$ 4,060,780	102.9 %	83.1 %
2017	0.03 %	\$ 4,368,284	\$ 4,020,150	108.7 %	80.5 %
2016	0.05 %	\$ 2,939,113	\$ 3,748,420	78.4 %	91.9 %
2015	0.05 %	\$ (1,142,184)	\$ 3,895,646	(29.3) %	103.6 %
2014	0.05 %	\$ 2,571,446	\$ 3,404,867	75.5 %	92.0 %

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2019	\$ 361,228	\$ 361,228	\$ -	\$ 4,770,384	7.57 %
2018	\$ 334,346	\$ 334,346	\$ -	\$ 4,416,769	7.57 %
2017	\$ 434,885	\$ 434,885	\$ -	\$ 4,060,780	10.71 %
2016	\$ 444,858	\$ 444,858	\$ -	\$ 4,020,150	11.07 %
2015	\$ 317,320	\$ 317,320	\$ -	\$ 3,748,420	8.5 %
2014	\$ 318,177	\$ 318,177	\$ -	\$ 3,895,646	8.5 %

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date. These schedules are presented to illustrate the requirements to show information for 10 years. Until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

IMPLICIT RATESUBSIDY - GASB 75:

	<u>2019</u>	<u>2018</u>
Total Other Post Employment Benefits Liability, Beginning	\$ 285,912	\$ 285,356
Changes for the year:		
Service Cost	25,209	26,568
Interest	10,775	8,646
Changes in Benefit Terms	-	-
Differences between expected and actual experience	3,983	-
Changes in assumptions or other input	(28,890)	(17,461)
Employer Contributions	-	-
Benefit Payments	(20,438)	(17,197)
Net changes for the year	<u>-9,361</u>	<u>556</u>
Total Other Post Employment Benefits Liability End of Year	\$ 276,551	\$ 285,912
Fiduciary Net Position - Beginning	\$ -	\$ -
Contributions - Employer	20,438	17,197
Contributions - Employee	-	-
Net Investment Income	-	-
Benefit Payments	(20,438)	(17,197)
Administrative Expense	-	-
Net changes for the year	<u>-</u>	<u>-</u>
Fiduciary Net Position - Ending	\$ -	\$ -
Net Liability for Other Post Employment Benefits - End of Year	\$ 276,551	\$ 285,912
Fiduciary Net Position as a percentage of the total Single Employer Pension Liability	0%	0%
Covered Payroll	\$ 5,158,323	\$ 4,814,716
Net Single Employer Pension Plan as a Percentage of Covered Payroll	5%	6%

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 2,140,000	\$ 2,140,000	\$ 2,194,108	\$ 54,108
Transient room taxes	310,000	310,000	432,343	122,343
Franchise taxes	2,615,000	2,615,000	3,031,496	416,496
Licenses and permits	8,900	8,900	8,039	(861)
Intergovernmental	374,000	374,000	387,007	13,007
Charges for service	265,000	265,000	66,315	(198,685)
Interest	21,000	21,000	45,856	24,856
Miscellaneous	55,100	55,100	362,659	307,559
Total revenues	<u>5,789,000</u>	<u>5,789,000</u>	<u>6,527,823</u>	<u>738,823</u>
Expenditures				
Current				
Police	3,130,600	3,580,600 (3)	3,209,694	370,906
Non-departmental	347,300	347,300 (3)	423,280	(75,980)
Debt service				
Principal	95,300	95,300 (2)	78,505	16,795
Interest	-	- (2)	16,704	(16,704)
Contingency	1,570,940	1,120,940 (1)	-	1,120,940
Total expenditures	<u>5,144,140</u>	<u>5,144,140</u>	<u>3,728,183</u>	<u>1,415,957</u>
Excess of revenues over/ (under) expenditures	644,860	644,860	2,799,640	2,154,780
Other financing sources/(uses)				
Transfers out	(2,408,700)	(2,408,700) (3)	(2,565,200)	(156,500)
Total other financing sources (uses)	<u>(2,408,700)</u>	<u>(2,408,700)</u>	<u>(2,565,200)</u>	<u>(156,500)</u>
Net change in fund balance	(1,763,840)	(1,763,840)	234,440	1,998,280
Fund balance, July 1, 2018	1,763,840	1,763,840	1,918,886	155,046
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	2,153,326	<u>\$ 2,153,326</u>
Reconciliation to GAAP fund balance:				
Consolidation of community development fund balance			241,205	
Total fund balance			<u>\$ 2,394,531</u>	

(1) Appropriation Level

(2) Principal and interest are budgeted together as one line item

(3) The Police department budgeted for \$1,503,700 in transfers resulting in a variance in final budget of (\$310,000). This amount is offset by the \$370,906 variance in the remaining department budget. The total variance is \$42,100. The Non-Departmental department budgeted for \$905,000 in transfers resulting in a variance of \$153,500, which covers the (\$75,980) variance in the remaining department budget. The total variance is \$77,520.

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Transportation Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Franchise taxes	\$ 307,000	\$ 430,000	\$ 430,000	\$ -
Licenses and permits	-	-	9,841	9,841
Intergovernmental	1,008,700	1,284,500	1,315,073	30,573
Interest	2,500	2,500	5,778	3,278
Miscellaneous	8,500	8,500	4,740	(3,760)
Total revenues	1,326,700	1,725,500	1,765,432	39,932
Expenditures				
Current				
Personal services	235,500	235,500 (1)	231,569	3,931
Materials and services	235,600	245,600 (1)	239,493	6,107
Capital outlay	824,600	1,127,000 (1)	1,118,327	8,673
Contingency	336,757	423,157 (1)	-	423,157
Total expenditures	1,632,457	2,031,257	1,589,389	441,868
Excess of revenue over/ (under) expenditures	(305,757)	(305,757)	176,043	481,800
Other financing sources/(uses)				
Transfers in	400,000	400,000	300,000	(100,000)
Transfers out	(418,100)	(418,100) (1)	(418,100)	-
Total other financing sources (uses)	(18,100)	(18,100)	(118,100)	(100,000)
Net change in fund balance	(323,857)	(323,857)	57,943	381,800
Fund balance, July 1, 2018	323,857	323,857	331,358	7,501
Fund balance, June 30, 2019	\$ -	\$ -	\$ 389,301	\$ 389,301

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Emergency Dispatch Fund
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	\$ 865,200	\$ 865,200	\$ 907,042	\$ 41,842
Miscellaneous	4,000	4,000	21,694	17,694
Interest	3,000	3,000	10,630	7,630
Total revenues	<u>872,200</u>	<u>872,200</u>	<u>939,366</u>	<u>67,166</u>
Expenditures				
Current				
Personal services	1,101,800	1,101,800 (1)	965,961	135,839
Materials and services	222,200	282,200 (1)	270,729	11,471
Capital outlay	205,000	205,000 (1)	203,860	1,140
Contingency	280,159	220,159 (1)	-	220,159
Total expenditures	<u>1,809,159</u>	<u>1,809,159</u>	<u>1,440,550</u>	<u>368,609</u>
Excess of revenues over/ (under) expenditures	(936,959)	(936,959)	(501,184)	435,775
Other financing sources (uses)				
Transfers out	(167,400)	(167,400) (1)	(167,400)	-
Transfers in	770,000	770,000	770,000	-
Total other financing sources (uses)	<u>602,600</u>	<u>602,600</u>	<u>602,600</u>	<u>-</u>
Net change in fund balance	(334,359)	(334,359)	101,416	435,775
Fund balance, July 1, 2018	334,359	334,359	404,256	69,897
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505,672</u>	<u>\$ 505,672</u>

(1) Appropriation Level

Financial Section

Other Supplementary Information

Governmental Funds

- Community Development Fund
- Transportation SDC Fund
- Pension Obligation Debt Service Fund

Proprietary Funds

Enterprise Funds

- Water Fund
- Wastewater Fund
- Railroad Fund
- Airport Fund
- Golf Course Fund
- Freight Depot Fund

Internal Service Funds

- Internal Service Funds
- City Hall Funds
- Public Works Support Services Fund

Other Financial Schedules

- Property Tax Collection
- Future Debt Service Requirements



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City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Community Development Fund
Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Licenses and permits	\$ 45,000	\$ 45,000	\$ 40,995	\$ (4,005)
Intergovernmental	5,100	5,100	34,373	29,273
Charges for services	22,000	22,000	8,581	(13,419)
Interest	1,500	1,500	6,070	4,570
Total revenues	73,600	73,600	90,019	16,419
Expenditures				
Current				
Personal services	233,500	233,500 (1)	210,960	22,540
Materials and services	26,200	58,200 (1)	41,914	16,286
Contingency	51,180	19,180 (1)	-	19,180
Total expenditures	310,880	310,880	252,874	58,006
Excess of revenues over/ (under) expenditures	(237,280)	(237,280)	(162,855)	74,425
Other financing sources (uses)				
Transfers out	(114,700)	(114,700) (1)	(114,700)	-
Transfers in	130,000	130,000	270,602	140,602
Total other financing sources (uses)	15,300	15,300	155,902	140,602
Net change in fund balance	(221,980)	(221,980)	(6,953)	215,027
Fund balance, July 1, 2018	221,980	221,980	248,158	26,178
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	241,205	<u>\$ 241,205</u>
Reconciliation to GAAP fund balance:				
Consolidation of fund balance with general fund			(241,205)	
Total fund balance			<u>\$ -</u>	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Transportation SDC Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ 633,300	\$ 277,615	\$ (355,685)
Interest	9,000	9,000	31,425	22,425
System development charges	250,000	400,000	593,125	193,125
Miscellaneous	-	-	9,001	9,001
Total revenues	259,000	1,042,300	911,166	(131,134)
Expenditures				
Current				
Materials and services	10,000	10,000 (1)	9,868	132
Capital outlay	291,000	897,000 (1)	326,474	570,526
Contingency	889,810	1,039,610 (1)	-	1,039,610
Total expenditures	1,190,810	1,946,610	336,342	1,610,268
Excess of revenues over/ (under) expenditures	(931,810)	(904,310)	574,824	1,479,134
Other financing sources (uses)				
Transfers out	(12,500)	(40,000) (1)	(29,657)	10,343
Net change in fund balance	(944,310)	(944,310)	545,167	1,489,477
Fund balance, July 1, 2018	944,310	944,310	955,586	11,276
Fund balance, June 30, 2019	\$ -	\$ -	\$ 1,500,753	\$ 1,500,753

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Pension Obligation Debt Service Fund
Year Ended June 30, 2019

	Original and Final Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for Services	\$ 602,600	\$ 602,600	\$ 474,922	\$ (127,678)
Interest	10,000	10,000	21,932	11,932
Miscellaneous	-	-	11,046	11,046
Total revenues	612,600	612,600	507,900	(104,700)
Expenditures				
Current				
Personal services	300,000	800,000 (1)	800,000	-
Materials and services	2,000	2,000 (1)	1,000	1,000
Debt service				
Principal	182,100	182,100 (2)	181,648	452
Interest	94,100	94,100 (2)	94,313	(213)
Contingency	898,403	798,403 (1)	-	798,403
Total expenditures	1,476,603	1,876,603	1,076,961	799,642
Excess of revenues over/ (under) expenditures	(864,003)	(1,264,003)	(569,061)	694,942
Other financing sources/(uses)				
Transfers in	-	400,000	300,000	(100,000)
Total other financing sources (uses)	-	400,000	300,000	(100,000)
Net change in fund balance	(864,003)	(864,003)	(269,061)	594,942
Fund balance, July 1, 2018	864,003	864,003	863,291	(712)
Fund balance, June 30, 2019	\$ -	\$ -	\$ 594,230	\$ 594,230

(1) Appropriation Level

(2) Principal and interest are budgeted together as one line item

City of Prineville, Oregon
Combining Schedule of Net Position
Water Fund
June 30, 2019

	Water Fund	Water SDC Fund	Totals
Assets			
Current assets			
Cash and investments	\$ 268,839	\$ 469,185	\$ 738,024
Accounts receivable	439,106	1,489,007	1,928,113
Inventory	145,422	-	145,422
Total current assets	<u>853,367</u>	<u>1,958,192</u>	<u>2,811,559</u>
Non-current assets			
Capital assets:			
Non-depreciable	4,962,523	-	4,962,523
Other capital assets, Net of accumulated depreciation	15,608,998	-	15,608,998
Net non-current assets	<u>20,571,521</u>	<u>-</u>	<u>20,571,521</u>
Total assets	<u>\$ 21,424,888</u>	<u>\$ 1,958,192</u>	<u>\$ 23,383,080</u>
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 38,178	\$ 247,395	\$ 285,573
Deposits	27,144	-	27,144
Accrued interest	4,747	-	4,747
Notes payable, current portion	136,602	-	136,602
Total current liabilities	<u>206,671</u>	<u>247,395</u>	<u>454,066</u>
Long-term liabilities			
Notes payable, net of current portion	<u>2,032,408</u>	<u>-</u>	<u>2,032,408</u>
Total long-term liabilities	<u>2,032,408</u>	<u>-</u>	<u>2,032,408</u>
Total liabilities	<u>2,239,079</u>	<u>247,395</u>	<u>2,486,474</u>
Net position			
Net Investment in Capital Assets	18,402,511	-	18,402,511
Restricted	-	1,710,797	1,710,797
Unrestricted	783,298	-	783,298
Total net position	<u>19,185,809</u>	<u>1,710,797</u>	<u>20,896,606</u>
Total liabilities and net position	<u>\$ 21,424,888</u>	<u>\$ 1,958,192</u>	<u>\$ 23,383,080</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Water Fund
Year Ended June 30, 2019

	Water Fund	Water SDC Fund	Totals
Operating revenue			
Charges for services	\$ 2,831,201	\$ 526,305	\$ 3,357,506
System development charges	-	5,020,027	5,020,027
Other	5,467	139,709	145,176
Total operating revenue	<u>2,836,668</u>	<u>5,686,041</u>	<u>8,522,709</u>
Operating expenses			
Materials and services	931,234	230,000	1,161,234
Depreciation	407,105	-	407,105
Total operating expenses	<u>1,338,339</u>	<u>230,000</u>	<u>1,568,339</u>
Operating income (loss)	1,498,329	5,456,041	6,954,370
Non-operating revenues (expenses)			
Interest income	18,048	60,644	78,692
Interest expense	(60,618)	-	(60,618)
Transfers in	149,584	-	149,584
Transfers out	(1,257,900)	(400,873)	(1,658,773)
Total non-operating revenues (expenses)	<u>(1,150,886)</u>	<u>(340,229)</u>	<u>(1,491,115)</u>
Other non-operating items			
Contributed capital	4,972,990	(4,904,238)	68,752
Total non-operating items	<u>4,972,990</u>	<u>(4,904,238)</u>	<u>68,752</u>
Change in net position	5,320,433	211,574	5,532,007
Net position, July 1, 2018	<u>13,865,376</u>	<u>1,499,223</u>	<u>15,364,599</u>
Net position, June 30, 2019	<u>\$ 19,185,809</u>	<u>\$ 1,710,797</u>	<u>\$ 20,896,606</u>

City of Prineville, Oregon
Combining Schedule of Cash Flows
Water Fund
Year Ended June 30, 2019

	Water Fund	Water SDC Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 3,009,025	\$ 4,197,034	\$ 7,206,059
Cash payments for goods and services	(905,673)	(339,820)	(1,245,493)
Net cash flows from operating activities	<u>2,103,352</u>	<u>3,857,214</u>	<u>5,960,566</u>
Cash flows from non-capital activities			
Transfers out	(1,257,900)	(400,873)	(1,658,773)
Transfers in	149,584	-	149,584
Interfund loan repayments	-	-	-
Net cash flows from non-capital activities	<u>(1,108,316)</u>	<u>(400,873)</u>	<u>(1,509,189)</u>
Cash flows from capital financing activities			
Acquisition of capital assets	(1,316,730)	(4,904,238)	(6,220,968)
Debt reduction	(101,990)	-	(101,990)
Interest paid on debt	(86,237)	-	(86,237)
Net cash flows from capital financing activities	<u>(1,504,957)</u>	<u>(4,904,238)</u>	<u>(6,409,195)</u>
Cash flows from investing activities			
Interest earned	18,048	60,644	78,692
Net increase (decrease) in cash	(491,873)	(1,387,253)	(1,879,126)
Cash - July 1, 2018	760,712	1,856,438	2,617,150
Cash - June 30, 2019	<u>\$ 268,839</u>	<u>\$ 469,185</u>	<u>\$ 738,024</u>
Reconciliation of operating income to net cash flows from operations			
Operating income (loss)	\$ 1,498,329	\$ 5,456,041	\$ 6,954,370
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	407,105	-	407,105
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	(22,737)	(109,820)	(132,557)
Increase/(decrease) in deposits	1,250	-	1,250
Decrease/(increase) in inventory	48,298	-	48,298
Decrease/(increase) in accounts receivable	171,107	(1,489,007)	(1,317,900)
Total adjustments	<u>605,023</u>	<u>(1,598,827)</u>	<u>(993,804)</u>
Net cash from operating activities	<u>\$ 2,103,352</u>	<u>\$ 3,857,214</u>	<u>\$ 5,960,566</u>
Noncash investing, capital, and financing activities			
Contributions of capital assets	4,972,990	(4,904,238)	68,752

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Water Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 2,966,000	\$ 2,966,000	\$ 2,831,201	\$ (134,799)
Interest	9,000	9,000	18,048	9,048
Other	129,500	129,500	5,467	(124,033)
Total revenues	3,104,500	3,104,500	2,854,716	(249,784)
Expenditures				
Materials and services	604,200	815,600 (1)	790,629	24,971
Capital outlay	1,555,300	1,555,300 (1)	1,457,335	97,965
Debt service				
Principal	102,000	102,000 (2)	101,990	10
Interest	86,300	86,300 (2)	60,618	25,682
Contingency	688,061	476,661 (1)	-	476,661
Total expenditures	3,035,861	3,035,861	2,410,572	625,289
Excess of revenues over/ (under) expenditures	68,639	68,639	444,144	375,505
Other financing sources (uses)				
Transfers in	124,000	124,000	149,584	25,584
Transfers out	(1,257,900)	(1,257,900) (1)	(1,257,900)	-
Total other financing sources (uses)	(1,133,900)	(1,133,900)	(1,108,316)	25,584
Net change in fund balance	(1,065,261)	(1,065,261)	(664,172)	401,089
Fund balance, July 1, 2018	1,065,261	1,065,261	1,447,470	382,209
Fund balance, June 30, 2019	\$ -	\$ -	783,298	\$ 783,298
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			20,571,521	
Adjustment for note payable - due within one year			(136,602)	
Adjustment for note payable			(2,032,408)	
Net position - GAAP Basis			<u>\$ 19,185,809</u>	

(1) Appropriation Level

(2) Appropriation level is Principal and Interest Combined

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Water SDC Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for Services	\$ -	\$ 526,300	\$ 526,305	\$ 5
Interest	10,000	10,000	60,644	50,644
Miscellaneous	-	-	139,709	139,709
System development charges	142,000	142,000	5,020,027	4,878,027
Total revenues	152,000	678,300	5,746,685	5,068,385
Expenditures				
Capital outlay	2,033,700	5,852,000 (1)	5,134,238	717,762
Contingency	159,291	2,358,391 (1)	-	2,358,391
Total expenditures	2,192,991	8,210,391	5,134,238	3,076,153
Excess of revenues over/ (under) expenditures	(2,040,991)	(7,532,091)	612,447	8,144,538
Other financing sources (uses)				
Transfers out	(131,200)	(420,100) (1)	(400,873)	19,227
Total other financing sources (uses)	(131,200)	(420,100)	(400,873)	19,227
Net change in fund balance	(2,172,191)	(7,952,191)	211,574	8,163,765
Fund balance, July 1, 2018	2,172,191	2,172,191	1,499,223	(672,968)
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ (5,780,000)</u>	1,710,797	<u>\$ 7,490,797</u>
Reconciliation to net position - GAAP Basis:			-	
Net position - GAAP Basis			<u>\$ 1,710,797</u>	

(1) Appropriation Level

City of Prineville, Oregon
Combining Schedule of Net Position
Wastewater Fund
June 30, 2019

	Wastewater Fund	Wastewater SDC Fund	Totals
Assets			
Current assets			
Cash and investments	\$ 3,382,329	\$ 3,154,047	\$ 6,536,376
Accounts receivable	480,702	-	480,702
Inventory	37,316	-	37,316
Total current assets	<u>3,900,347</u>	<u>3,154,047</u>	<u>7,054,394</u>
Non-current assets			
Restricted cash and investments	303,758	-	303,758
Capital assets:			
Non-depreciable	2,013,616	-	2,013,616
Other capital assets, Net of accumulated depreciation	34,489,463	-	34,489,463
Net non-current assets	<u>36,806,837</u>	<u>-</u>	<u>36,806,837</u>
Total assets	<u>\$ 40,707,184</u>	<u>\$ 3,154,047</u>	<u>\$ 43,861,231</u>
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 95,141	\$ 26,119	\$ 121,260
Accrued interest	87,076	-	87,076
Deposits	59,265	-	59,265
Accrued compensated absences	21,937	-	21,937
Notes payable, current portion	638,599	-	638,599
Bonds payable, current portion	57,704	-	57,704
Total current liabilities	<u>959,722</u>	<u>26,119</u>	<u>985,841</u>
Long-term liabilities			
Notes Payable	6,549,290	-	6,549,290
Bonds payable, net of current portion	3,886,136	-	3,886,136
Total long-term liabilities	<u>10,435,426</u>	<u>-</u>	<u>10,435,426</u>
Total liabilities	<u>11,395,148</u>	<u>26,119</u>	<u>11,421,267</u>
Net position			
Net Investment in Capital Assets	25,371,350	-	25,371,350
Restricted for debt service	470,200	-	470,200
Unrestricted	3,470,486	3,127,928	6,598,414
Total net position	<u>29,312,036</u>	<u>3,127,928</u>	<u>32,439,964</u>
Total liabilities and net position	<u>\$ 40,707,184</u>	<u>\$ 3,154,047</u>	<u>\$ 43,861,231</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Wastewater Fund
Year Ended June 30, 2019

	Wastewater Fund	Wastewater SDC Fund	Totals
Operating revenue			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	3,482,719	8,066,755	11,549,474
Other	208,518	-	208,518
Total operating revenue	<u>3,691,237</u>	<u>8,066,755</u>	<u>11,757,992</u>
Operating expenses			
Salaries and fringe benefits	127,070	-	127,070
Materials and services	889,227	9,755	898,982
Depreciation	821,950	-	821,950
Total operating expenses	<u>1,838,247</u>	<u>9,755</u>	<u>1,848,002</u>
Operating income (loss)	1,852,990	8,057,000	9,909,990
Non-operating revenues (expenses)			
Interest income	101,671	75,114	176,785
Interest expense	(313,514)	-	(313,514)
Transfers in	2,103,941	-	2,103,941
Transfers out	(1,400,000)	(2,480,000)	(3,880,000)
Total non-operating revenues (expenses)	<u>492,098</u>	<u>(2,404,886)</u>	<u>(1,912,788)</u>
Other non-operating items			
Contributed capital	4,775,032	(4,762,178)	12,854
Change in net position	7,120,120	889,936	8,010,056
Net position, July 1, 2018	<u>22,191,916</u>	<u>2,237,992</u>	<u>24,429,908</u>
Net position, June 30, 2019	<u>\$ 29,312,036</u>	<u>\$ 3,127,928</u>	<u>\$ 32,439,964</u>

City of Prineville, Oregon
Combining Schedule of Cash Flows
Wastewater Fund
Year Ended June 30, 2019

	Wastewater Fund	Wastewater SDC Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 3,708,854	\$ 8,066,755	\$ 11,775,609
Cash payments for goods and services	(854,540)	(340,851)	(1,195,391)
Cash payments to employees	(119,464)	-	(119,464)
Net cash flows from operating activities	<u>2,734,850</u>	<u>7,725,904</u>	<u>10,460,754</u>
Cash flows from non-capital activities			
Transfers out	(1,400,000)	(2,480,000)	(3,880,000)
Transfers in	2,103,941	-	2,103,941
Net cash flows from non-capital activities	<u>703,941</u>	<u>(2,480,000)</u>	<u>(1,776,059)</u>
Cash flows from capital financing activities			
Acquisition of capital assets	(340,152)	(4,762,178)	(5,102,330)
Debt reduction	(656,516)	-	(656,516)
Interest paid on debt	(350,558)	-	(350,558)
Net cash flows from capital financing activities	<u>(1,347,226)</u>	<u>(4,762,178)</u>	<u>(6,109,404)</u>
Cash flows from investing activities			
Interest earned	101,671	75,114	176,785
Net decrease in cash	2,193,236	558,840	2,752,076
Cash - July 1, 2018	1,492,851	2,595,207	4,088,058
Cash - June 30, 2019	<u>\$ 3,686,087</u>	<u>\$ 3,154,047</u>	<u>\$ 6,840,134</u>
Reconciliation of operating income to net cash flows from operations			
Operating income	\$ 1,852,990	\$ 8,057,000	9,909,990
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	821,950	-	821,950
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	43,728	(331,096)	(287,368)
Increase/(decrease) in accrued expenses	7,606	-	7,606
Increase/(decrease) in deposits	1,450	-	1,450
Decrease/(increase) in accounts receivable	16,167	-	16,167
Decrease/(increase) in inventory	(9,041)	-	(9,041)
Total adjustments	<u>881,860</u>	<u>(331,096)</u>	<u>550,764</u>
Net cash from operating activities	<u>\$ 2,734,850</u>	<u>\$ 7,725,904</u>	<u>\$ 10,460,754</u>
Noncash investing, capital, and financing activities			
Contributions of capital assets	4,775,032	(4,762,178)	12,854

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Wastewater Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 3,535,000	\$ 3,535,000	\$ 3,482,719	\$ (52,281)
Interest	15,000	15,000	101,671	86,671
Other	152,000	152,000	208,518	56,518
Total revenues	<u>3,702,000</u>	<u>3,702,000</u>	<u>3,792,908</u>	<u>90,908</u>
Expenditures				
Personal services	128,000	130,200 (1)	127,070	3,130
Materials and services	802,100	892,400 (1)	867,286	25,114
Capital outlay	1,076,500	1,076,500 (1)	340,152	736,348
Debt service				
Principal	668,200	668,200 (2)	656,516	11,684
Interest	346,400	346,400 (2)	313,514	32,886
Other requirements				
Loan fees	22,000	22,000 (2)	21,941	59
Contingency	699,857	607,357 (1)	-	607,357
Total expenditures	<u>3,743,057</u>	<u>3,743,057</u>	<u>2,326,479</u>	<u>1,416,578</u>
Excess of revenues over/ (under) expenditures	(41,057)	(41,057)	1,466,429	1,507,486
Other financing sources (uses)				
Transfers in	-	-	2,103,941	2,103,941
Transfers out	(1,400,000)	(1,400,000) (1)	(1,400,000)	-
Total other financing sources (uses)	<u>(1,400,000)</u>	<u>(1,400,000)</u>	<u>703,941</u>	<u>2,103,941</u>
Net change in fund balance	<u>(1,441,057)</u>	<u>(1,441,057)</u>	<u>2,170,370</u>	<u>3,611,427</u>
Fund balance, July 1, 2018	1,911,257	1,911,257	1,770,316	(140,941)
Fund balance, June 30, 2019	470,200	470,200	3,940,686	3,470,486
Other requirements				
Restricted for debt service	470,200	470,200	470,200	-
Ending unassigned, unrestricted fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,470,486</u>	<u>\$ 3,470,486</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			14,331	
Adjustment for current year change in accrued absences			7,606	
Fund balance - modified accrual budgetary basis			<u>3,492,423</u>	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			36,503,079	
Adjustment for accrued compensated absences payable			(21,937)	
Adjustment for note payable and bonds payable - due within one year			(696,303)	
Adjustment for notes and bonds payable			(10,435,426)	
Net position - GAAP Basis			<u>\$ 29,312,036</u>	

(1) Appropriation Level

(2) Appropriation level is Principal and Interest Combined

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Wastewater SDC Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for Service	\$ -	\$ 526,300	\$ 526,305	\$ 5
Interest	20,000	20,000	75,114	55,114
System development charges	212,000	7,537,500	7,540,450	2,950
Total revenues	232,000	8,083,800	8,141,869	58,069
Expenditures				
Material and services	10,000	10,000 (1)	9,755	245
Capital outlay	2,661,900	4,863,900 (1)	4,762,178	101,722
Contingency	190,504	3,429,704 (1)	-	3,429,704
Total expenditures	2,862,404	8,303,604	4,771,933	3,531,671
Excess of revenues over/ (under) expenditures	(2,630,404)	(219,804)	3,369,936	3,589,740
Other financing sources (uses)				
Transfers out	(69,400)	(2,480,000) (1)	(2,480,000)	-
Total other financing sources (uses)	(69,400)	(2,480,000)	(2,480,000)	-
Net change in fund balance	(2,699,804)	(2,699,804)	889,936	3,589,740
Fund balance, July 1, 2018	2,699,804	2,699,804	2,237,992	(461,812)
Fund balance, June 30, 2019	\$ -	\$ -	\$ 3,127,928	\$ 3,127,928

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Railroad Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 773,500	\$ 773,500	\$ 538,858	\$ 234,642
Interest	-	-	20,094	(20,094)
Miscellaneous	230,600	230,600	195,090	35,510
Total revenues	1,004,100	1,004,100	754,042	250,058
Expenditures				
Personal services	320,300	320,300 (1)	313,957	6,343
Materials and services	307,200	437,200 (1)	264,278	172,922
Capital outlay	231,000	231,000 (1)	4,831	226,169
Contingency	1,160,021	1,030,021 (1)	-	1,030,021
Total expenditures	2,018,521	2,018,521	583,066	1,435,455
Excess of revenues over/ (under) expenditures	(1,014,421)	(1,014,421)	170,976	1,185,397
Other financing sources (uses)				
Transfers out	(80,000)	(80,000) (1)	(80,000)	-
Total other financing sources (uses)	(80,000)	(80,000)	(80,000)	-
Net change in fund balance	(1,094,421)	(1,094,421)	90,976	1,185,397
Fund balance, July 1, 2018	1,094,421	1,094,421	1,036,693	(57,728)
Fund balance, June 30, 2019	\$ -	\$ -	1,127,669	\$ 1,127,669
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			34,237	
Adjustment for current year change in accrued absences			11,189	
Fund balance - modified accrual budgetary basis			1,173,095	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			7,631,940	
Adjustment for accrued compensated absences payable			(45,426)	
Adjustment for amount due from general fund			(771,851)	
Net position - GAAP Basis			\$ 7,987,758	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Airport Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 8,375,000	\$ 8,375,000	\$ 1,572,022	\$ (6,802,978)
Charges for services	778,000	778,000	605,605	(172,395)
Interest	100	100	191	91
Total revenues	9,153,100	9,153,100	2,177,818	(6,975,282)
Expenditures				
Personal services	154,000	154,000 (1)	129,359	24,641
Materials and services	749,200	749,200 (1)	561,571	187,629
Capital outlay	8,185,000	8,185,000 (1)	1,344,081	6,840,919
Contingency	48,088	48,088 (1)	-	48,088
Total expenditures	9,136,288	9,136,288	2,035,011	7,101,277
Excess of revenues over/ (under) expenditures	16,812	16,812	142,807	125,995
Other financing sources (uses)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(72,300)	(72,300) (1)	(72,300)	-
Total other financing sources (uses)	(22,300)	(22,300)	(22,300)	-
Net change in fund balance	(5,488)	(5,488)	120,507	125,995
Fund balance, July 1, 2018	5,488	5,488	42,915	37,427
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	163,422	<u>\$ 163,422</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			4,278	
Adjustment for current year change in accrued absences			215	
Fund balance - modified accrual budgetary basis			167,915	
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(4,493)	
Adjustment for capital assets, net of accumulated depreciation			3,323,019	
Net position - GAAP Basis			<u>\$ 3,486,441</u>	
(1) Appropriation Level				

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Golf Course Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 1,206,500	\$ 1,206,500	\$ 1,029,354	\$ (177,146)
Interest	3,500	3,500	12,074	8,574
Miscellaneous	7,500	7,500	8,912	1,412
Total revenues	1,217,500	1,217,500	1,050,340	(167,160)
Expenditures				
Waste disposal	416,600	441,700 (1)	426,757	14,943
Golf course	427,800	458,800 (1)	428,447	30,353
Restaurant	495,900	495,900 (1)	325,565	170,335
Debt service: Principal	65,200	65,200 (2)	65,243	(43)
Debt service: Interest	17,700	17,700 (2)	13,010	4,690
Contingency	466,931	410,831 (1)	-	410,831
Total expenditures	1,890,131	1,890,131	1,259,022	631,109
Excess of revenues over/ (under) expenditures	(672,631)	(672,631)	(208,682)	463,949
Other financing sources (uses)				
Transfers in	370,000	370,000	370,000	-
Transfers out	(114,100)	(114,100) (1)	(93,433)	20,667
Total other financing sources (uses)	255,900	255,900	276,567	20,667
Net change in fund balance	(416,731)	(416,731)	67,885	484,616
Fund balance, July 1, 2018	416,731	416,731	426,395	9,664
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	494,280	<u>\$ 494,280</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			125,779	
Adjustment for current year change in accrued absences			4,589	
Fund balance - modified accrual budgetary basis			624,648	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depr			1,256,179	
Adjustment for accrued compensated absences payable			(130,368)	
Adjustment for bond payable			-	
Adjustment for note payable			(436,088)	
Net position - GAAP Basis			<u>\$ 1,314,371</u>	

(1) Appropriation Level

(2) Appropriation level is Principal and Interest Combined

City of Prineville, Oregon
Combining Balance Sheet
Internal Service Funds
Year Ended June 30, 2019

	Governmental Type Activities			
	Internal Services Funds			
	Administrative Services Fund	Building Facilities Funds	Public Works Support Services	Total
Assets				
Current assets				
Cash and investments	\$ 491,803	\$ 3,077,225	\$ 283,820	\$ 3,852,848
Restricted cash and investments	-	105,000	-	105,000
Accounts receivable	83,639	10,442	-	94,081
Prepaid Expense	-	-	30,539	30,539
Inventory	-	-	25,412	25,412
Total current assets	575,442	3,192,667	339,771	4,107,880
Capital Assets (net of accumulated depreciation)	178,003	1,408,268	724,519	2,310,790
Total assets	753,445	4,600,935	1,064,290	6,418,670
Deferred outflows of resources				
Pension related deferrals	445,299	-	396,897	842,196
Total assets and deferred outflows	1,198,744	4,600,935	1,461,187	7,260,866
Liabilities				
Current liabilities				
Accounts payable	142,388	25,661	7,705	175,754
Accrued interest payable	-	12,154	563	12,717
Accrued compensated absences payable	151,401	-	148,394	299,795
Current portion notes payable	-	297,000	33,663	330,663
Proportionate share of net pension liability	1,024,963	-	913,554	1,938,517
Total current liabilities	1,318,752	334,815	1,103,879	2,757,446
Long-term liabilities				
Notes payable	-	4,584,000	-	4,584,000
Total long-term liabilities	-	4,584,000	-	4,584,000
Total liabilities	1,318,752	4,918,815	1,103,879	7,341,446
Deferred inflows of resources				
Pension related deferrals	235,429	-	209,839	445,268
Net Position				
Net investment in capital assets	178,003	(3,472,732)	690,856	(2,603,873)
Restricted - Debt Service	-	105,000	-	105,000
Unrestricted				
Unassigned	(533,440)	3,049,852	(543,387)	1,973,025
Total net position	(355,437)	(317,880)	147,469	(525,848)
Total liabilities, deferred inflows and net position	\$ 1,198,744	\$ 4,600,935	\$ 1,461,187	\$ 7,260,866

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2019

	Governmental Type Activities			
	Internal Services Funds			
	Administrative Services Fund	Building Facilities Funds	Public Works Support Services	Totals
Operating revenue				
Intergovernmental	\$ -	\$ 204,403	\$ -	\$ 204,403
Charges for services	226,823	-	-	226,823
Other operating revenues	-	918	230,762	231,680
Total operating revenue	226,823	205,321	230,762	662,906
Operating expenses				
Salaries and fringe benefits	1,518,199	-	1,611,418	3,129,617
Materials and services	1,136,969	2,038,915	167,712	3,343,596
Depreciation	17,175	78,587	105,531	201,293
Total operating expenses	2,672,343	2,117,502	1,884,661	6,674,506
Operating income (loss)	(2,445,520)	(1,912,181)	(1,653,899)	(6,011,600)
Non-operating revenues (expenses)				
Interest income	12,594	74,534	3,933	91,061
Interest expense	-	(136,666)	(1,289)	(137,955)
Transfer to other funds	(330,200)	(9,089)	(50,300)	(389,589)
Transfers from other funds	2,457,084	1,099,641	1,598,300	5,155,025
Total non-operating revenue (expense)	2,139,478	1,028,420	1,550,644	4,718,542
Change in net position	(306,042)	(883,761)	(103,255)	(1,293,058)
Net position, July 1, 2018	(49,395)	565,881	250,724	767,210
Net position, June 30, 2019	\$ (355,437)	\$ (317,880)	\$ 147,469	\$ (525,848)

City of Prineville, Oregon
Combining Schedule of Cash Flows
Internal Service Funds
Year Ended June 30, 2019

	Governmental Type Activities			
	Internal Service Funds			
	Admin Services	Building Facilities Funds	Public Works Services	Totals
Cash flows from operating activities				
Cash received from customers	\$ 145,548	\$ 225,321	\$ 230,762	\$ 601,631
Cash payments for goods and services	(1,042,308)	(2,031,618)	(202,066)	(3,275,992)
Cash payments to employees	(1,346,170)	-	(1,457,811)	(2,803,981)
Net cash flows from operating activities	<u>(2,242,930)</u>	<u>(1,806,297)</u>	<u>(1,429,115)</u>	<u>(5,478,342)</u>
Cash flows from non-capital activities				
Transfers from other funds	2,457,084	1,099,641	1,598,300	5,155,025
Transfers to other funds	(330,200)	(9,089)	(50,300)	(389,589)
Net cash flows from non-capital activities	<u>2,126,884</u>	<u>1,090,552</u>	<u>1,548,000</u>	<u>4,765,436</u>
Cash flows from capital financing activities				
Acquisition of capital assets	(56,277)	-	(182,669)	(238,946)
Debt issuance	-	4,000,000	-	4,000,000
Debt reduction	-	(327,000)	(32,845)	(359,845)
Interest paid on loans	-	(151,106)	(726)	(151,832)
Net cash flows from capital financing activities	<u>(56,277)</u>	<u>3,521,894</u>	<u>(216,240)</u>	<u>3,249,377</u>
Cash flows from investing activities				
Interest earned	12,594	74,534	3,933	91,061
Net increase (decrease) in cash	(159,729)	2,880,683	(93,422)	2,627,532
Cash - July 1, 2018	651,532	301,542	377,242	1,330,316
Cash - June 30, 2019	<u>\$ 491,803</u>	<u>\$ 3,182,225</u>	<u>\$ 283,820</u>	<u>\$ 3,957,848</u>
Reconciliation of operating income to net cash flows from operations				
Operating income (loss)	\$ (2,445,520)	\$ (1,912,181)	\$ (1,653,899)	\$ (6,011,600)
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	17,175	78,587	105,531	201,293
Changes in assets and liabilities				
Increase/(decrease) in accounts payable	94,661	7,297	349	102,307
Decrease/(increase) in Net Pension Asset, Deferred Outflows	24,329	-	21,685	46,014
Increase/(decrease) in Net Pension Liabilities, Deferred Inflows	120,754	-	107,629	228,383
Decrease/(increase) in accounts receivable	(81,275)	20,000	-	(61,275)
Decrease/(increase) in prepaid expense	-	-	(30,539)	-
Decrease/(increase) in inventory	-	-	(4,164)	(4,164)
Increase (decrease) in accrued expenses	26,946	-	24,293	51,239
Net cash flows from operating activities	<u>\$ (2,242,930)</u>	<u>\$ (1,806,297)</u>	<u>\$ (1,429,115)</u>	<u>\$ (5,478,342)</u>

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Administrative Services Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 90,719	\$ 742,119	\$ 226,823	\$ (515,296)
Interest	5,000	5,000	12,594	7,594
Total revenues	95,719	747,119	239,417	(507,702)
Expenditures				
City Council	45,200	45,200 (1)	33,865	11,335
Administration/team services	695,700	823,700 (1)	766,254	57,446
Financial services	816,300	1,015,200 (1)	850,993	164,207
Information technology	624,200	918,400 (1)	915,250	3,150
Contingency	346,855	140,055 (1)	-	140,055
Total expenditures	2,528,255	2,942,555	2,566,362	376,193
Excess of revenues over/ (under) expenditures	(2,432,536)	(2,195,436)	(2,326,945)	(131,509)
Other financing sources (uses)				
Transfers in	2,062,881	2,062,881	2,457,084	394,203
Transfers out	(130,200)	(367,300) (1)	(330,200)	37,100
Total other financing sources (uses)	1,932,681	1,695,581	2,126,884	431,303
Net change in fund balance	(499,855)	(499,855)	(200,061)	299,794
Fund balance, July 1, 2018	499,855	499,855	481,714	(18,141)
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	\$ 281,653	<u>\$ 281,653</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			124,455	
Adjustment for current year change in accrued absences			<u>26,946</u>	
Fund balance - modified accrual budgetary basis			433,054	
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(151,401)	
Adjustment for proportionate share of net pension asset, deferred outflows			445,299	
Adjustment for proportionate share of net pension liability, deferred inflows			(1,260,392)	
Adjustment for capital assets, net of accumulated depreciation			<u>178,003</u>	
Net position - GAAP Basis			<u>\$ (355,437)</u>	

(1) Appropriation Level

City of Prineville, Oregon
Combining Balance Sheet
Building Facilities Funds
June 30, 2019

	Building Facilities	Plaza Maintenance	Total
Assets			
Current assets			
Cash and investments	\$ 3,040,148	\$ 37,077	\$ 3,077,225
Restricted cash and investments	105,000	-	105,000
Accounts Receivable	10,442	-	10,442
Total current assets	<u>3,155,590</u>	<u>37,077</u>	<u>3,192,667</u>
Non-current assets			
Capital assets:			
Improvements	2,357,617	-	2,357,617
Accumulated depreciation	(949,349)	-	(949,349)
Net non-current assets	<u>1,408,268</u>	<u>-</u>	<u>1,408,268</u>
Total assets	<u>\$ 4,563,858</u>	<u>\$ 37,077</u>	<u>\$ 4,600,935</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 25,661	\$ -	\$ 25,661
Accrued interest payable	12,154	-	12,154
Notes payable, current portion	297,000	-	297,000
Total current liabilities	<u>334,815</u>	<u>-</u>	<u>334,815</u>
Long-term liabilities			
Notes payable, net of current portion	4,584,000	-	4,584,000
Total liabilities	<u>4,918,815</u>	<u>-</u>	<u>4,918,815</u>
Net position			
Net Investment in Capital Assets	(3,472,732)	-	(3,472,732)
Restricted for debt service	105,000	-	105,000
Unrestricted			
Unreserved	3,012,775	37,077	3,049,852
Total net position	<u>(354,957)</u>	<u>37,077</u>	<u>(317,880)</u>
Total liabilities and net position	<u>\$ 4,563,858</u>	<u>\$ 37,077</u>	<u>\$ 4,600,935</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Building Facilities Funds
Year Ended June 30, 2019

	Building Facilities	Plaza Maintenance	Total
Operating revenue			
Intergovernmental	\$ 200,161	\$ 4,242	\$ 204,403
Total operating revenue	<u>200,161</u>	<u>5,160</u>	<u>205,321</u>
Operating expenses			
Materials and services	2,027,752	11,163	2,038,915
Depreciation	78,587	-	78,587
Total operating expenses	<u>2,106,339</u>	<u>11,163</u>	<u>2,117,502</u>
Operating income (loss)	(1,906,178)	(6,003)	(1,912,181)
Non-operating revenues (expenses)			
Interest income	73,513	1,021	74,534
Interest expense	(136,666)	-	(136,666)
Transfers from other funds	1,095,400	4,241	1,099,641
Transfers to other funds	(5,389)	(3,700)	(9,089)
Total non-operating revenues (expenses)	<u>1,026,858</u>	<u>1,562</u>	<u>1,028,420</u>
Change in net position	(879,320)	(4,441)	(883,761)
Net position, July 1, 2018	<u>524,363</u>	<u>41,518</u>	<u>565,881</u>
Net position, June 30, 2019	<u>\$ (354,957)</u>	<u>\$ 37,077</u>	<u>\$ (317,880)</u>

City of Prineville, Oregon
Combining Schedule of Cash Flows
Building Facilities Funds
Year Ended June 30, 2019

	Building Facilities	Plaza Maintenance	Total
Cash flows from operating activities			
Cash received from customers	\$ 200,161	\$ 25,160	\$ 225,321
Cash payments for goods and services	(2,020,455)	(11,163)	(2,031,618)
Net cash flows from operating activities	<u>(1,820,294)</u>	<u>13,997</u>	<u>(1,806,297)</u>
Cash flows from non-capital activities			
Transfers from other funds	1,095,400	4,241	1,099,641
Transfers to other funds	(5,389)	(3,700)	(9,089)
Net cash flows from non-capital activities	<u>1,090,011</u>	<u>541</u>	<u>1,090,552</u>
Cash flows from capital financing activities			
Debt issuance	4,000,000	-	4,000,000
Debt reduction	(327,000)	-	(327,000)
Interest paid on loans	(151,106)	-	(151,106)
Net cash flows from capital financing activities	<u>3,521,894</u>	<u>-</u>	<u>3,521,894</u>
Cash flows from investing activities			
Interest earned	73,513	1,021	74,534
Net decrease in cash	2,865,124	15,559	2,880,683
Cash - July 1, 2018	280,024	21,518	301,542
Cash - June 30, 2019	<u>\$ 3,145,148</u>	<u>\$ 37,077</u>	<u>\$ 3,182,225</u>
Reconciliation of operating income to net cash flows from operations			
Operating income/(loss)	\$ (1,906,178)	\$ (6,003)	\$ (1,912,181)
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	78,587	-	78,587
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	7,297	-	7,297
Decrease/(increase) in accounts receivable	-	20,000	20,000
Net cash flows from operating activities	<u>\$ (1,820,294)</u>	<u>\$ 13,997</u>	<u>\$ (1,806,297)</u>

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Building Facility Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,250,000	\$ 285,000	\$ 200,161	\$ (84,839)
Interest	6,500	6,500	73,513	67,013
Miscellaneous income	2,500	2,500	-	(2,500)
Total revenues	1,259,000	294,000	273,674	(20,326)
Expenditures				
City Hall Facilities	203,900	203,900 (1)	173,413	30,487
Police Facilities	1,872,900	4,408,900 (1)	2,063,682	2,345,218
Public Works Facilities	39,500	42,500 (1)	33,373	9,127
Barnes Butte Property	231,300	271,300 (1)	86,197	185,103
Senior Center	-	245,000 (1)	134,753	110,247
Debt service reserve	112,900	112,900 (1)	-	112,900
Contingency	206,758	344,058 (1)	-	344,058
Total expenditures	2,667,258	5,628,558	2,491,418	3,137,140
Excess of revenues over/ (under) expenditures	(1,408,258)	(5,334,558)	(2,217,744)	3,116,814
Other financing sources (uses)				
Debt issuance	500,000	4,000,000	4,000,000	\$ -
Transfers out	(10,000)	(10,000) (1)	(5,389)	4,611
Transfers in	708,900	1,135,200	1,095,400	(39,800)
Total other financing sources (uses)	1,198,900	5,125,200	5,090,011	(35,189)
Net change in fund balance	(209,358)	(209,358)	2,872,267	3,081,625
Fund balance, July 1, 2018	209,358	209,358	245,508	36,150
Fund balance, June 30, 2019	\$ -	\$ -	3,117,775	\$ 3,117,775
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			1,408,268	
Adjustment for note payable - due within one year			(297,000)	
Adjustment for note payable			(4,584,000)	
Net position - GAAP Basis			\$ (354,957)	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Plaza Maintenance Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 4,242	\$ (5,758)
Interest	-	-	1,021	1,021
Other	400	400	918	518
Total revenues	10,400	10,400	6,181	(4,219)
Expenditures				
Materials and services	14,000	15,100 (1)	11,163	2,837
Contingency	42,605	41,505 (1)	-	42,605
Total expenditures	56,605	56,605	11,163	45,442
Excess of revenues over/ (under) expenditures	(46,205)	(46,205)	(4,982)	41,223
Other financing sources (uses)				
Transfers out	(3,700)	(3,700) (1)	(3,700)	-
Transfers in	10,000	10,000	4,241	5,759
Total other financing sources (uses)	6,300	6,300	541	5,759
Net change in fund balance	(39,905)	(39,905)	(4,441)	46,982
Fund balance, July 1, 2018	39,905	39,905	41,518	1,613
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	\$ 37,077	<u>\$ 48,595</u>
Reconciliation to net position - GAAP Basis:				
No adjustment			<u>-</u>	
Net position - GAAP Basis			<u>\$ 37,077</u>	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Public Works Support Services Fund
Year Ended June 30, 2019

	Original Budget	Final Amended Budget		Actual	Variance with Final Budget
Revenues					
Interest	\$ 3,000	\$ 3,000		\$ 3,933	\$ 933
Other	34,500	34,500		230,762	196,262
Total revenues	<u>37,500</u>	<u>37,500</u>		<u>234,695</u>	<u>197,195</u>
Expenditures					
Public works support services	1,494,600	1,564,600 (1)		1,518,863	45,737
Public works fleet and vehicles	345,500	355,500 (1)		347,756	7,744
Contingency	250,275	170,275 (1)		-	170,275
Total expenditures	<u>2,090,375</u>	<u>2,090,375</u>		<u>1,866,619</u>	<u>223,756</u>
Excess of revenues over/ (under) expenditures	(2,052,875)	(2,052,875)		(1,631,924)	420,951
Other financing sources (uses)					
Transfers out	(50,300)	(50,300) (1)		(50,300)	-
Transfers in	1,828,300	1,828,300		1,598,300	(230,000)
Total other financing sources (uses)	1,778,000	1,778,000		1,548,000	(230,000)
Net change in fund balance	(274,875)	(274,875)		(83,924)	190,951
Fund balance, July 1, 2018	274,875	274,875		267,033	(7,842)
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>		183,109	<u>\$ 183,109</u>
Reconciliation to fund balance - modified accrual budgetary basis					
Adjustment for beginning fund balance				124,101	
Adjustment for current year change in accrued absences				24,293	
Fund balance - modified accrual budgetary basis				331,503	
Reconciliation to net position - GAAP Basis:					
Adjustment for accrued compensated absences				(148,394)	
Adjustment for note payable				(33,663)	
Adjustment for proportionate share of net pension asset, deferred outflows				396,897	
Adjustment for proportionate share of net pension liability, deferred inflows				(1,123,393)	
Adjustment for capital assets, net of accumulated depreciation				724,519	
Net position - GAAP Basis				<u>\$ 147,469</u>	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Property Tax Transactions

Year Ended June 30, 2019

Tax Year	Beginning Balance and Current Levy	Adjustments	Interest (Discounts)	Turnovers from County Treasurer	Taxes Receivable June 30, 2019
2018-19	\$ 2,234,192	\$ (2,721)	\$ (55,983)	\$ 2,116,739	\$ 58,749
2017-18	66,638	(1,563)	3,087	41,322	26,840
2016-17	25,544	(208)	2,324	13,634	14,026
2015-16	16,745	(121)	3,351	13,689	6,286
2014-15	5,432	(115)	1,258	4,551	2,024
Prior	7,518	(187)	(1,350)	2,079	3,902
	<u>\$ 2,356,069</u>	<u>\$ (4,915)</u>	<u>\$ (47,313)</u>	2,192,014	<u>\$ 111,827</u>

Reconciliation to Revenue

Other Taxes	4
Tax accrual	
June 30, 2018	(21,756)
June 30, 2019	<u>23,846</u>
	<u>\$ 2,194,108</u>



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Statistical Section

Financial Trends

Net Position by Component Unit – Last 10 Fiscal Years
Changes in Net Position – Last 10 Fiscal Years
Fund Balances, Governmental Funds – Last 10 Fiscal Years
Changes in Fund Balances, Governmental Funds – Last 10 Fiscal Years
Program Revenues by Function / Program – Last 10 Fiscal Years

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Governmental Activities Tax Revenue by Source – Last 10 Fiscal Years
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Ratios of Outstanding Debt by Type – Last 10 Fiscal Years
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Demographic and Economic Information

Demographic and Economic Statistics – Last 10 Fiscal Years
Principal Employers – Current Year and Nine Years Ago

Operating Information

Full-time Equivalent City Government Employees by Function – Last 10 Fiscal Years
Operating Indicators by Function – Last 10 Fiscal Years
Capital Asset Statistics by Activity – Last 10 Fiscal Years



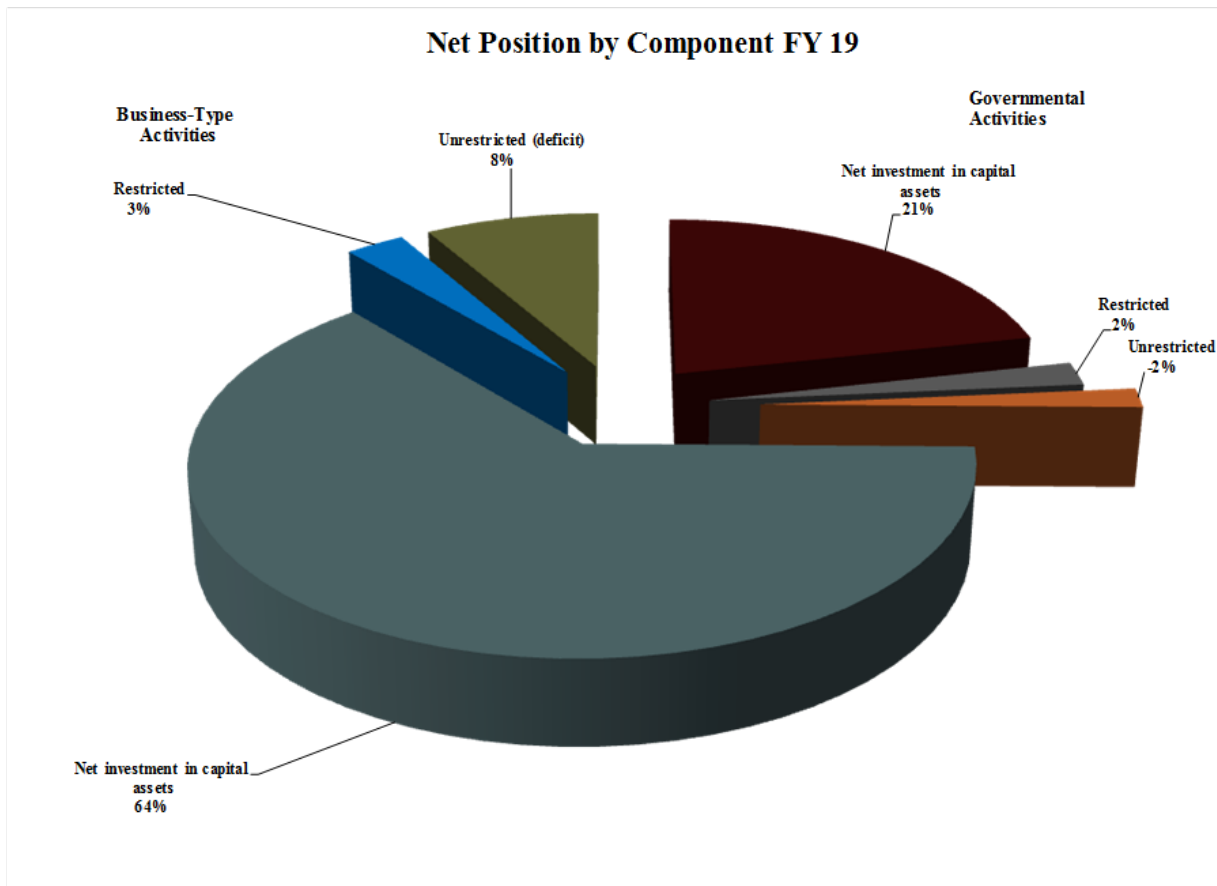
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City of Prineville, Oregon Net Position by Component Unit

For the Last 10 Fiscal Years

	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 10,760,761	\$ 10,781,113	\$ 10,712,120	\$ 10,486,118	7,344,752	9,892,711	11,345,910	13,042,818	14,763,230	14,105,369
Restricted	757,363	380,200	247,542	455,491	676,131	574,874	868,940	893,567	1,391,944	1,995,054
Unrestricted	3,816,719	3,767,585	3,509,544	3,327,657	2,945,908	2,234,187	(107,036)	(625,384)	(1,147,099)	852,715
Total governmental activities net position	\$15,334,843	\$14,928,898	\$14,469,206	\$14,269,266	\$10,966,791	\$12,701,772	\$12,107,814	\$13,311,001	\$15,008,075	\$16,953,138
Business-type activities										
Net investment in capital assets	\$ 23,044,076	\$ 24,154,385	\$ 24,581,764	\$ 26,084,499	\$ 29,806,882	\$ 30,067,137	\$ 31,448,889	\$ 37,382,458	\$ 43,578,856	\$ 55,548,911
Restricted	748,266	748,266	1,262,067	498,958	493,156	530,699	374,107	351,491	1,955,523	2,180,997
Unrestricted (deficit)	3,337,143	2,549,972	3,303,674	3,717,413	2,988,864	3,599,021	4,218,984	3,856,220	5,733,630	8,395,232
Total business-type activities net position	\$27,129,485	\$27,452,623	\$29,147,505	\$30,300,870	\$33,288,902	\$34,196,857	\$36,041,980	\$41,590,169	\$51,268,009	\$66,125,140
Primary government										
Net investment in capital assets	\$ 33,804,837	\$ 34,935,498	\$ 35,293,884	\$ 36,570,617	\$ 37,151,634	\$ 39,959,848	\$ 42,794,799	\$ 50,425,276	\$ 58,342,086	\$ 69,654,280
Restricted	1,505,629	1,128,466	1,509,609	954,449	1,169,287	1,105,573	1,243,047	1,245,038	3,347,467	4,176,051
Unrestricted (deficit)	7,153,862	6,317,557	6,813,218	7,045,070	5,934,772	5,833,208	4,111,948	3,230,836	4,586,531	9,247,947
Total primary government net position	\$42,464,328	\$42,381,521	\$43,616,711	\$44,570,136	\$44,255,693	\$46,898,629	\$48,149,794	\$54,901,170	\$66,276,084	\$83,078,278

Sources: Annual financial statements of the City of Prineville



City of Prineville, Oregon

Changes in Net Position

For the Last 10 Fiscal Years

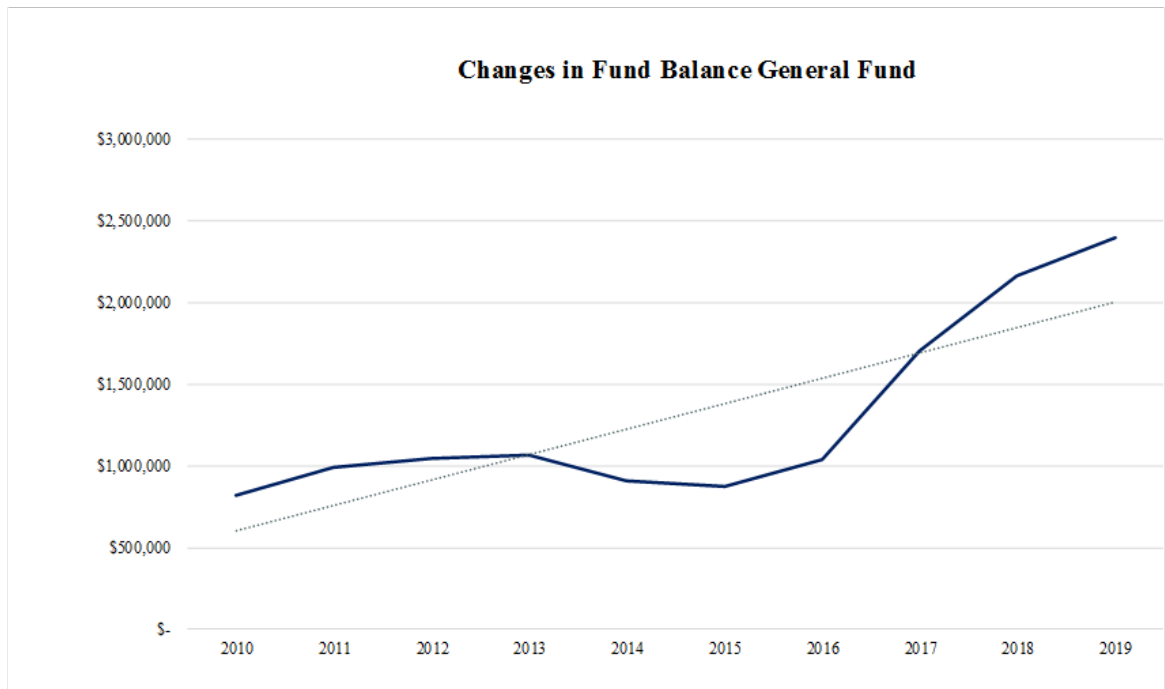
	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 2,114,509	\$ 2,477,866	\$ 2,476,287	\$ 3,095,427	\$ 6,284,109	\$ 416,640	\$ 1,111,185	\$ 2,142,141	\$ 1,000,996	\$ 2,695,309
Public safety	2,410,005	2,667,665	2,892,172	3,307,976	3,450,549	2,921,115	7,639,414	6,412,132	7,961,382	8,113,155
Highways and streets	466,497	537,446	545,421	1,322,898	1,245,218	1,112,590	1,273,699	790,414	732,512	877,535
Interest on long term debt	205,514	172,340	159,550	143,408	210,106	189,358	132,677	127,172	187,046	209,483
Unallocated depreciation	903,526	938,563	1,192,056	-	-	-	-	-	-	-
Total governmental activities expenses	\$ 6,100,051	\$ 6,793,880	\$ 7,265,486	\$ 7,869,709	\$ 11,189,982	\$ 4,639,703	\$ 10,156,975	\$ 9,471,859	\$ 9,881,936	\$ 11,895,482
Business-type activities:										
Railroad	\$ 935,425	\$ 902,757	\$ 841,917	\$ 755,747	\$ 813,586	\$ 797,044	\$ 906,269	\$ 990,133	\$ 1,014,557	\$ 838,289
Water	1,019,350	1,026,160	1,147,332	918,606	937,947	916,365	957,293	1,052,820	1,177,361	1,628,957
Wastewater	1,799,877	1,779,296	1,988,549	1,865,971	1,909,784	1,653,325	1,695,870	1,859,666	2,293,751	2,161,516
Golf and Restaurant	1,409,735	1,411,174	1,260,944	1,263,133	1,317,873	1,305,927	1,361,170	1,285,732	1,367,914	1,231,167
Airport	-	-	316,056	533,317	711,440	685,166	699,764	716,900	745,602	771,943
Freight Depot	188,870	370,885	332,607	310,926	194,071	-	-	-	-	-
Total business-type activities expenses	5,353,257	5,490,272	5,887,405	5,647,700	5,884,701	5,357,827	5,620,366	5,905,251	6,599,185	6,631,872
Total primary government expenses	\$ 11,453,308	\$ 12,284,152	\$ 13,152,891	\$ 13,517,409	\$ 17,074,683	\$ 9,997,530	\$ 15,777,341	\$ 15,377,110	\$ 16,481,121	\$ 18,527,354
Program Revenues										
Governmental activities:										
Charges for service:										
General government	\$ 407,783	\$ 222,037	\$ 238,335	\$ 304,693	\$ 413,761	\$ 165,927	\$ 203,993	\$ 224,543	\$ 113,703	\$ 123,930
Public safety	-	-	-	-	-	37,884	33,671	-	-	21,694
Highways and streets	47,008	55,946	84,884	172,494	316,398	353,328	494,830	346,623	536,820	602,966
Operating grants and contributions	1,741,665	1,858,227	1,659,849	1,609,122	1,695,455	1,637,916	1,646,108	1,950,468	2,010,594	2,772,407
Capital grants and contributions	21,100	-	252,000	216,224	-	-	-	-	-	-
Total governmental activities program revenues	\$ 2,217,556	\$ 2,136,210	\$ 2,235,068	\$ 2,302,533	\$ 2,425,614	\$ 2,195,055	\$ 2,378,602	\$ 2,521,634	\$ 2,661,117	\$ 3,520,997
Business-type activities:										
Charges for service:										
Railroad	\$ 698,145	\$ 650,754	\$ 395,050	\$ 445,302	\$ 455,849	\$ 586,937	\$ 943,182	\$ 1,160,350	\$ 799,732	\$ 733,948
Water	1,996,173	1,680,770	1,785,307	2,001,024	2,001,548	2,183,160	2,554,213	2,597,543	6,537,222	8,522,709
Wastewater	3,698,450	3,237,114	3,725,711	3,269,055	3,164,486	3,208,361	3,952,199	5,850,679	9,251,289	11,757,992
Golf and Restaurant	1,068,103	1,038,372	982,824	1,018,414	1,039,556	1,132,478	1,143,167	1,092,074	1,123,087	1,038,266
Airport	-	-	-	521,923	645,943	803,978	517,629	1,973,312	815,257	2,177,627
Freight Depot	132,124	131,188	95,584	138,045	-	-	-	-	-	-
Other Non-major	-	-	373,886	-	-	-	-	-	-	-
Operating grants and contributions	-	-	51,243	65,929	-	-	186,718	-	-	-
Capital grants and contributions	3,119,030	376,787	1,500,990	1,207,451	3,434,821	-	355,644	796,804	296,225	81,606
Total business-type activities program revenues	10,712,025	7,114,985	8,910,595	8,667,143	10,762,203	7,914,914	9,652,752	13,470,762	18,822,812	24,312,148
Total primary government program revenues	\$ 12,929,581	\$ 9,251,195	\$ 11,145,663	\$ 10,969,676	\$ 13,187,817	\$ 10,109,969	\$ 12,031,354	\$ 15,992,396	\$ 21,483,929	\$ 27,833,145
Net (Expense) Revenue										
Governmental activities	(3,882,495)	(4,657,670)	(5,090,418)	(5,567,176)	(8,764,368)	(2,444,648)	(7,778,737)	(6,950,225)	(7,220,819)	(8,374,485)
Business-type activities	5,358,768	1,624,713	3,023,190	3,019,443	4,877,502	2,557,087	4,032,386	7,565,511	12,223,627	17,680,276
Total primary government expenses	\$ 1,476,273	\$ (3,032,957)	\$ (2,007,228)	\$ (2,547,733)	\$ (3,886,866)	\$ 112,439	\$ (3,746,383)	\$ 615,286	\$ 5,002,808	\$ 9,305,791
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for:										
General purposes	1,818,957	1,763,077	1,614,099	1,571,558	1,667,437	1,777,841	1,842,104	1,966,681	2,067,373	2,181,966
Debt Service	83,905	65,726	-	-	-	-	-	-	-	-
Transient room taxes	149,374	176,156	179,945	206,988	191,015	253,174	315,677	329,514	339,003	432,343
Franchise Fees	779,429	700,965	1,117,583	1,455,369	1,462,295	1,864,413	2,085,847	2,756,972	2,913,102	3,461,496
Earnings on investments	21,624	14,644	7,223	10,117	13,739	11,268	12,324	25,758	56,637	121,691
Miscellaneous	339,351	217,537	301,891	220,782	225,107	375,864	811,036	908,805	1,039,410	1,011,071
Total governmental activities	\$ 3,192,640	\$ 2,938,105	\$ 3,220,741	\$ 3,464,814	\$ 3,559,693	\$ 4,282,560	\$ 5,066,988	\$ 5,987,730	\$ 6,415,525	\$ 7,208,567
Business-type activities:										
Earnings on investments	24,324	12,042	8,857	14,144	14,535	13,812	18,290	29,878	104,594	287,836
Miscellaneous	-	-	72,181	10,248	10,247	487,394	(88,126)	118,482	137,343	-
Total business-type activities	24,324	12,042	81,038	24,392	24,782	501,206	(69,836)	148,360	241,937	287,836
Total primary government	\$ 3,216,964	\$ 2,950,147	\$ 3,301,779	\$ 3,489,206	\$ 3,584,375	\$ 4,783,766	\$ 4,997,152	\$ 6,136,090	\$ 6,657,462	\$ 7,496,403
Transfers										
Governmental activities										
Governmental activities	\$ 1,324,000	\$ 1,313,620	\$ 1,378,440	\$ 1,902,421	\$ 1,902,301	\$ 2,150,338	\$ 2,117,427	\$ 2,165,682	\$ 2,787,724	\$ 3,110,981
Business-type activities	(1,324,000)	(1,313,620)	(1,378,440)	(1,902,421)	(1,902,301)	(2,150,338)	(2,117,427)	(2,165,682)	(2,787,724)	(3,110,981)
Total Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 634,145	\$ (405,945)	\$ (431,237)	\$ (199,941)	\$ (3,302,474)	\$ 3,988,250	\$ (593,958)	\$ 1,203,187	\$ 1,982,430	\$ 1,945,063
Business-type activities	4,059,092	323,135	1,725,788	1,141,414	2,999,983	907,955	1,845,123	5,548,189	9,677,840	14,857,131
Total primary government	\$ 4,693,237	\$ (82,810)	\$ 1,294,551	\$ 941,473	\$ (302,491)	\$ 4,896,205	\$ 1,251,165	\$ 6,751,376	\$ 11,660,270	\$ 16,802,194

Sources: Annual financial statements of the City of Prineville
Changes in net position is intended to provide the user with summary data to analyze changes in the activities.

City of Prineville, Oregon
Fund Balances, Governmental Funds
Unaudited (Modified Accrual Basis of Accounting)
For the Last 10 Fiscal Years

	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	105,569	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	94,069	87,672	78,380	78,021	121,280	248,158	241,205
Unassigned	819,315	992,278	938,926	973,273	820,598	797,059	963,851	1,583,740	1,918,886	2,153,326
Total general fund	\$ 819,315	\$ 992,278	\$ 1,044,495	\$ 1,067,342	\$ 908,270	\$ 875,439	\$ 1,041,872	\$ 1,705,020	\$ 2,167,044	\$ 2,394,531
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	438,186	571,131	469,874	763,940	788,567	1,286,944	1,890,054
Committed	-	-	-	289,086	413,182	480,014	693,351	1,000,747	1,267,547	1,099,902
Assigned	1,728,491	1,368,306	921,736	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,728,491	\$ 1,368,306	\$ 921,736	\$ 727,272	\$ 984,313	\$ 949,888	\$ 1,457,491	\$ 1,789,314	\$ 2,554,491	\$ 2,989,956
Total all funds	\$ 2,547,806	\$ 2,360,584	\$ 1,966,231	\$ 1,794,614	\$ 1,892,583	\$ 1,825,327	\$ 2,499,363	\$ 3,494,334	\$ 4,721,535	\$ 5,384,487

Source: Annual financial statements of the City of Prineville
(a) GASB 54 implemented in 2011 - requiring new fund balance categories. Over time, all fund balance will be reported under new GASB 54 fund balance categories.



City of Prineville, Oregon
Changes in Fund Balances, Governmental Funds
Unaudited (Modified Accrual Basis of Accounting)
For the Last 10 Fiscal Years

	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue										
Taxes	\$ 2,058,557	\$ 2,002,966	\$ 1,827,068	\$ 1,822,448	\$ 1,867,531	\$ 2,046,911	\$ 2,159,083	\$ 2,292,563	\$ 2,410,508	\$ 2,626,451
Intergovernmental	1,741,665	1,858,227	1,659,849	1,609,122	1,685,455	1,785,004	1,803,827	2,105,618	2,198,466	2,921,110
Franchise fees	779,429	700,965	1,117,583	1,455,369	1,703,395	1,864,413	2,085,847	2,756,972	2,913,102	3,461,496
Licenses and permits	36,701	33,917	36,613	61,201	49,121	59,926	67,301	78,617	67,960	58,875
Charges for services	115,670	94,412	64,333	117,645	173,432	425,954	584,742	715,955	527,149	571,512
System development fees	47,008	55,946	84,884	172,494	75,298	328,922	486,025	334,548	525,075	593,125
Interest	19,174	11,837	5,657	7,494	9,917	11,268	12,324	25,758	56,637	121,691
Miscellaneous	284,991	290,414	275,974	238,424	260,794	205,938	223,159	1,349,845	381,877	387,446
Total Revenue	\$ 5,083,195	\$ 5,048,684	\$ 5,071,961	\$ 5,484,197	\$ 5,824,943	\$ 6,728,336	\$ 7,422,308	\$ 9,659,876	\$ 9,080,774	\$ 10,741,706
Expenditures										
General government	\$ 317,937	\$ 305,015	\$ 297,885	\$ 357,061	\$ 3,335,032	\$ 432,270	\$ 509,906	\$ 1,228,918	\$ 594,601	\$ 1,477,154
Public Safety	2,448,022	2,592,340	2,844,804	2,964,532	3,057,376	3,461,452	3,505,611	3,678,555	4,731,767	4,446,384
Highways and streets	466,497	532,880	539,650	525,241	369,670	392,512	584,481	453,450	435,361	480,930
Capital Outlay	622,138	621,414	571,452	501,797	791,430	967,133	541,551	992,829	838,030	1,648,661
Total General Expenditures	3,854,594	4,051,649	4,253,791	4,348,631	7,553,508	5,253,367	5,141,549	6,353,752	6,599,759	8,053,129
Debt Service										
Principal	\$ 263,446	\$ 252,034	\$ 156,335	\$ 155,660	\$ 174,654	\$ 224,417	\$ 240,906	\$ 1,348,405	\$ 181,736	\$ 260,153
Interest	124,469	107,337	94,935	87,485	136,152	223,417	211,988	202,624	246,635	111,017
Total Debt Service Expenditures	387,915	359,371	251,270	243,145	310,806	447,834	452,894	1,551,029	428,371	371,170
Total Expenditures	\$ 4,242,509	\$ 4,411,020	\$ 4,505,061	\$ 4,591,776	\$ 7,864,314	\$ 5,701,201	\$ 5,594,443	\$ 7,904,781	\$ 7,028,130	\$ 8,424,299
Debt Service as a Percentage of Noncapital Expenditures	10.71%	9.48%	6.39%	5.94%	4.39%	9.46%	8.96%	22.44%	6.92%	5.48%
Excess of Revenues Over (Under) Expenditures	\$ 840,686	\$ 637,664	\$ 566,900	\$ 892,421	\$ (2,039,371)	\$ 1,027,135	\$ 1,827,865	\$ 1,755,095	\$ 2,052,644	\$ 2,317,407
Other Financing Sources (Uses):										
Proceeds - Issuance of debt	\$ -	\$ -	\$ -	\$ -	\$ 3,208,700	\$ -	\$ -	\$ 720,000	\$ 433,000	\$ -
Refunding Bonds issued	-	-	-	-	-	-	-	-	2,549,000	-
Payment on Refunding Bonds	-	-	-	-	-	-	-	-	(2,570,000)	-
Operating transfer in	655,477	561,160	269,855	647,587	941,840	671,453	652,670	719,278	1,579,796	1,640,602
Operating transfer out	(1,393,744)	(1,386,046)	(1,065,046)	(1,585,725)	(1,912,300)	(1,765,844)	(1,806,499)	(2,199,402)	(2,817,239)	(3,295,057)
Transfers to record as amount due general fund	-	-	(75,000)	(125,900)	(100,900)	-	-	-	-	-
Total Other Financing Sources (Uses)	(738,267)	(824,886)	(870,191)	(1,064,038)	2,137,340	(1,094,391)	(1,153,829)	(760,124)	(825,443)	(1,654,455)
Net Changes in Fund Balance	\$ 102,419	\$ (187,222)	\$ (303,291)	\$ (171,617)	\$ 97,969	\$ (67,256)	\$ 674,036	\$ 994,971	\$ 1,227,201	\$ 662,952

Source: Annual financial statements of the City of Prineville

Note: Proceeds from the issuance of debt are as follows: City Hall (Note Payable 2004), CWSRL (Wastewater 2005), CWSRL and USDA (Wastewater and City Hall 2006), UAL Pension Obligation (OPERS 2014)

City of Prineville, Oregon
Program Revenues by Function / Program
Unaudited (Modified Accrual Basis of Accounting)
For the Last 10 Fiscal Years

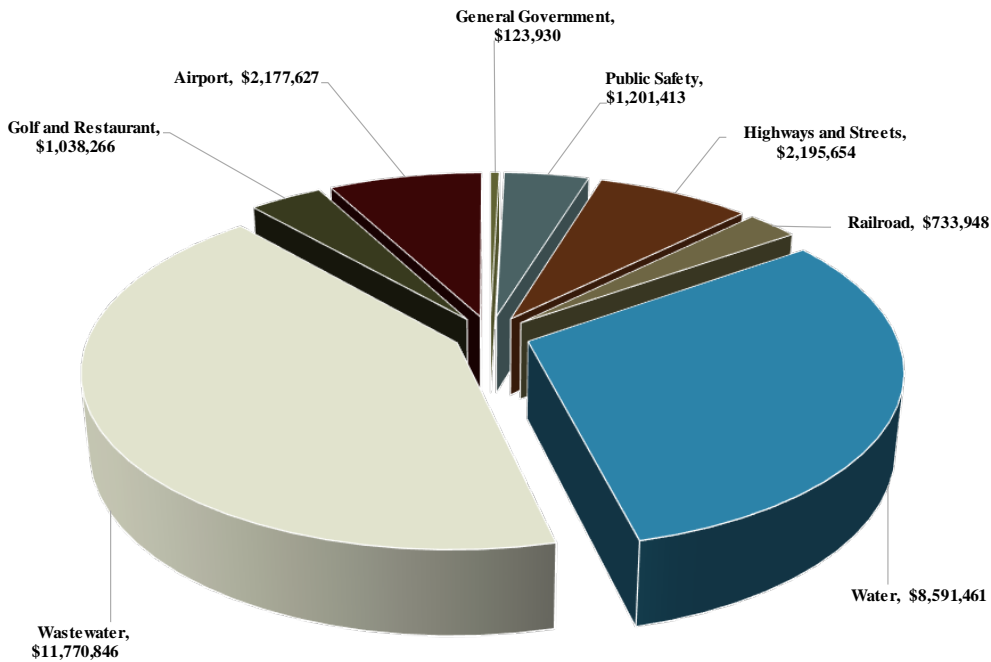
	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
General Government	\$ 750,743	\$ 610,763	\$ 526,764	\$ 575,793	\$ 693,655	\$ 165,927	\$ 203,993	\$ 224,543	\$ 113,703	\$ 123,930
Public Safety	530,450	575,645	647,987	645,333	598,721	807,171	811,367	997,562	1,042,513	1,201,413
Highways and Streets	936,363	949,802	1,060,317	1,081,407	1,133,238	1,221,957	1,363,242	1,299,529	1,504,901	2,195,654
Total Governmental Activities	\$ 2,217,556	\$ 2,136,210	\$ 2,235,068	\$ 2,302,533	\$ 2,425,614	\$ 2,195,055	\$ 2,378,602	\$ 2,521,634	\$ 2,661,117	\$ 3,520,997
Business-type Activities:										
Railroad	\$ 1,791,054	\$ 1,027,541	\$ 1,167,515	\$ 1,167,833	\$ 1,073,395	\$ 586,937	\$ 943,182	\$ 1,160,350	\$ 799,732	\$ 733,948
Water	2,018,223	1,680,770	2,128,207	2,254,944	4,438,792	2,183,160	2,781,035	2,976,606	6,689,985	8,591,461
Wastewater	3,706,050	3,237,114	4,111,336	3,500,055	3,164,476	3,208,361	4,081,021	6,268,420	9,394,751	11,770,846
Golf and Restaurant	1,068,103	1,038,372	982,824	1,018,414	1,059,556	1,132,478	1,143,167	1,092,074	1,123,087	1,038,266
Freight Depot	2,128,595	131,188	95,584	138,045	-	-	-	-	-	-
Airport	-	-	-	587,852	1,025,974	803,978	704,347	1,973,312	815,257	2,177,627
Other non Major	-	-	425,129	-	-	-	-	-	-	-
Total Business-type Activities	\$10,712,025	\$ 7,114,985	\$ 8,910,595	\$ 8,667,143	\$ 10,762,193	\$ 7,914,914	\$ 9,652,752	\$ 13,470,762	\$ 18,822,812	\$ 24,312,148
Total Primary Government	\$12,929,581	\$ 9,251,195	\$11,145,663	\$ 10,969,676	\$ 13,187,807	\$ 10,109,969	\$ 12,031,354	\$ 15,992,396	\$ 21,483,929	\$ 27,833,145

Source: Annual financial statements of the City of Prineville

FY 09 - the Freight Depot was built, but it became part of the Railroad in 2014.

FY 07 through FY 12 - Prineville-Crook County Airport was managed and operated by the County.

Program Revenues by Function/Program for 2019



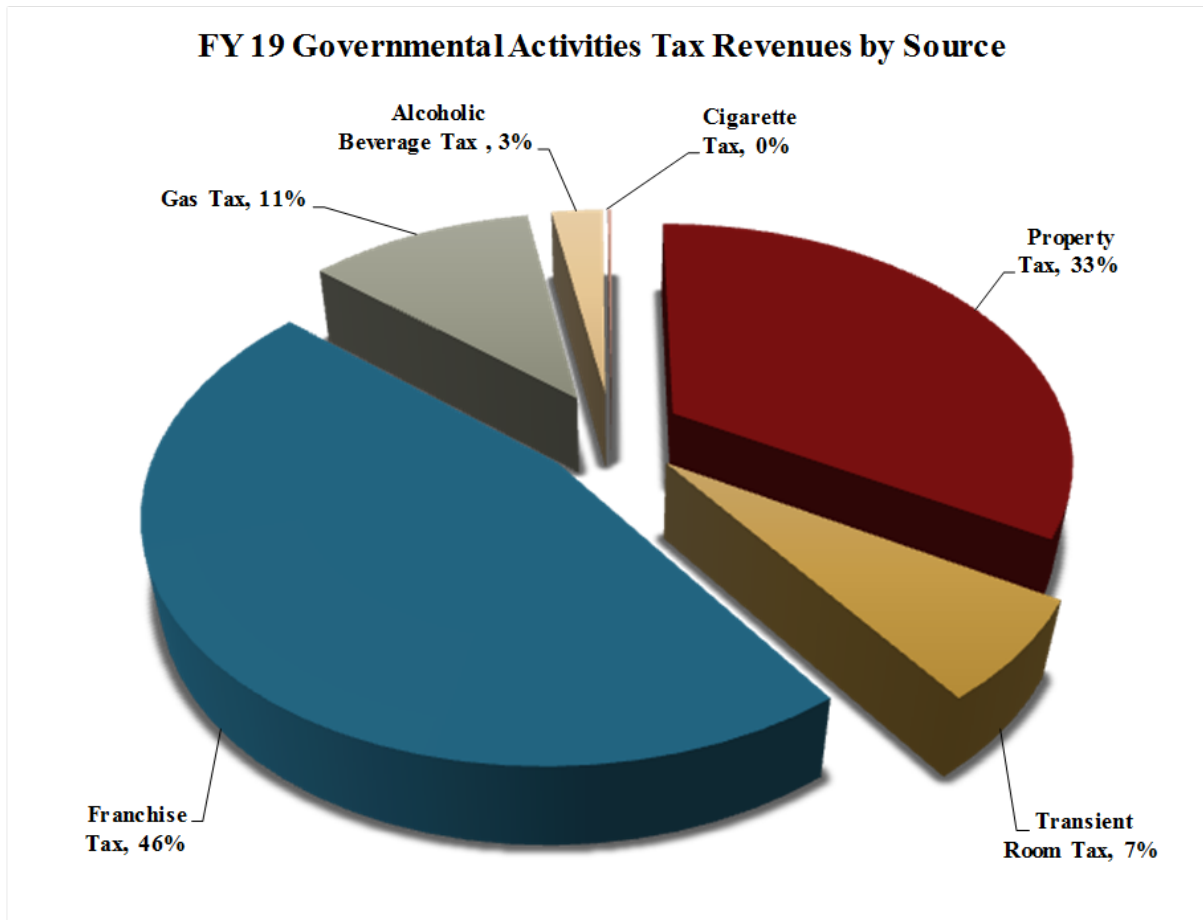
City of Prineville, Oregon
Governmental Activities Tax Revenue by Source
Unaudited (Modified Accrual Basis of Accounting)
For the Last 10 Fiscal Years

Fiscal Year	Property Tax	Transient Room Tax	Franchise Tax	Gas Tax	Alcoholic Beverage Tax	Cigarette Tax	
2010	\$1,829,845	\$149,374	\$ 779,429	\$426,185	\$117,006	\$ 15,174	\$3,317,013
2011	1,757,264	176,156	700,965	487,401	119,222	15,013	\$3,256,021
2012	1,614,099	179,945	1,117,583	499,368	118,226	13,525	\$3,542,746
2013	1,615,461	206,988	1,234,268	500,897	123,257	13,146	\$3,694,017
2014	1,676,516	191,015	1,703,395	529,069	129,692	12,457	\$4,242,144
2015	1,793,737	253,174	1,864,413	539,215	134,370	12,449	\$4,597,357
2016	1,843,406	315,677	2,085,847	557,424	135,430	12,430	\$4,950,215
2017	1,963,049	329,514	2,479,972	572,260	146,868	12,132	\$5,503,796
2018	2,071,555	339,003	2,740,102	624,833	156,046	12,033	\$5,943,572
2019	2,194,108	432,343	3,031,496	721,924	165,904	11,432	\$6,557,206

Source: Annual financial statements of the City of Prineville.

Gas, alcohol, and cigarette taxes are not directly assessed by the City of Prineville, but rather by the State of Oregon, then a portion is allocated to the City based upon population.

In FY 12 and 17, the electrical franchise fees generated from the new data centers began making a significant impact.



City of Prineville, Oregon
Assessed Value and Actual Value of Taxable Property
Unaudited
For the Last 10 Fiscal Years

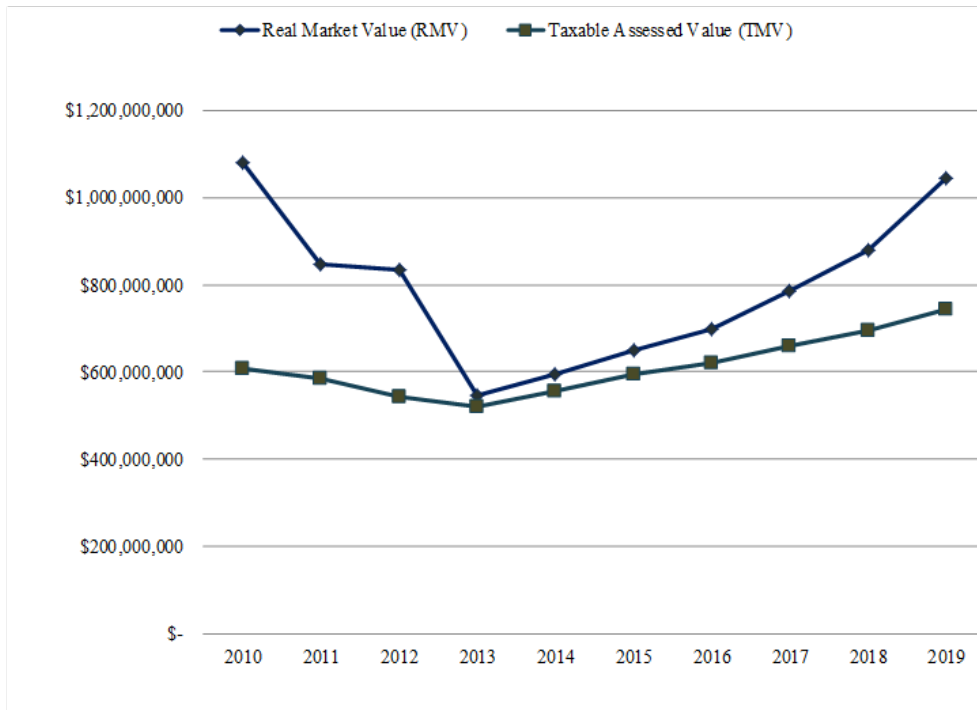
Fiscal Year	Real Property	Personal Property	Manufactured Property	Utility Property	Total Taxable Assessed Value (TMV)	Total Direct Tax Rate	Real Market Value (RMV)	Assessed Value as a % of Real Market Value (RMV)
2010	\$ -	\$ -	\$ -	\$ -	\$ 607,699,692	3.1541	\$ 1,078,578,670	56.343%
2011	-	-	-	-	584,966,591	3.1421	845,651,805	69.173%
2012	-	-	-	-	541,814,851	3.0225	835,246,297	64.869%
2013	-	-	-	-	522,014,110	3.0225	546,110,980	95.588%
2014	518,961,634	21,252,864	2,553,230	14,563,600	557,331,328	3.0225	596,659,061	93.409%
2015	552,573,421	21,488,831	2,999,145	17,852,000	594,913,397	3.0225	651,077,035	91.374%
2016	573,856,718	22,761,299	2,983,543	21,811,200	621,412,760	3.0225	698,143,446	89.009%
2017	609,351,601	25,730,561	3,669,789	20,968,800	659,720,751	3.0225	784,464,701	84.098%
2018	641,938,478	25,452,991	4,036,980	22,496,618	693,925,067	3.0225	877,909,589	79.043%
2019	686,225,060	27,945,603	5,116,303	23,106,200	742,393,166	3.0225	1,045,480,783	71.010%

Source: Crook County Assessor. Breakdown in property type from 2006 through 2013 is not available specific to the City.

The costs associated with breaking down the past information is not feasible. The assessor will begin breaking it down in 2014.

Note: The City's permanent tax rate is \$3.0225 per \$1,000 of assessed value.

The debt service levy is set annually in the amount required to fulfill debt obligations and is the difference between the total direct tax rate and the permanent rate. The City did not have an additional tax levy in FY 12 through FY 18.



City of Prineville, Oregon
Property Tax Rates – Direct and Overlapping Governments
Unaudited
For the Last 10 Fiscal Years

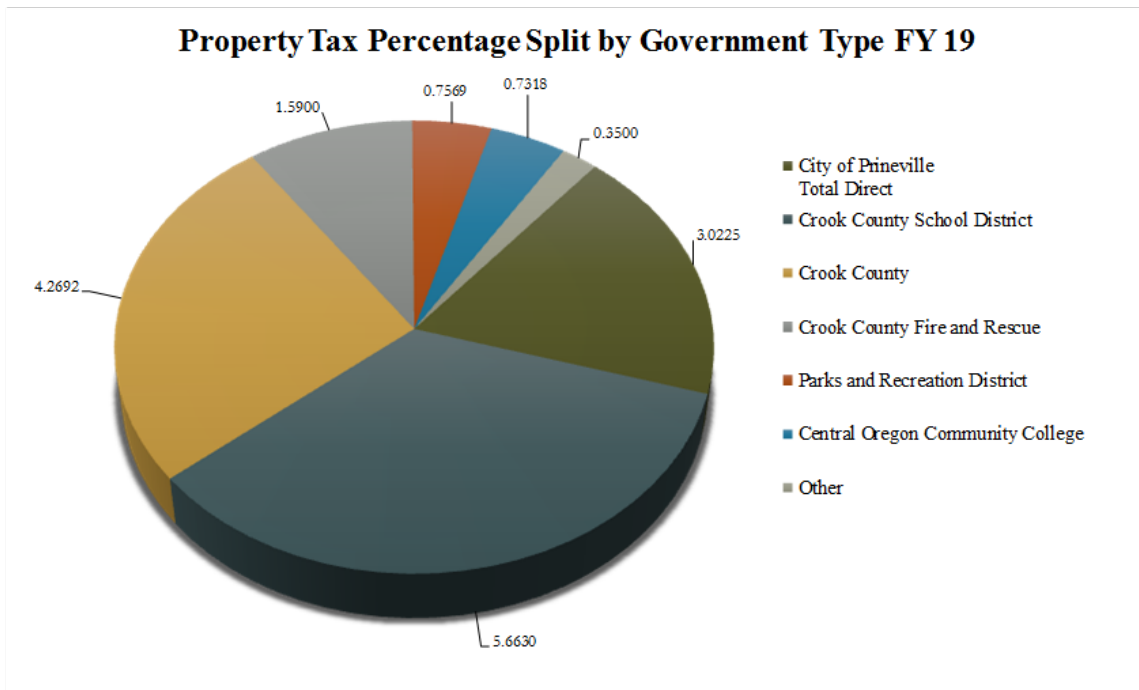
Fiscal Year	City Direct Rates			Overlapping Rates (b)						Total Direct and Overlapping Rate
	Permanent Tax Rate	Bonded Debt Tax Rate(a)	City of Prineville Total Direct	Crook County School District	Crook County	Crook County Fire and Rescue	Parks and Recreation District	Central Oregon Community College	Other	
2010	3.0225	0.1316	3.1541	5.8818	4.0496	1.5900	0.7569	0.6204	0.5279	16.5807
2011	3.0225	0.1196	3.1421	5.7755	4.0615	1.5900	0.7569	0.7338	0.5279	16.5877
2012	3.0225	0.0000	3.0225	5.8189	4.0088	1.5900	0.7569	0.7496	0.5879	16.5346
2013	3.0225	0.0000	3.0225	5.7059	4.0701	1.5900	0.7569	0.7539	0.5279	16.4272
2014	3.0225	0.0000	3.0225	5.7099	4.1617	1.5900	0.7569	0.7463	0.5495	16.5368
2015	3.0225	0.0000	3.0225	5.3817	4.5263	1.5900	0.7569	0.7400	0.6226	16.6400
2016	3.0225	0.0000	3.0225	5.5606	4.7052	1.5900	0.7569	0.7376	0.5754	16.9482
2017	3.0225	0.0000	3.0225	5.7504	4.1320	1.5900	0.7569	0.7425	0.3485	16.3428
2018	3.0225	0.0000	3.0225	5.7262	4.3765	1.5900	0.7569	0.7410	0.3769	16.5900
2019	3.0225	0.0000	3.0225	5.6630	4.2692	1.5900	0.7569	0.7318	0.3500	16.3834

Source: Crook County Assessor's Office

Notes: The bonded debt service levy is set annually in the amount required to fulfill debt obligations and is the difference between the total direct tax rate and the permanent rate.

(a) In fiscal year 2011, the General Obligation Bond for the City was paid in full. Currently, there are no plans to acquire bonded debt.

(b) Overlapping rates are those of local and county governments that apply to property owners within the City of Prineville. All of the above overlapping rates apply to the City of Prineville.



City of Prineville, Oregon
Principal Property Taxpayers
Unaudited
Current and Nine Years Ago

Taxpayer	FY 2019			FY 2010		
	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value***	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value
Les Schwab Warehouse & Tire Center Inc.	\$ 22,142,089	1	2.98%	\$ 37,011,332	1	6.090%
Apple Inc.	8,950,030	2	1.21%			
ET 101 LLC (Formally Contact Industries)	7,688,257	3	1.04%	8,621,148	2	1.419%
Property & Revenue Tax Manager	7,227,000	4	0.97%	3,205,000	8	0.527%
Vitesse LLC	7,066,586	5	0.95%			
Century Link	6,877,000	6	0.93%	3,745,500	6	0.616%
GA HC Reit II Prineville OR ALF LLC	4,840,331	7	0.65%	4,242,249	4	0.698%
Secure Storage of Prineville LLC	4,321,249	8	0.58%			
Taylor Northwest	4,088,457	9	0.55%			
Ochoco Lumber Company	3,722,367	10	0.50%			
Barney Brian and Laura				2,697,670	10	0.444%
WG Prineville LLC				6,600,515	3	1.086%
New System Ventures				3,943,120	5	0.649%
Prineville Hospitality LLC				2,898,000	9	0.477%
Grende Travis and Cindy				2,376,250	7	0.391%
Total	<u>\$ 76,923,366</u>		<u>10.362%</u>	<u>\$ 75,340,784</u>		<u>12.398%</u>
City Assessed Value	<u>\$ 742,393,166</u>			<u>\$ 607,699,692</u>		

*Taxable Assessed Values are estimates base on records provided by Crook County and research through the Property Assessment Taxation website <http://apps.lanecounty.org/PropertyAssessmentTaxationSearch/crook>

*Taxable Assessed Values only include property values within the City of Prineville's city limits.

***Percentage of Total City Taxable Assessed Value = Taxable assessed Value / City Assessed Value

Purpose: This schedule provide the user with basic information about the City's most significant revenue payers and the degree of dependence on a small number of payers.

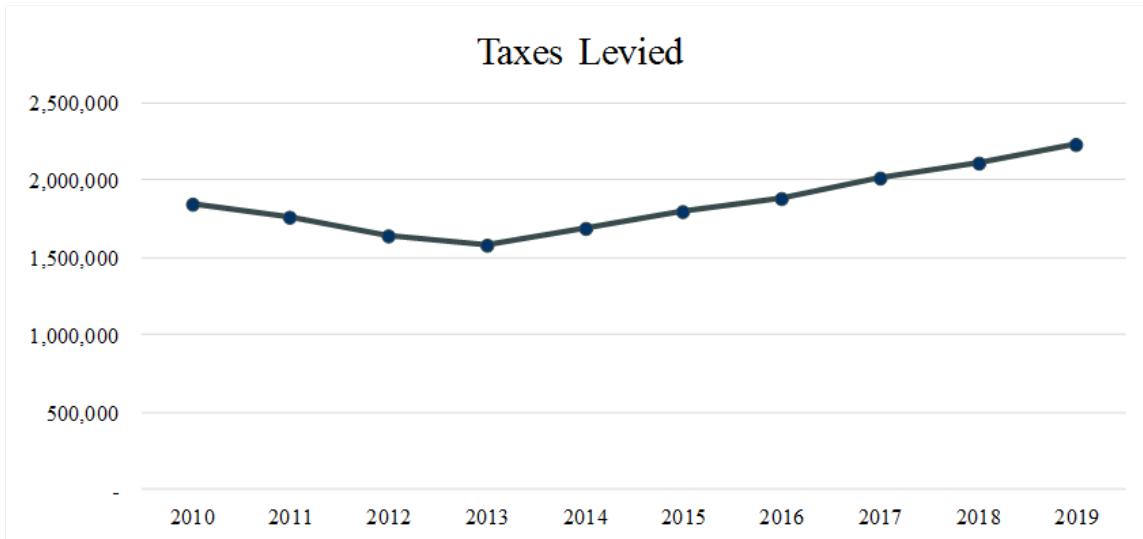
City of Prineville, Oregon
Property Tax Levies and Collections
Unaudited
For the Last 10 Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy (a)		Amount	Percentage of Levy (b)
2010	1,843,811	1,687,983	92%	119,756	1,807,739	98%
2011	1,767,835	1,613,133	91%	117,228	1,730,361	98%
2012	1,637,414	1,486,046	91%	113,908	1,599,954	98%
2013	1,577,563	1,476,165	94%	67,999	1,544,164	98%
2014	1,684,361	1,593,602	95%	52,679	1,646,282	98%
2015	1,803,653	1,713,778	95%	65,323	1,779,101	99%
2016	1,880,116	1,783,248	95%	65,944	1,849,192	98%
2017	2,009,479	1,900,706	95%	54,550	1,955,256	97%
2018	2,106,576	2,006,116	95%	41,322	2,047,438	97%
2019	2,234,192	2,131,765	95%	-	2,131,765	95%

Source: Annual financial statements of the City of Prineville and Crook County Assessor

- (a) Property tax levy adjustments include discounts taken plus or minus roll adjustments. Property taxpayers are granted a statutory 3% discount when taxes are paid in full by the November 15th due date.
- (b) Calculated as a percentage of the current year tax levy.

Purpose: Property taxes are the City's most significant own source of revenue. This schedule provides the user with basic information concerning property tax levy and collection ratios over time.



City of Prineville, Oregon
Ratios of Outstanding Debt by Type
Unaudited
For the Last 10 Fiscal Years

Governmental Activities

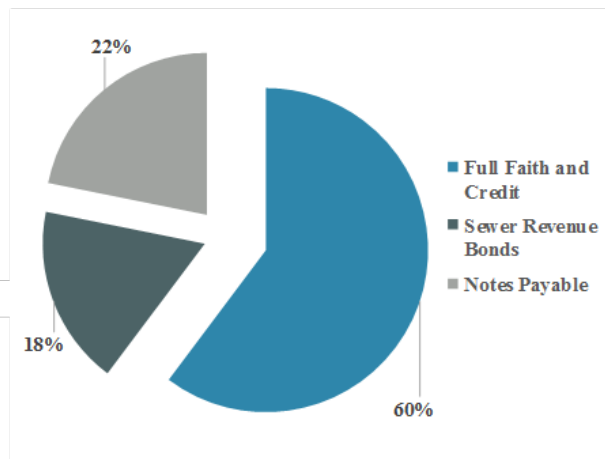
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Capital Leases	State Agencies	Notes Payable	Full Faith and Credit Obligations	Total Governmental Activities
2010	85,000	1,962,677	28,199	1,632,371	-	-	3,708,247
2011	-	1,798,419	3,105	1,596,809	-	-	3,398,333
2012	-	-	-	-	-	3,119,090	3,119,090
2013	-	-	-	-	258,700	2,924,780	3,183,480
2014	-	-	-	-	209,007	5,709,527	5,918,534
2015	-	-	-	-	158,311	5,491,382	5,649,693
2016	-	-	-	-	129,824	5,257,078	5,386,902
2017	-	-	-	-	98,555	4,632,720	4,731,275
2018	-	-	-	-	66,508	4,775,466	4,841,974
2019	-	-	-	-	33,663	8,158,611	8,192,274

Business-type Activities

Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Full Faith and Credit Obligations	State Agencies	Notes Payable	Capital Leases	Total Business-type Activities
2010	615,000	13,475,797	-	428,804	3,203,941	-	17,723,542
2011	580,000	12,430,465	-	367,253	2,541,793	-	15,919,511
2012	545,000	6,891,860	8,215,000	-	605,329	-	16,257,190
2013	505,000	6,504,435	8,085,000	-	480,220	-	15,574,655
2014	465,000	6,105,534	7,915,000	-	349,860	-	14,835,394
2015	425,000	5,694,820	7,882,841	-	390,869	-	14,393,530
2016	380,000	5,271,942	7,672,589	-	228,406	-	13,552,937
2017	335,000	4,836,541	7,392,342	-	4,827,208	-	17,391,091
2018	-	4,388,244	5,315,000	-	4,857,331	-	14,560,575
2019	-	3,926,670	5,054,000	-	4,756,156	-	13,736,826

Total Primary Government

Fiscal Year	Total Primary Government	Percentage of Income	Per Capita
2010	21,431,789	6.56%	2,300
2011	19,317,844	5.64%	2,086
2012	19,376,280	5.20%	2,096
2013	18,758,135	5.04%	2,024
2014	20,753,928	5.32%	2,211
2015	20,043,223	4.96%	2,119
2016	18,939,839	4.60%	1,964
2017	22,122,366	7.36%	2,228
2018	19,402,549	6.20%	1,964
2019	21,929,100	6.60%	2,191



Source: Annual financial statements of the City of Prineville

Details regarding the City's outstanding debt can be found in the Management's Discussion and Analysis, in the Notes to the Financial Statements, and in Other Financial Schedules.

City of Prineville, Oregon
Ratios of General Bonded Debt Outstanding
Unaudited
For the Last 10 Fiscal Years

Fiscal Year	General Bonded Debt Outstanding				Amounts Restricted for Debt Service	Net General Bonded Debt Outstanding	Assessed Value	Ratio of Bonded Debt to Assessed Value	Population	General Bonded Debt Per Capita
	Full Faith and Credit Obligation Bonds	General Obligations	Limited Tax Improvement Bonds	Total						
2010*	3,204,323	85,000	1,962,677	5,252,000	105,000	5,147,000	607,699,692	0.86%	9,320	563.52
2011*	2,501,581	-	1,798,419	4,300,000	105,000	4,195,000	584,966,591	0.74%	9,260	464.36
2012	11,334,090	-	-	11,334,090	105,000	11,229,090	541,814,851	2.09%	9,245	1,225.97
2013	11,009,780	-	-	11,009,780	105,000	10,904,780	522,014,110	2.11%	9,270	1,187.68
2014	13,624,527	-	-	13,624,527	105,000	13,519,527	557,331,328	2.44%	9,385	1,451.73
2015	13,374,223	-	-	13,374,223	105,000	13,269,223	594,913,397	2.25%	9,385	1,425.06
2016	12,929,667	-	-	12,929,667	105,000	12,824,667	621,412,760	2.08%	9,645	1,340.56
2017	12,025,062	-	-	12,025,062	105,000	11,920,062	659,720,751	1.82%	9,928	1,211.23
2018	10,090,466	-	-	10,090,466	105,000	9,985,466	693,925,067	1.45%	9,880	1,021.30
2019	13,328,362	-	-	13,328,362	105,000	13,223,362	742,393,166	1.80%	10,010	1,331.50

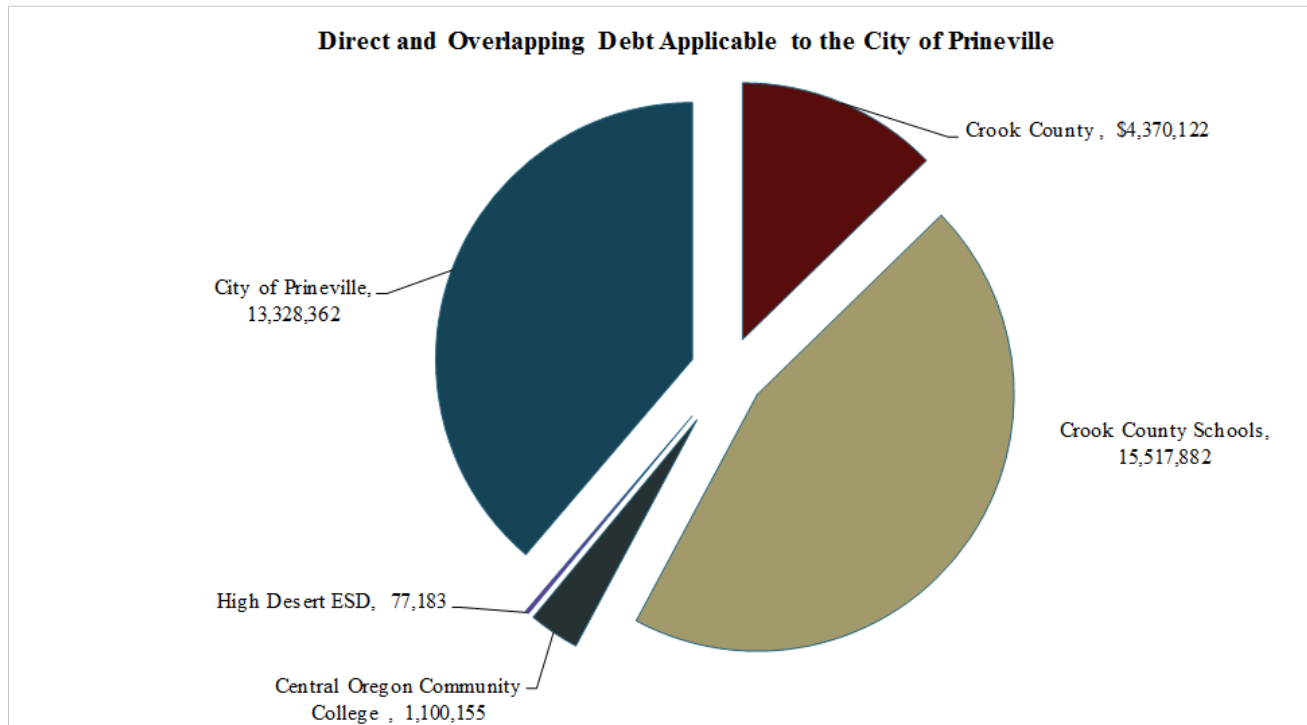
*Before 2012 debt reporting was broken out differently than it is done today. General bonded debt outstanding breakdown is estimated for years: 2010 and 2011.

City of Prineville, Oregon
Direct and Overlapping Debt
Unaudited

As of June 30, 2019

Governmental Unit	Overlapping District Real Market Value	Tax-supported Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes				
Crook County	\$ 3,212,690,122	\$ 13,430,000	32.54%	\$ 4,370,122
Crook County Schools	3,242,840,767	48,132,389	32.24%	15,517,882
Central Oregon Community College	48,545,466,848	51,170,000	2.15%	1,100,155
High Desert ESD	44,927,797,161	3,312,568	2.33%	77,183
Crook County Fire and Rescue	3,008,801,943	820,000	34.75%	284,950
Subtotal Overlapping Debt	\$ 102,937,596,841	\$ 116,864,957		21,350,292
Direct debt outstanding:				
City of Prineville	1,045,480,783	13,328,362	100.00%	13,328,362
Total direct and overlapping debt				\$ 34,678,654

Source: Oregon State Treasury Overlapping Debt report for the City of Prineville as of 6/30/19 and annual financial statements from the City of Prineville



City of Prineville, Oregon
Legal Debt Margin Information
Unaudited
For the Last 10 Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 32,357,360	\$ 25,369,554	\$ 25,057,389	\$ 16,383,329	\$ 17,899,772	\$ 19,532,311	\$ 20,944,303	\$ 23,533,941	\$ 26,337,288	\$ 31,364,423
Total net debt applicable to limit	85,000	-	-	-	2,889,882	2,695,000	3,993,207	3,409,649	4,610,167	7,781,205
Debt margin	\$ 32,272,360	\$ 25,369,554	\$ 25,057,389	\$ 16,383,329	\$ 15,009,890	\$ 16,837,311	\$ 16,951,096	\$ 20,124,292	\$ 21,727,121	\$ 23,583,218
Total net debt applicable to the limit as a percentage of debt limit	0.3%	0.0%	0.0%	0.0%	16.1%	13.8%	19.1%	14.5%	17.5%	24.8%

Legal Debt Margin Calculation for Fiscal Year 2019

Total real market value of real estate within Prineville	\$1,045,480,783
Debt limitation - 3% of total real market value	<u>3.0%</u>
Legal debt limit	<u>\$31,364,423</u>
Amount of debt applicable to debt limit	\$ 21,929,101
Less debt excluded from debt limit:	
Full faith and credit obligations	\$ (6,172,386)
Revenue bonds	<u>\$ (7,870,510)</u>
Total general obligation bonded debt	\$ 7,886,205
Less: amount held for repayment of principal	<u>\$ (105,000)</u>
Net amount of debt applicable to debt limit	<u>\$ 7,781,205</u>
Legal debt margin	<u>\$23,583,218</u>

- (1) Oregon Revised Statutes (ORS) 287A.050 states: "Unless a lesser limitation upon the issuance of bonds has otherwise been provided by law or charter, no city shall issue or have outstanding at any one time bonds in excess of three percent of real market value of all taxable property within its boundaries, computed in accordance with ORS 308.207, after deducting for outstanding bonds such cash funds and sinking funds as are applicable to the payment of principal thereof."
- (2) Oregon Revised Statutes (ORS) 287A.001(3) states: "Bonds" means (a) a contractual undertaking or instrument of a public body to repay borrowed moneys; (b) does not mean a credit enhancement device.

City of Prineville, Oregon
Pledged Revenue Coverage
Unaudited
For the Last 10 Fiscal Years

Fiscal Year Ended June 30,	Gross Revenues	Less Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Wastewater							
2010	3,698,450	1,579,204	2,119,246	1,004,174	450,549	1,454,723	1.46
2011	3,237,114	1,704,222	1,532,892	1,045,332	413,764	1,459,096	1.05
2012	3,725,711	2,111,931	1,613,780	407,426	407,188	814,614	1.98
2013	3,269,055	2,068,006	1,201,049	407,500	407,200	814,700	1.47
2014	3,164,486	1,518,412	1,646,074	458,900	395,314	854,214	1.93
2015	3,208,361	1,663,175	1,545,186	490,714	385,642	876,356	1.76
2016	3,952,199	1,731,903	2,220,296	507,878	358,767	866,645	2.56
2017	5,850,679	1,938,683	3,911,996	560,401	352,063	912,464	4.29
2018	9,251,289	2,035,973	7,215,316	6,709,395	380,877	7,090,272	1.02
2019	11,757,992	2,327,502	9,430,490	656,516	313,514	970,030	9.72

Source: Annual financial statements of the City of Prineville

Fiscal Year Ended June 30,	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Water							
2010	1,525,123	1,204,948	320,175	35,000	126,444	161,444	1.98
2011	1,652,313	1,154,276	498,037	235,000	115,690	350,690	1.42
2012	1,756,619	1,268,119	488,500	35,000	138,525	173,525	2.82
2013	1,833,269	1,339,991	493,278	140,000	139,241	279,241	1.77
2014	2,001,548	1,262,506	739,042	140,000	135,541	275,541	2.68
2015	2,183,160	1,423,363	759,797	140,000	135,541	275,541	2.76
2016	2,554,213	1,491,150	1,063,063	150,000	124,243	274,243	3.88
2017	2,597,543	1,645,144	952,399	160,000	118,676	278,676	3.42
2018	6,537,222	1,672,498	4,864,724	500,408	87,862	588,270	8.27
2019	8,522,709	2,367,439	6,155,270	101,990	60,818	162,808	37.81

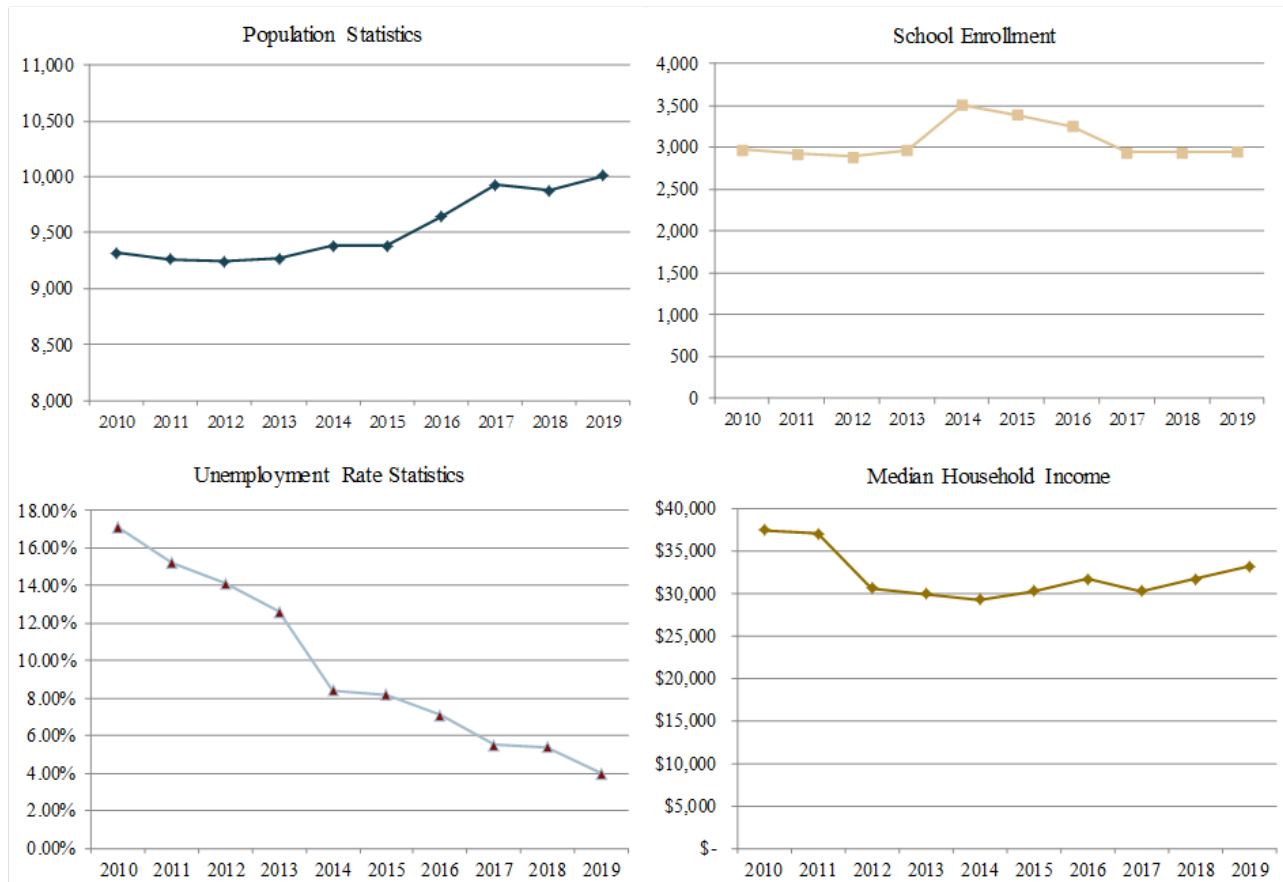
Source: Annual financial statements of the City of Prineville

City of Prineville, Oregon
Demographic and Economic Statistics
Unaudited
For the Last 10 Fiscal Years

Fiscal Year	Population	Total RMV	Median Household Income	School Enrollment	Unemployment Rate
2010	9,320	1,078,578,670	37,424	2,977	17.10%
2011	9,260	845,651,805	37,034	2,921	15.20%
2012	9,245	835,246,297	30,628	2,885	14.10%
2013	9,270	546,110,980	29,959	2,964	12.60%
2014	9,385	596,659,061	29,249	3,508	8.40%
2015	9,385	651,077,035	30,291	3,391	8.20%
2016	9,645	698,143,446	31,669	3,250	7.10%
2017	9,928	784,464,701	30,291	2,936	5.50%
2018	9,880	877,909,589	31,669	2,942	5.40%
2019	10,010	1,045,480,783	33,195	2,946	4.00%

*Information not available yet

Source: Census Bureau, Oregon Employment Department, PSU Population Research Center, Business Oregon website, Crook County Assessor and Oregon Economic Development of Central Oregon



City of Prineville, Oregon
Principal Employers
Unaudited
Current and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Rosendin Electric Inc.	609	1	14.32%			
Les Schwab Distribution Facility	425	2	10.00%	532	1	*
Crook County School District	382	3	8.98%			
Facebook Data Center	350	4	8.23%			
Brasada Ranch	280	5	6.59%	79	10	*
Contact Industries / Endura Products	270	6	6.35%	212	2	*
St. Charles Prineville	228	7	5.36%			
Crook County	213	8	5.01%	141	8	*
Bureau of Land Management	160	9	3.76%	167	7	*
Western Heavy Haul & SMAF	142	10	3.34%			
Central Oregon Trucking				204	3	*
Mid Oregon Personnel				200	4	*
Ochoco National Forest				180	5	*
Woodgrain Millwork				178	6	*
Pioneer Memorial Hospital				125	9	*
Total	3,059		71.94%	2,018		*

**Information not available*

Source: EDCO and 2010 Prineville Area Profile by EDCO.

City of Prineville, Oregon
Full-time Equivalent City Government Employees by Function
Unaudited
For the Last 10 Fiscal Years

Function / Program	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police	19.66	17.66	18.41	18.16	18.73	18.73	19.07	19.41	19.41	21.41
Dispatch	10.33	9.33	9.33	9.08	9.08	9.08	10.40	11.06	10.75	10.75
Planning	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Works										
Streets	2.00	2.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Water	4.00	4.00	4.00	-	-	-	-	-	-	-
Sewer	3.00	3.00	3.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
PW Administration	5.00	5.00	5.25	10.25	10.25	10.25	12.00	12.00	12.00	13.00
Railroad	5.00	4.00	3.00	3.00	2.00	3.00	3.00	3.00	4.00	3.00
Freight Depot	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Dinner Train	-	-	-	-	-	-	-	-	-	-
Airport	-	-	1.00	1.00	1.00	2.00	2.00	2.00	2.00	1.00
Golf	6.00	6.00	6.00	6.00	6.00	7.00	7.00	5.00	5.00	5.00
General Government										
Administration	11.75	10.75	11.00	11.00	11.50	11.50	11.50	12.00	12.00	11.00
Total FTEs	69.74	64.74	66.49	65.49	65.56	67.56	69.97	69.47	70.16	70.16
City Population	9,320	9,260	9,245	9,270	9,385	9,385	9,645	9,928	9,880	10,010
FTEs per 1,000 of Population	0.0075	0.0070	0.0072	0.0071	0.0070	0.0072	0.0073	0.0070	0.0071	0.0070

Source: City of Prineville's Finance department and EDCO website (<https://edcoinfo.com/communities/prineville/>)

In FY 17, the Golf Course did an employee restructuring.

In FY 13, utility workers non-specific to a certain PW department were moved to PW Administration in order to track time more efficiently.

In FY 12, the City took over management of the Prineville / Crook County Airport. Prior to this it did not have staff.

City of Prineville, Oregon
Operating Indicators by Function
Unaudited
For the Last 10 Fiscal Years

Function / Program	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
Public Safety*										
Seatbelt	57	49	50	15	23	11	4	8	11	29
Speeding	67	59	42	40	33	17	26	20	36	13
Motor vehicle accidents/accidents	239	208	207	241	270	203	186	162	126	49
Community development										
Residential applications	27	15	25	34	51	54	76	134	119	129
Commercial applications	27	27	26	40	34	44	27	43	33	33
SDC Fees collected	\$ 1,190,765	\$ 114,900	\$ 614,827	\$ 360,041	\$ 254,850	\$ 592,466	\$ 843,658	\$ 652,333	\$ 8,679,175	\$ 11,439,765
Business-type activities:										
Water										
Service connections	3,460	3,466	3,469	3,470	3,504	3,506	3,556	3,665	3,758	3,806
Average monthly consumption (units)	46,072	45,923	47,860	52,238	51,977	54,211	65,674	58,807	61,044	64,523
Water Rates	\$ 13.45	\$ 13.45	\$ 14.88	\$ 15.77	\$ 16.24	\$ 17.21	\$ 17.73	\$ 18.26	\$ 18.81	\$ 17.87
Sanitary sewer										
Service connections	3,588	3,589	3,591	3,592	3,592	3,615	3,653	3,718	3,791	3,863
Average daily sewage treatment	1,028,000	1,165,000	961,000	947,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Sewer Rates	\$ 50.99	\$ 50.99	\$ 48.44	\$ 46.84	\$ 48.25	\$ 49.70	\$ 51.81	\$ 53.73	\$ 55.72	\$ 52.93
Golf										
Rounds of play	28,631	27,262	26,433	26,707	27,900	28,044	27,135	23,313	23,564	23,682
Pro shop sales	\$ 72,587	\$ 56,308	\$ 62,269	\$ 72,650	\$ 85,177	\$ 98,716	\$ 94,638	\$ 90,725	\$ 95,080	\$ 110,868
Railroad										
Freight revenue	\$ 271,135	\$ 341,315	\$ 271,402	\$ 278,673	\$ 212,167	\$ 236,040	\$ 339,255	\$ 336,765	\$ 306,355	\$ 261,990
Airport**										
Fuel Sales	\$ -	\$ -	\$ 293,684	\$ 455,949	\$ 566,868	\$ 507,296	\$ 519,490	\$ 427,078	\$ 403,692	\$ 488,283

These are estimated statistics based upon the best historic information available.

Source: City of Prineville's Finance Department, City of Prineville Planning Department and City of Prineville Police Department

**Public Safety records are based on a calendar year. Year-to-date information showing for 2019 as of October 22, 2019.*

***The Airport is a joint venture between the City and Crook County. The operating responsibilities was given to the City in September 2011.*

City of Prineville, Oregon
Capital Asset Statistics by Activity
Unaudited
For the Last 10 Fiscal Years

Activities	Fiscal Year Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	12	12	11	12	15	15	15	17	23	20
Streets										
Street (center lane miles)	55.0	55.0	55.6	55.6	56.9	56.9	56.9	56.9	57.7	57.7
Sidewalks	29.0	29.0	30.0	30.0	31.5	33.4	35.8	35.8	36.6	36.6
Water										
Lineal miles of system	41	42	42	43	43	48	48	48	48	48
Treatment capacity (1,000 gal. MGD)	4.5	4.5	4.5	4.50	4.50	6.00	6.00	6.00	6.00	6.00
Sewer										
Lineal miles of system	38	39	39	40	44	44	44	44	44	44
Treatment capacity (MGD)	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	2.37	2.37
Railroad										
Diesel Locomotives	3	3	3	3	4	4	4	4	4	4
Steam Locomotives**	1	1	1	1	1	1	1	1	1	1
Cars	9	9	9	9	9	8	8	8	8	8
Main track (miles)	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01
Yard track (miles)	2.17	2.12	2.46	2.46	2.46	2.46	2.46	2.46	2.46	2.46
Industrial track (miles)	2.18	2.18	2.18	2.45	2.45	2.45	2.45	2.45	2.45	2.45
Transload facilities***	1	1	1	2	2	2	2	2	2	2
Public team track (acres)	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Airport****										
Runways	2	2	2	2	2	2	2	2	2	2
Terminal	1	1	1	1	1	1	1	1	1	1
Golf										
Club House	1	1	1	1	1	1	1	1	1	1
18 Hole course	1	1	1	1	1	1	1	1	1	1

**The Mount Emily Shay #1 Steam Powered Locomotive has been operated by the City of Prineville Railway since 1994, but is owned by the Oregon Historical Society.

***The construction of a second trans load facility was completed in FY 13 at the Prineville Junction.

****The Prineville / Crook County Airport is a joint venture between the City and the County where the capital assets are owned by the County and the City currently manages the operations.

From 1998 to 2011, the Airport was governed by a five member commission created in an agreement between the City and County.

Capital asset information provided by department heads.

Compliance Section

Independent Auditor's Comments as Required by State of Oregon Regulations



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**City of Prineville, Oregon
Independent Auditor's Comments**

Year Ended June 30, 2019



PAULY, ROGERS, AND CO., P.C.
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(503) 620-2632 ♦ (503) 684-7523 FAX
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November 22, 2019

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Prineville as of and for the year ended June 30, 2019, and have issued our report thereon dated November 22, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Prineville' 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.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Prineville 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.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

City of Prineville, Oregon
Independent Auditor's Comments

Year Ended June 30, 2019

Independent Auditors' Report Required by Oregon State Regulations

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



Kenneth Allen, CPA

Municipal Auditor

PAULY, ROGERS AND CO., P.C.



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