



City of
Prineville, Oregon

Comprehensive Annual Financial Report

Year Ended June 30, 2018





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**City of Prineville, Oregon
Comprehensive Annual Financial Report
Year Ended June 30, 2018**

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 of Prineville

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December 21, 2018



City Manager Steve Forrester

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, 2018.

This report presents the financial position of the City as of June 30, 2018 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, 2018. The independent auditor’s 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 9,880. 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 twenty 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.

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. Recently, 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 largest employers in Prineville include Les Schwab Distribution Facility, Crook County School District, Brasada Ranch, Contact Industries, St. Charles Health Systems, Crook County, Facebook Data Center, Western Heavy Haul & SMAF, Ochoco National Forest, and Bureau of Land Management. 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 fiscal year 2019 budget, certain utility rate fee decreases with some increase to large commercial users were approved by the City Council with the support of the Citizens' Budget Committee and the Finance Committee. Effective in July 2018 residential and commercial customers utilizing a three-quarter-inch meter will experience a 3 to 4 percent rate reduction while commercial customers will experience a base water rate reduction proportional to a reduction in included consumption. Sewer rates will be adjusted in a fashion similar to water rates to incentivize conservation. For residential and small commercial customers monthly rates will be reduced 5 percent. Large commercial customers will experience a base rate reduction while commodity charges will increase.

In regards to the City's long-term debt obligations, the City had a total of \$19.4 million in long-term debt obligations including \$14.3 million in full faith and credit obligations which includes \$4 million in federal funds, the City also has \$5.1 million in revenue bonds 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".

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 and restaurant 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 fiscal year 2019, 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 Dean Noyes, 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 2017 report. 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 2017-18 budget document from the GFOA, making it the twelfth 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.

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.



Liz Schuette, Finance Director

Respectfully submitted,

A blue ink signature of Steve Forrester.

Steve Forrester
City Manager

A blue ink signature of Liz Schuette.

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, 2017

Christopher P. Morrill

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 Betty Roppe



Councilor Jason Beebe



Councilor Gail Merritt



Councilor Dean Noyes



Councilor Teresa Rodriguez



Councilor Jeff Papke



Council President Steve Uffelmann

Elected Officials	Term Expires
Betty Roppe, Mayor	December 31, 2018
Jason Beebe, Councilor	December 31, 2020
Gail Merritt, Councilor	December 31, 2020
Dean Noyes, Councilor	December 31, 2018
Jeff Papke, Councilor	December 31, 2018
Teresa Rodriguez, Councilor	December 31, 2020
Steve Uffelman, Councilor	December 31, 2018

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

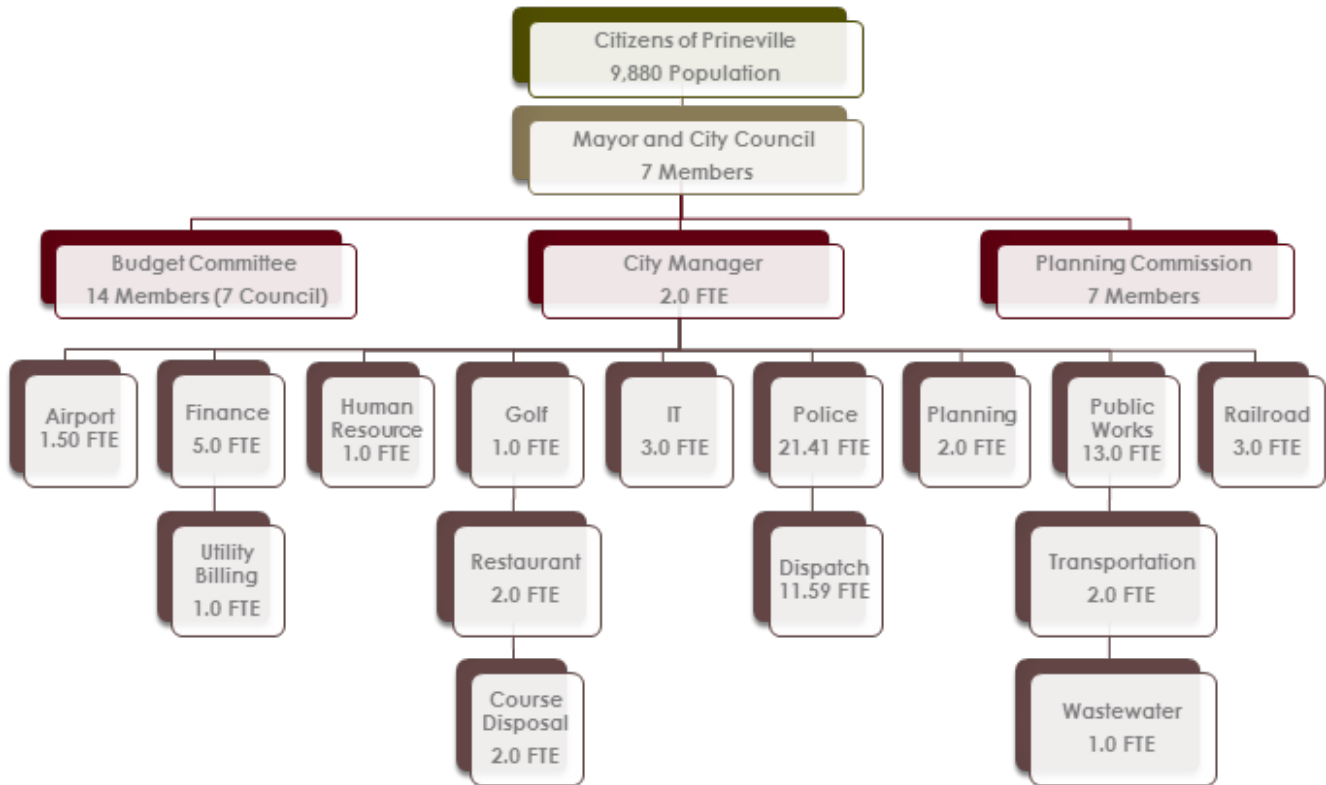
City Hall

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City of Prineville, Oregon Organization Chart

Year Ended June 30, 2018





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Financial Section

Independent Auditor's Report Management's Discussion and Analysis



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12700 SW 72nd Ave. ♦ Tigard, OR 97223
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November 26, 2018

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

Management's Responsibility for the Financial Statements

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

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, 2018, 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 26, 2018, 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.

A handwritten signature in black ink, appearing to read "Ken Allen".

Kenneth Allen, CPA
Municipal Auditor

PAULY, ROGERS AND CO., P.C.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2018

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, 2018. 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 \$93.7 million at June 30, 2018, consisting of \$75.2 million in capital assets, \$13.4 million in cash and investments, \$561,300 in restricted cash and investments, and \$4.6 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$8.7 million from the previous fiscal year.
- The City's liabilities and deferred inflows of resources totaled \$27.4 million at June 30, 2018 consisting of \$23.9 million in long-term liabilities and \$2.4 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 \$66.3 million at the close of fiscal year 2017-18, an increase of \$11.4 million over the prior year. Unrestricted net position totaled \$4.6 million with the remainder of the City's net position invested in capital assets totaling \$58.3 million, capital projects \$1.5 million, streets and highways and debt service \$1.8 million.
- For its governmental activities, the City generated \$650,523 in charges for services and received \$2 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$9.8 million for the year, resulting in a net direct expense of \$7.2 million. \$6.4 million in general revenues were received and \$2.8 million in transfers, resulted in a change in net position of \$2,026,090.
- For its business-type activities, the City generated \$18.6 million in charges for services, operating and capital grants and contributions to fund direct expenses totaling \$257,910. Expenses for business-type activities totaled \$6.6 million resulting in a change to net position of 9.7 million.
- Fund balance in the City's governmental funds was \$4.7 million at June 30, 2018, an increase of \$1.2 million from June 30, 2017.
- The City's total long term debt decreased \$2.7 million during the fiscal year ended June 30, 2018. The City issued new debt totaling \$4.5 million, refunded debt obligations totaling \$9 million, paying principal reductions in the amount of \$16.3 million for previously issued debt.
- Debt per capita decreased from \$2,247 to \$1,964 (14 percent), with a City population of 9,880.

City of Prineville, Oregon
Management's Discussion and Analysis

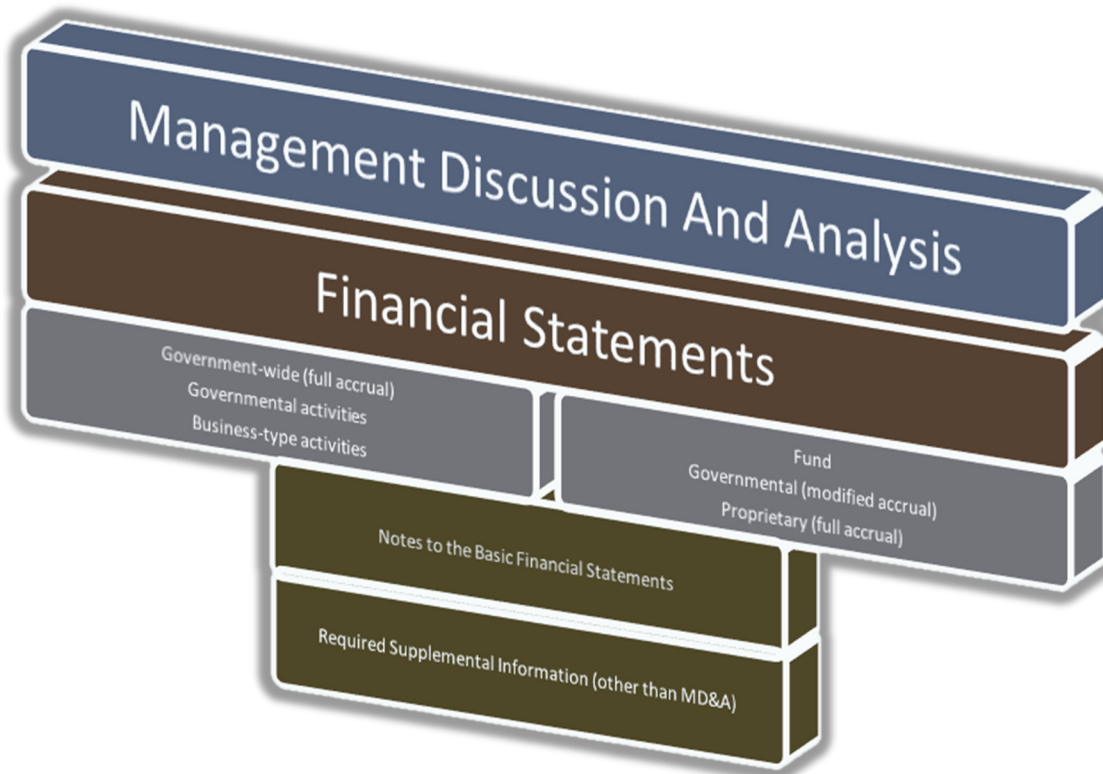
Year Ended June 30, 2018

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, 2018. 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 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.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2018

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 31 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 six individual governmental funds and three internal service funds performing governmental activities during the fiscal year ended June 30, 2018. 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, local improvement district debt service, 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 33-35 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 and restaurant operations. Internal service 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.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2018

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 and restaurant operations.

The “Basic Proprietary Funds Financial Statements” can be found beginning on page 39.

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.

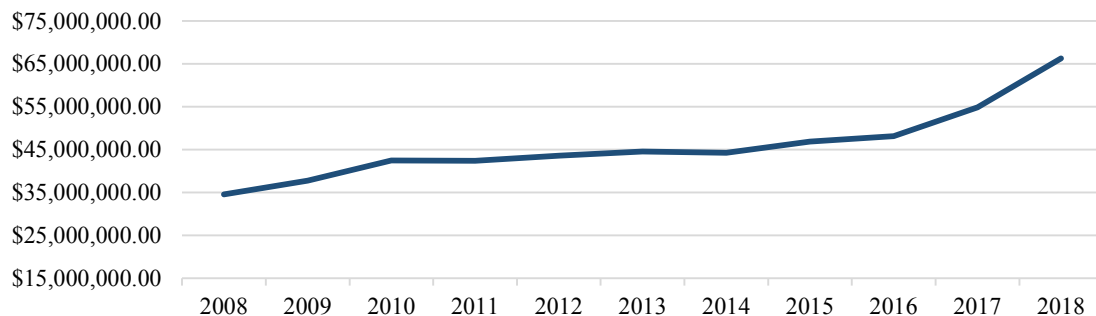
Statement of Net Position

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 \$66.3 million at June 30, 2018.

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, \$58.3 million, 88 percent (87.9%) of total position. The City’s net investment in capital assets in water and wastewater utilities represent approximately 50 percent (49.5%) of total capital assets.

- The net position of the governmental funds equaled \$15.1 million, an increase of \$1.7 million or 9 percent (8.8%) over the prior year-end balance.
- The net position in the water utility totaled \$15.4 million, an increase of \$4.3 million or approximately 7 percent (7.2%) over the prior year-end balance.
- The net position in the wastewater utility totaled \$24.4 million, an increase of \$5.6 million or roughly 8 percent (7.7%) over the prior year-end balance.
- The net position in the railroad totaled \$8.1 million, a decrease of \$299,700 over prior year, or 4 percent (3.5%) from the prior year-end balance.
- The net position in the golf course fund totaled \$1.2 million, an increase of \$9,900 or roughly 1 percent (0.08%) from the prior year-end balance.

Total Net Position



City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2018

The City's net position includes approximately \$3.3 million (5 percent) that is restricted, debt service \$561,300, transportation operations \$1,286,944, and capital projects \$1,499,223. The remaining net position of \$4.59 million may be used to meet the City's ongoing obligations to citizens and creditors.

Net Position at June 30, 2018 and 2017

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 7,159,934	\$ 5,967,336	\$ 8,625,281	\$ 5,060,312	\$ 15,785,215	\$ 11,027,648
Non-current assets	105,000	105,000	456,300	304,000	561,300	409,000
Capital assets	17,056,204	15,204,093	58,139,431	54,773,549	75,195,635	69,977,642
Total assets	<u>24,321,138</u>	<u>21,276,429</u>	<u>67,221,012</u>	<u>60,137,861</u>	<u>91,542,150</u>	<u>81,414,290</u>
Deferred outflows	2,187,242	3,647,384	-	-	2,187,242	3,647,384
Total assets and deferred outflows	<u>26,508,380</u>	<u>24,923,813</u>	<u>67,221,012</u>	<u>60,137,861</u>	<u>93,729,392</u>	<u>85,061,674</u>
Current liabilities	1,064,678	614,469	1,392,428	986,374	2,457,106	1,600,843
Long-term debt - net of current portion	9,306,983	9,646,703	14,560,575	17,561,318	23,867,558	27,208,021
Total liabilities	<u>10,371,661</u>	<u>10,261,172</u>	<u>15,953,003</u>	<u>18,547,692</u>	<u>26,324,664</u>	<u>28,808,864</u>
Deferred inflows	1,128,644	1,351,640	-	-	1,351,640	1,351,640
Total liabilities and deferred inflows	<u>11,500,305</u>	<u>11,612,812</u>	<u>15,953,003</u>	<u>18,547,692</u>	<u>27,676,304</u>	<u>30,160,504</u>
Net investment in capital assets	14,763,230	13,042,818	43,578,856	37,382,458	58,342,086	50,425,276
Restricted	1,391,944	893,567	1,955,523	351,491	3,347,467	1,245,058
Unrestricted	<u>(1,147,099)</u>	<u>(625,384)</u>	<u>5,733,630</u>	<u>3,856,220</u>	<u>4,586,531</u>	<u>3,230,836</u>
Total net position	<u>15,008,075</u>	<u>13,311,001</u>	<u>51,268,009</u>	<u>41,590,169</u>	<u>66,276,084</u>	<u>54,901,170</u>
Total net position, liabilities and deferred inflows	<u>\$ 26,508,380</u>	<u>\$ 24,923,813</u>	<u>\$ 67,221,012</u>	<u>\$ 60,137,861</u>	<u>\$ 93,952,388</u>	<u>\$ 85,061,674</u>

Overall, the City increased its net position by \$11.4 million during fiscal year 2018 while also continuing to make investments in capital infrastructure, reduce its other outstanding debt obligations, and control operational spending. The \$9.7 million increase in business-type activities is largely due to the Data Center Expansion, Airport Industrial Park Utility Improvements, and the completion of the Wetlands project.

As of June 30, 2018, the City reports positive balances in all three categories of net position for the government as a whole. For its governmental activities, the City has a negative balance in the unrestricted category of net position.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2018

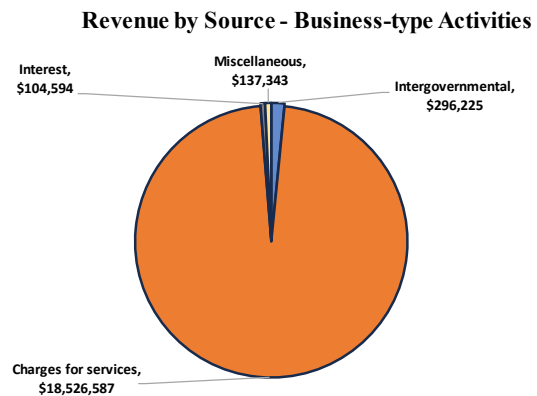
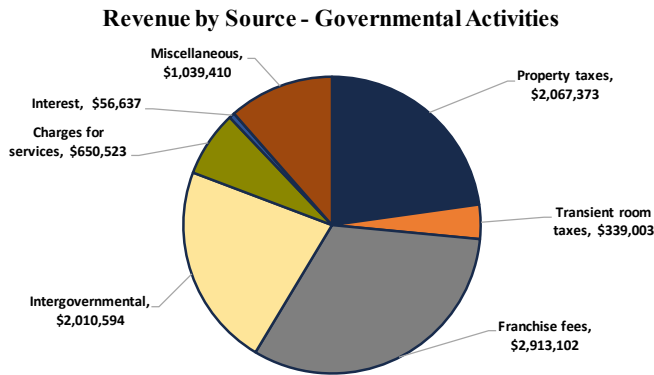
Statement of Activities

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

Governmental activities increased Prineville's net position by \$1.98 million during fiscal year ended June 30, 2018 as compared to an increase of approximately a \$1.2 million in the prior year. Revenue increased by \$567,000 and expenses, excluding transfers, increased by \$410,000. Key elements of these changes as illustrated in the summary of activities table on the next page are primarily the results of an increase of electrical franchise fees from data center activities, in lieu of tax dollars, and an increase of charges for service.

The revenues charted in the pie chart on the next page show the sources of revenue which 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 50 percent of total business-type revenue, with 98 percent of its revenue coming from charges for service, the water fund revenue represents approx. 36 percent of business activities with intergovernmental, charges of service, and other. Capital contributions totaled approx. \$296,000, \$152,800 in the water fund and \$143,500 in the wastewater fund. Other business type activities include the airport, railroad, and golf course, these activities represent approx. 15 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, 2018

A summary of the *Statement of Activities* follows:

	Governmental Activities		Business-type Activities		Total		
	2018	2017	2018	2017	2018	2017	Change
Revenue							
Property taxes	\$ 2,067,373	\$ 1,966,681	\$ -	\$ -	\$ 2,067,373	\$ 1,966,681	\$ 100,692
Transient room taxes	339,003	329,514	-	-	339,003	329,514	9,489
Franchise fees	2,913,102	2,756,972	-	-	2,913,102	2,756,972	156,130
Intergovernmental	2,010,594	1,950,468	296,225	796,804	2,306,819	2,747,272	(440,453)
Charges for services	650,523	571,166	18,526,587	12,673,958	19,177,110	13,245,124	5,931,986
Interest	56,637	25,758	104,594	29,878	161,231	55,636	105,595
Capital contributions	-	-	-	-	-	-	-
Miscellaneous	1,039,410	908,805	137,343	118,482	1,176,753	1,027,287	149,466
Total revenue	9,076,642	8,509,364	19,064,749	13,619,122	28,141,391	22,128,486	6,012,905
Expenses							
General government	1,000,996	2,142,141	-	-	1,000,996	2,142,141	(1,141,145)
Public safety	7,961,382	6,412,132	-	-	7,961,382	6,412,132	1,549,250
Streets and highways	732,512	790,414	-	-	732,512	790,414	(57,902)
Interest	187,046	127,172	-	-	187,046	127,172	59,874
Railroad	-	-	1,014,557	990,133	1,014,557	990,133	24,424
Water	-	-	1,177,361	1,052,820	1,177,361	1,052,820	124,541
Wastewater	-	-	2,293,751	1,859,666	2,293,751	1,859,666	434,085
Golf and restaurant	-	-	1,367,914	1,285,732	1,367,914	1,285,732	82,182
Other non-major	-	-	745,602	716,900	745,602	716,900	28,702
	9,881,936	9,471,859	6,599,185	5,905,251	16,481,121	15,377,110	1,104,011
Increase (decrease) in net position before transfers	(805,294)	(962,495)	12,465,564	7,713,871	11,660,270	6,751,376	4,908,894
Transfers in (out)	2,787,724	2,165,682	(2,787,724)	(2,165,682)	-	-	-
Increase (decrease) in net position	1,982,430	1,203,187	9,677,840	5,548,189	11,660,270	6,751,376	4,908,894
Net position, July 1, Restated	13,025,645	12,107,814	41,590,169	36,041,980	54,615,814	48,149,794	6,466,020
Net position, June 30	\$ 15,008,075	\$ 13,311,001	\$ 51,268,009	\$ 41,590,169	\$ 66,276,084	\$ 54,901,170	\$ 11,374,914

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2018

Financial Analysis of Prineville's Funds

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

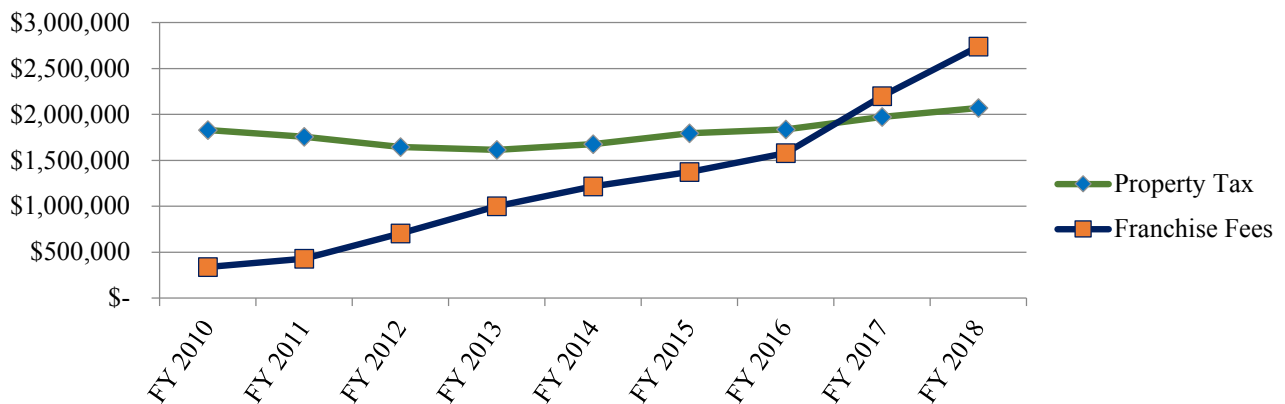
Governmental funds. The focus of the City of Prineville's governmental funds is to provide information on near-term inflows, outflows and balances of available resources. Such information is useful in assessing Prineville's financing requirements. In particular, unassigned fund balance may serve as a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

As of June 30, 2018, \$4.7 million is the reported combined ending fund balance for the City of Prineville's governmental funds, an increase of approximately \$1.2 million from June 30, 2017. The increase is primarily the result of an increase in electrical franchise fees from the data centers, system development charges, and a rate credit received from PERS as a result of the refunding of the City's UAL. Net increases in fund balance are as follows:

General Fund/Community Development	\$462,024	21%
Emergency Dispatch	\$ 32,697	8%
Transportation fund	\$ 61,601	19%
Transportation SDC fund	\$436,776	46%
Pension debt service fund	\$306,558	36%

General Fund Budgetary Highlights. The general fund is the chief operating fund of the City. As of June 30, 2018, total fund balance was \$2,167,044, an increase of \$462,024 (21 percent), from prior year. Within the general fund ending balance \$1.9 million is considered unassigned. General fund actual current year resources were more than budgeted by \$571,700. Positive variances in property taxes of \$21,505, franchise fees by \$327,102, and miscellaneous by \$326,144. The additional franchise fee revenue was unanticipated at budget not knowing how slowly or quickly the data centers would complete and populate there projects, miscellaneous revenue included a reimbursement \$107,000 for a joint project with the County for radios, and additional in-lieu of tax from data centers. Beginning fund balance was \$154,689 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, \$433,000 for the acquisition a new police vehicles, and an additional expense in non-departmental totaling \$85,300. Total actual expenditures were \$4.06 million.

Below shows general fund property tax collection and electrical franchise fee trends from 2010 through 2018.



City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2018

Emergency Dispatch. The dispatch fund revenue received for the year came in over budget due to a reimbursement from the State E-911 dollars (year two) for radio system upgrades, and expenditures for this project. Other expenditures were \$126,000 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 slightly under budget by \$2,500. Expenditures in personnel, materials and services, and capital outlay combined were under budget approx. \$47,400. In the transportation SDC fund revenues came in over budget \$177,000, this largely due to additional system development charges collected. Expenditures came in under budget approx. \$22,000.

Pension Debt Service Fund. Charges for services and transfer revenue was as budgeted, interest came in higher than budgeted approx. \$8,500. An adjustment was made for debt proceeds to refund the pension obligation bond series 2014, and on the expense side for the payoff the original debt.

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, 2018, the City realized an increase in net position of \$9.7 million for the combined performance of all proprietary funds. Charges for service and other operating income from combined funds increased \$5.4 million over fiscal year 2017. The biggest factor to the increase in net position was due to the Aquifer Storage and Recover 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 approx. \$390,000 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 approx. \$149,300, net change in fund balance was a decrease of \$23,000.

Golf and Restaurant Fund. Golf realized a slight increase in play and restaurant activity over the prior year, still coming in under budget, expenditures for departments were also managed to reflect income, coming in under budget. An advanced refunding took place in December of 2017, taking advantage of a lesser rate and reducing loan covenants. Net ending change in fund balance was approx. \$24,400.

Airport Fund. The airport activity remained relatively flat from prior year. The budgeted capital project revenue totaled approx. \$288,400, and capital outlay for the project \$245,500. Net change in fund balance shows a decrease from the prior of approx. \$23,000.

Water Fund. Revenues budget to actual came in over projection approx. \$477,000. This largely due to the ASR project reimbursement exceeding budget by approx. \$142,000, additional use of water use for construction of the data centers expansion, and the additional water use during the hot and dry summer. Expenditures were under budget in materials and services, and capital outlay. An advanced refunding took place in December of 2017, taking advantage of a lesser rate and reducing loan covenants. Net change in fund balance was a decrease of approx. \$49,400.

Wastewater Fund. Revenue budget to actual was approx. \$168,200 over budget. This largely due to a grant reimbursement of roughly \$95,500, and charges for services coming in \$50,000 over projected budget. Operating expenditures came in under budget, and capital outlay came in roughly \$37,000 under budget. An advanced refunding took place in December of 2017, taking advantage of a lesser rate and reducing loan covenants.

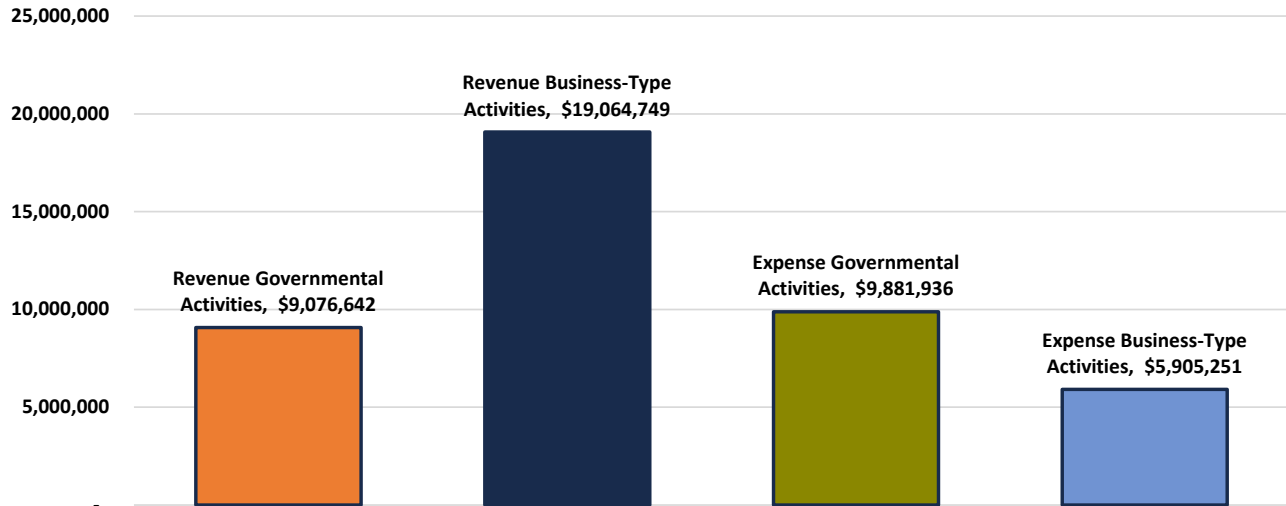
City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2018

Budgeted revenue for debt proceeds and debt service for the refinancing of interim debt related to the wetlands project also occurred. Net change in fund balance was decrease \$114,900.

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.

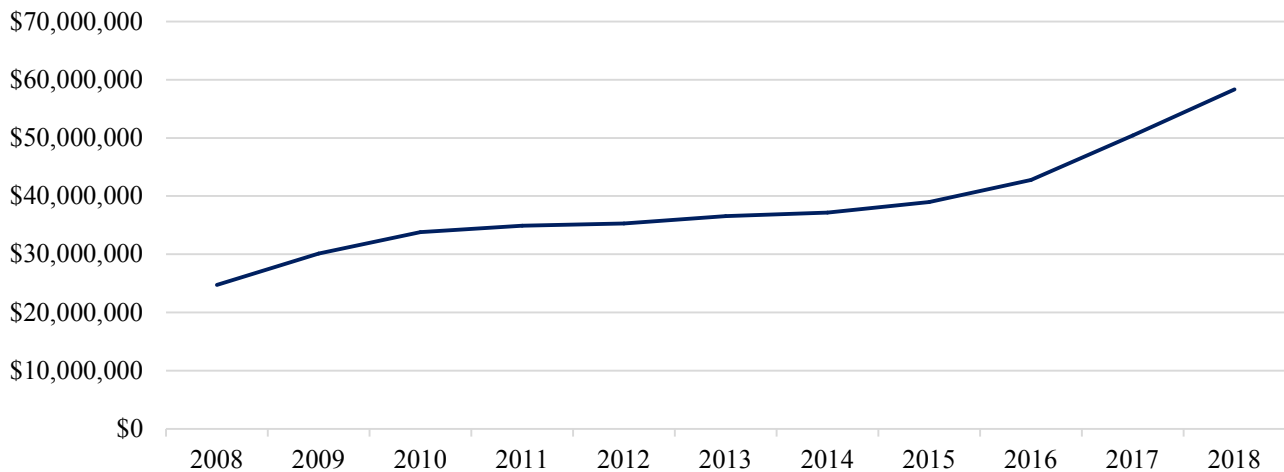
Activities by Type



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, 2018 is \$58.3 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, 2018 was \$7.9 million (15.7 percent).

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

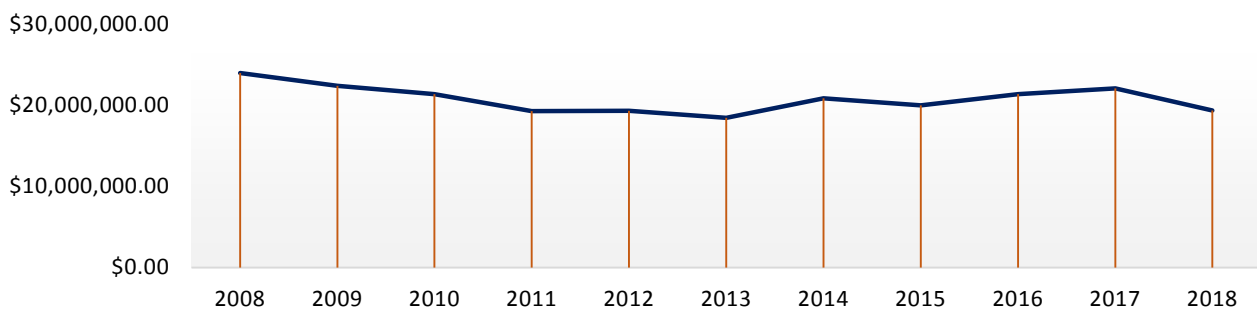
Year Ended June 30, 2018

Long-term debt. As of June 30, 2018, the City's outstanding bonded debt was \$19.4 million, \$2.72 million less than at June 30, 2017. Of this, \$14.3 million is backed by the full faith and credit of the City, including \$5.3 million for obligations repaid with water, wastewater and golf revenues, \$2.5 million for pension obligation repaid from all funds with employees subject to Oregon Public Employees Retirement System (OPERS) retirement payments, \$585,466 debt for the Barnes Butte property acquisition to add additional green space, water rights, and transportation improvements, \$433,000 debt for the acquisition of police vehicles, \$1.2 million of refunded federal debt for the city hall building, \$4 million of federal debt issued to construct the wetlands, and \$173,839 for notes payable repaid from various dedicated revenues. The City also had \$4.4 million of revenue bonds outstanding and IFA loan for \$750,000 bringing that total to \$5,138,244. 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, 2018 and June 30, 2017

	Governmental activities		Business-like activities		Totals	
	2018	2017	2018	2017	2018	2017
Full faith and credit obligations						
Water, golf, wastewater	-	-	5,315,000	7,255,000	5,315,000	7,255,000
Pension note payable	2,549,000	2,570,000	-	-	2,549,000	2,570,000
Federal Debt	-	1,349,346	4,000,000	-	4,000,000	1,349,346
Special assessment debt	-	-	-	-	-	-
Other notes payable	2,292,974	811,929	107,331	131,830	2,400,305	943,759
Revenue bonds	-	-	4,388,244	5,171,541	4,388,244	5,171,541
Oregon DEQ and IFA	-	-	750,000	4,695,378	750,000	4,695,378
Bond issuance premium	-	-	-	137,342	-	137,342
Totals	4,841,974	4,731,275	14,560,575	17,391,091	19,402,549	22,122,366

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.

Key Economic Factors and Budget Information for the Future

- **Unemployment and real estate** – Oregon's unemployment rate ended FY18 at 4 percent with the Bend-Redmond area ending at 3.8 percent according to the Bureau of Labor and Statistics. As of October FY19, Oregon's unemployment has decreased slightly to 3.8 percent and the Bend-Redmond area has increased slightly to 3.9 percent. Unemployment has remained steady through FY18 with typical fluctuations during the seasons.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2018

Real estate sales volume for Crook County FY18 increased 6.7 percent over FY17 according to reports from the Central Oregon Association of Realtors. FY18 through November of FY19 saw a large increase in homes for sale but the sales volume has remained relatively steady. Dwelling approvals for FY18 were approximately equal to FY17 if you exclude a 30 unit manufactured home park that is not likely to develop. There is potential that this level of development may continue through FY19 with the announcement of additional data center development. So far single family home development is on par with the previous two years during the same time period. There is some sense that a slowdown in the market is coming but may not be visible until the fourth quarter.

- **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 3 similar sized data centers, nearly completed a new 1,000,000 square foot H-style building and is approved for another.

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 compared to the previous 2 years. In the event of a national market downturn, it is possible that Prineville may be somewhat insulated due to the local 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 we are more apt to see re-development of these sites than purely new construction, with the exception of the Ochoco Lumber mixed use area. Public sector development has been limited to infrastructure work only, not new structures. The Housing Works project that converted the Ochoco School to residential is now open, and the new County jail is still under construction. The City has received a grant to Master Plan the New Barnes Butte Recreation area that will likely spur additional public projects.

- **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 ruled unconstitutional affected the 2016 rate in a negative way increasing the city's UAL, however, the city received a 6 percent rate credit for the side account contribution in 2014 really stabilizing 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 FY 17. In 2018 the city refunded its pension obligation at a rate lower (3.70 percent) than the 2014 rate, keeping the same maturity and

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2018

freeing the city from very constricting covenants. The current outstanding debt totals \$2.5 million as of June 30, 2018.

- 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, 2018

Assets	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and investments	\$ 5,691,419	\$ 7,664,746	\$ 13,356,165
Receivables (net of allowances for uncollectibles)			
Property taxes	121,877	-	121,877
Accounts	386,800	1,418,285	1,805,085
Inventory	21,248	476,640	497,888
Prepaid expenses	-	4,200	4,200
Internal balances	938,590	(938,590)	-
Restricted cash and investments	105,000	456,300	561,300
Capital assets:			
Non-depreciable	2,406,280	4,172,030	6,578,310
Other (net of accumulated depreciation)	14,649,924	53,967,401	68,617,325
<i>Total assets</i>	<u>24,321,138</u>	<u>67,221,012</u>	<u>91,542,150</u>
Deferred outflows of resources			
Pension related deferrals	2,187,242	-	2,187,242
Liabilities, deferred inflows and net position			
<i>Liabilities</i>			
Accounts payable	339,495	902,039	1,241,534
Accrued interest	33,593	159,958	193,551
Deposits payable	-	83,709	83,709
Other liabilities	30,339	57,648	87,987
Accrued compensated absences	661,251	189,074	850,325
Non-current liabilities:			
Due within one year:			
Bonds payable	181,648	722,574	904,222
Notes payable	205,710	101,102	306,812
Due in more than one year:			
Proportionate share of net pension liability	4,179,097	-	4,179,097
OPEB Liability GASB 75	285,912	-	285,912
Bonds payable	2,367,352	8,980,670	11,348,022
Notes payable	2,087,264	4,756,229	6,843,493
<i>Total liabilities</i>	<u>10,371,661</u>	<u>15,953,003</u>	<u>26,324,664</u>
Deferred inflows			
Pension related deferrals	1,128,644	-	1,128,644
<i>Net position</i>			
Net investment in capital assets	14,763,230	43,578,856	58,342,086
Restricted for:			
Streets and highways	1,286,944	-	1,286,944
Debt service	105,000	456,300	561,300
Capital projects	-	1,499,223	1,499,223
Unrestricted	(1,147,099)	5,733,630	4,586,531
<i>Total net position</i>	<u>\$ 15,008,075</u>	<u>\$ 51,268,009</u>	<u>\$ 66,276,084</u>

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

City of Prineville, Oregon
Statement of Activities

Year Ended June 30, 2018

Function / program	Expenses	Program revenues			Net (expense) revenue and changes in net position		
		Fees and charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities							
General government	\$ 1,000,996	113,703	\$ -	\$ -	\$ (887,293)		\$ (887,293)
Public safety	7,961,382	-	1,042,513	-	(6,918,869)		(6,918,869)
Highways and streets	732,512	536,820	968,081	-	772,389		772,389
Interest on long-term debt	187,046	-	-	-	(187,046)		(187,046)
Total governmental activities	9,881,936	650,523	2,010,594	-	(7,220,819)		(7,220,819)
Business-type activities							
Railroad	1,014,557	799,732	-	-	-	\$ (214,825)	(214,825)
Water	1,177,361	6,537,222	-	152,763	-	5,512,624	5,512,624
Wastewater	2,293,751	9,251,289	-	143,462	-	7,101,000	7,101,000
Golf and restaurant	1,367,914	1,123,087	-	-	-	(244,827)	(244,827)
Airport	745,602	815,257	-	-	-	69,655	69,655
Total business-type activities	6,599,185	18,526,587	-	296,225	-	12,223,627	12,223,627
Total activities	\$ 16,481,121	\$ 19,177,110	\$ 2,010,594	\$ 296,225	(7,220,819)	12,223,627	5,002,808
General revenues							
Taxes:							
					2,067,373	-	2,067,373
					339,003	-	339,003
					2,913,102	-	2,913,102
					56,637	104,594	161,231
					1,039,410	137,343	1,176,753
					6,415,525	241,937	6,657,462
Transfers							
					2,787,724	(2,787,724)	-
Changes in net position							
					1,982,430	9,677,840	11,660,270
Net position, July 1, 2017, restated							
					13,025,645	41,590,169	54,615,814
Net position, June 30, 2018							
					\$ 15,008,075	\$ 51,268,009	\$ 66,276,084

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

City of Prineville, Oregon
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	Pension Debt Service Fund	LID Debt Service Fund	Total Governmental Funds
Assets							
Cash and investments	\$1,915,765	\$405,840	\$295,282	\$985,925	\$863,291	\$-	\$4,466,103
Receivables:							
Property taxes	121,877	-	-	-	-	-	121,877
Accounts	270,513		93,923	-	-	-	364,436
Due from other funds	938,590	-	-	-	-	-	938,590
Total assets	\$3,246,745	\$405,840	\$389,205	\$985,925	\$863,291	\$-	\$5,891,006
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$207,729	\$1,584	\$57,847	\$-	\$-	\$-	\$267,160
Other liabilities	-	-	-	30,339	-	-	30,339
Total liabilities	207,729	1,584	57,847	30,339	-	-	297,499
Deferred inflows of resources							
Unavailable revenue - property taxes	100,121	-	-	-	-	-	100,121
Unavailable revenue - other	771,851	-	-	-	-	-	771,851
Total deferred inflows of resources	871,972	-	-	-	-	-	871,972
Fund balance							
Restricted	-	-	331,358	955,586	-	-	1,286,944
Committed	-	404,256	-	-	863,291	-	1,267,547
Assigned to:							
Other purposes	248,158	-	-	-	-	-	248,158
Unassigned	1,918,886	-	-	-	-	-	1,918,886
Total fund balances	2,167,044	404,256	331,358	955,586	863,291	-	4,721,535
Total liabilities, deferred inflows of resources and fund balances	\$3,246,745	\$405,840	\$389,205	\$985,925	\$863,291	\$-	\$5,891,006

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, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balance - total governmental funds	\$ 4,721,535
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in funds.	14,783,067
Unavailable revenues are deferred on the budgetary financial statements, but in the government wide state they are consi	871,972
The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Po:	767,210
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	(1,853,307)
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.	(3,962,897)
OPEB Liability GASB 75 Implicit Rate Subsidy	(285,912)
Bond interest is not accrued as a liability in the government funds.	(33,593)
Net position of governmental activities	<u>\$ 15,008,075</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, 2018

	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	Pension Debt Service Fund	LID Debt Service Fund	Total Governmental Funds
Revenues							
Taxes	\$ 2,410,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,410,508
Intergovernmental	295,048	935,337	968,081	-	-	-	2,198,466
Franchise fees	2,740,102	-	173,000	-	-	-	2,913,102
Licenses and permits	56,215	-	11,745	-	-	-	67,960
Charges for services	57,488	761	-	-	468,900	-	527,149
Systems development charges	-	-	-	525,075	-	-	525,075
Interest	26,589	4,797	3,185	11,120	10,946	-	56,637
Miscellaneous	381,744	-	133	-	-	-	381,877
Total revenues	5,967,694	940,895	1,156,144	536,195	479,846	-	9,080,774
Expenditures							
Current:							
General government	566,301	-	-	-	28,300	-	594,601
Public safety	3,526,452	1,205,315	-	-	-	-	4,731,767
Highways and streets	-	-	431,347	4,014	-	-	435,361
Capital outlay	-	128,983	639,896	69,151	-	-	838,030
Debt service:							
Principal	181,736	-	-	-	-	-	181,736
Interest	22,677	-	-	-	223,958	-	246,635
Total expenditures	4,297,166	1,334,298	1,071,243	73,165	252,258	-	7,028,130
Excess (deficiency) of Revenues over expenditur	1,670,528	(393,403)	84,901	463,030	227,588	-	2,052,644
Other financing sources (uses)							
Debt Proceeds	433,000	-	-	-	-	-	433,000
Refunding Bonds Issued	-	-	-	-	2,549,000	-	2,549,000
Payment on Refunding Bonds	-	-	-	-	(2,570,000)	-	(2,570,000)
Transfers in	496,796	583,000	400,000	-	100,000	-	1,579,796
Transfers out	(2,138,300)	(156,900)	(423,300)	(26,254)	-	(72,485)	(2,817,239)
Total other financing sources (uses)	(1,208,504)	426,100	(23,300)	(26,254)	79,000	(72,485)	(825,443)
Net change in fund balances	462,024	32,697	61,601	436,776	306,588	(72,485)	1,227,201
Fund balance, July 1, 2017	1,705,020	371,559	269,757	518,810	556,703	72,485	3,494,334
Fund balance, June 30, 2018	\$ 2,167,044	\$ 404,256	\$ 331,358	\$ 955,586	\$ 863,291	\$ -	\$ 4,721,535

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

City of Prineville, Oregon
Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balance,
Governmental Funds to Statement of Activities
Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds	\$	1,227,201
<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		2,520,909
Depreciation expense		(647,928)
		1,872,981
<p>Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenue in the fund statements:</p>		
		(4,132)
<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>		
		(251,158)
<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>		
		(205,091)
<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>		
		(622,398)
<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		(34,417)
OPEB Liability GASB 75		(556)
		(34,973)
Change in net position of governmental activities	\$	1,982,430

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, 2018

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Water	Wastewater	Golf Course	Railroad	Non-major Funds	Total	
Assets							
Current assets							
Cash and investments	\$ 2,617,150	\$ 3,631,758	\$ 548,813	\$ 867,025	\$ -	\$ 7,664,746	\$ 1,225,316
Accounts receivable, net	610,213	496,869	19,531	65,862	225,810	1,418,285	22,364
Inventory	193,720	28,275	48,096	155,239	51,310	476,640	21,248
Prepaid expenses	-	-	4,200	-	-	4,200	-
Total current assets	3,421,083	4,156,902	620,640	1,088,126	277,120	9,563,871	1,268,928
Non-current assets							
Restricted cash and investments	-	456,300	-	-	-	456,300	105,000
Capital assets:							
Non-depreciable	2,012,281	2,013,616	-	146,133	-	4,172,030	-
Capital assets (net of accumulated depreciation)	12,676,625	30,196,228	1,293,567	7,741,030	2,059,951	53,967,401	2,273,137
Total non-current assets	14,688,906	32,666,144	1,293,567	7,887,163	2,059,951	58,595,731	2,378,137
Total assets	\$ 18,109,989	\$ 36,823,046	\$ 1,914,207	\$ 8,975,289	\$ 2,337,071	\$ 68,159,602	\$ 3,647,065
Deferred outflows of resources							
Pension Related Deferrals	-	-	-	-	-	-	888,210
Total assets & deferred outflows	\$ 18,109,989	\$ 36,823,046	\$ 1,914,207	\$ 8,975,289	\$ 2,337,071	\$ 68,159,602	\$ 4,535,275
Liabilities and net position							
Current liabilities:							
Accounts payable	\$ 418,130	\$ 408,628	\$ 20,449	\$ 6,747	\$ 48,085	\$ 902,039	\$ 72,335
Accrued interest payable	30,366	124,120	5,472	-	-	159,958	17,264
Deposits payable	25,894	57,815	-	-	-	83,709	-
Other liabilities	-	-	42,545	-	15,103	57,648	-
Accrued compensated absences	-	14,331	125,779	44,686	4,278	189,074	248,556
Bonds payable, current portion	101,990	580,584	40,000	-	-	722,574	-
Notes payable, current portion	-	75,932	25,170	-	-	101,102	99,845
Proportionate share of net pension liability	-	-	-	-	-	-	1,697,075
Total current liabilities	576,380	1,261,410	259,415	51,433	67,466	2,216,104	2,135,075
Non-current liabilities							
Due to general fund	-	-	-	771,851	166,739	938,590	-
Bonds payable, net of current portion	2,169,010	6,457,660	354,000	-	-	8,980,670	-
Notes payable, net of current portion	-	4,674,068	82,161	-	-	4,756,229	1,174,663
Total non-current liabilities	2,169,010	11,131,728	436,161	771,851	166,739	14,675,489	1,174,663
Total liabilities	2,745,390	12,393,138	695,576	823,284	234,205	16,891,593	3,309,738
Deferred Inflows of Resources							
Pension Related Deferrals	-	-	-	-	-	-	458,327
Total liabilities & deferred inflows	2,745,390	12,393,138	695,576	823,284	234,205	16,891,593	3,768,065
Net position							
Net Investment in Capital Assets	12,417,906	20,421,600	792,236	7,887,163	2,059,951	43,578,856	998,629
Restricted							
Debt service	-	456,300	-	-	-	456,300	105,000
Capital projects	1,499,223	-	-	-	-	1,499,223	-
Unrestricted	1,447,470	3,552,008	426,395	264,842	42,915	5,733,630	(336,419)
Total net position	15,364,599	24,429,908	1,218,631	8,152,005	2,102,866	51,268,009	767,210
Total liabilities, deferred inflows and net position	\$ 18,109,989	\$ 36,823,046	\$ 1,914,207	\$ 8,975,289	\$ 2,337,071	\$ 68,159,602	\$ 4,535,275

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

City of Prineville, Oregon
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Water	Wastewater	Golf Course	Railroad	Non-major Funds		
Operating revenues							
Intergovernmental	\$ -	\$ 9,554	\$ -	\$ -	\$ 288,380	\$ 297,934	\$ 35,759
Charges for services	6,176,617	8,813,345	1,086,898	630,572	526,877	17,234,309	270,270
Other operating revenues	360,605	428,390	36,189	169,160	-	994,344	29,557
Total operating revenues	<u>6,537,222</u>	<u>9,251,289</u>	<u>1,123,087</u>	<u>799,732</u>	<u>815,257</u>	<u>18,526,587</u>	<u>335,586</u>
Operating expenses							
Salaries and wages	-	117,330	719,198	345,403	159,966	1,341,897	3,085,363
Materials and supplies	587,636	733,550	534,282	392,358	511,220	2,759,046	1,300,983
Depreciation	352,362	745,693	70,975	276,796	74,416	1,520,242	192,893
Total operating expenses	<u>939,998</u>	<u>1,596,573</u>	<u>1,324,455</u>	<u>1,014,557</u>	<u>745,602</u>	<u>5,621,185</u>	<u>4,579,239</u>
Operating income (loss)	<u>5,597,224</u>	<u>7,654,716</u>	<u>(201,368)</u>	<u>(214,825)</u>	<u>69,655</u>	<u>12,905,402</u>	<u>(4,243,653)</u>
Non-operating revenues (expenses)							
Interest income	35,626	51,152	6,215	11,601	-	104,594	13,287
Interest expense	(237,363)	(697,178)	(43,459)	-	-	(978,000)	(45,959)
Bond premium amortization	54,194	72,124	11,025	-	-	137,343	-
Total non-operating revenues (expenses)	<u>(147,543)</u>	<u>(573,902)</u>	<u>(26,219)</u>	<u>11,601</u>	<u>-</u>	<u>(736,063)</u>	<u>(32,672)</u>
Capital contributions	152,763	143,462	-	-	-	296,225	-
Transfers in	412,000	2,007,225	370,000	-	150,000	2,939,225	4,213,967
Transfers out	<u>(1,755,033)</u>	<u>(3,665,316)</u>	<u>(132,500)</u>	<u>(96,500)</u>	<u>(77,600)</u>	<u>(5,726,949)</u>	<u>(188,800)</u>
Change in net position	4,259,411	5,566,185	9,913	(299,724)	142,055	9,677,840	(251,158)
Net position, July 1, 2017	<u>11,105,188</u>	<u>18,863,723</u>	<u>1,208,718</u>	<u>8,451,729</u>	<u>1,960,811</u>	<u>41,590,169</u>	<u>1,018,368</u>
Net position, June 30, 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>

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

City of Prineville, Oregon
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds						Governmental Activities
	Water	Wastewater	Golf Course	Railroad	Non-major Funds	Total	Internal Service Funds
Cash flow from operating activities							
Cash received for services	\$ 6,333,006	\$ 9,902,983	\$ 1,119,586	\$ 824,309	\$ 790,253	\$ 18,970,137	\$ 316,824
Cash paid to suppliers for goods and services	(282,688)	(933,324)	(517,955)	(404,873)	(462,428)	(2,601,268)	(1,280,401)
Cash paid to employees for services	-	(116,211)	(720,893)	(334,954)	(160,781)	(1,332,839)	(2,580,112)
Net cash from operating activities	6,050,318	8,853,448	(119,262)	84,482	167,044	15,036,030	(3,543,689)
Cash flow from non-capital activities							
Transfers in	412,000	2,007,225	370,000	-	150,000	2,939,225	4,213,967
Transfers out	(1,755,033)	(3,665,316)	(132,500)	(96,500)	(77,600)	(5,726,949)	(188,800)
Interfund loan repayments	53,828	-	-	-	-	53,828	-
Net cash from non-capital activities	(1,289,205)	(1,658,091)	237,500	(96,500)	72,400	(2,733,896)	4,025,167
Cash flow from capital and related financing activities							
Debt proceeds	2,271,000	6,742,940	394,000	-	-	9,407,940	1,208,000
Bond/Debt principal paid	(2,754,501)	(9,334,598)	(462,260)	-	-	(12,551,359)	(1,381,393)
Interest paid	(72,617)	(320,842)	(16,722)	-	-	(410,181)	(60,872)
Acquisition of capital assets	(2,668,484)	(1,720,288)	-	-	(239,444)	(4,628,216)	(172,022)
Net cash from capital and related financing activities	(3,224,602)	(4,632,788)	(84,982)	-	(239,444)	(8,181,816)	(406,287)
Cash flow from investing activities							
Interest earnings	35,626	51,152	6,215	11,601	-	104,594	12,245
Net cash from investing activities	35,626	51,152	6,215	11,601	-	104,594	12,245
Net change in cash and investments	1,572,137	2,613,721	39,471	(417)	-	4,224,912	87,436
Cash and investments, July 1, 2017	1,045,013	1,474,337	509,342	867,442	-	3,896,134	1,242,880
Cash and investments, June 30, 2018	\$ 2,617,150	\$ 4,088,058	\$ 548,813	\$ 867,025	\$ -	\$ 8,121,046	\$ 1,330,316
Reconciliation of operating income (loss) to net cash from operating activities							
Operating income/(loss)	\$ 5,597,224	\$ 7,654,716	\$ (201,368)	\$ (214,825)	\$ 69,655	\$ 12,905,402	\$ (4,243,653)
Adjustments to reconcile operating income/(loss) to net cash from operating activities:							
Depreciation	352,362	745,693	70,975	276,796	74,416	1,520,242	192,893
Change in assets and liabilities:							
Accounts receivable	(203,483)	651,901	(3,501)	24,577	(25,004)	444,490	(18,762)
Inventory	8,477	1,133	1,471	8,916	(9,013)	10,984	(927)
Prepaid expenses	-	-	(1,500)	-	-	(1,500)	-
Deposits payable	(733)	(207)	-	-	-	(940)	-
Net Pension Asset, Deferred Inflows	-	-	-	-	-	-	592,944
Net Pension Asset, Deferred Outflows	-	-	-	-	-	-	(167,383)
Accounts payable	296,471	(139,677)	8,262	(21,431)	(4,355)	139,270	21,509
Other accrued expenses	-	1,119	8,094	10,449	(815)	18,847	79,690
Other liabilities	-	(61,230)	(1,695)	-	62,160	(765)	-
Total adjustments	453,094	1,198,732	82,106	299,307	97,389	2,130,628	699,964
Net cash from operating activities	\$ 6,050,318	\$ 8,853,448	\$ (119,262)	\$ 84,482	\$ 167,044	\$ 15,036,030	\$ (3,543,689)
Noncash investing, capital, and financing activities							
Contributions of capital assets	1,467,117	143,462	-	-	-	1,610,579	-

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, 2018

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, 2018

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.

LID debt service fund – Accounts for the payment of debt issued to fund infrastructure improvements completed at the request of property owners. The primary revenue source is assessment payments made by benefited property owners.

Pension obligation debt service fund – Accounts for the payment of debt issued to fund a pension retirement unfunded actuarial liability. 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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

Building facilities fund – Accounts for the operations, maintenance, debt service and replacement costs of the city hall building, public works building and police department facilities. The principal source of revenue is rent. 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, 2018

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, 2018

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, 2018

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, 2018, 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 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, 2018

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.

City of Prineville, Oregon

Notes to Financial Statements

Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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:

- *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, 2018

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 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, 2018

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 sufficient 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 10 percent emergency reserve through 2021 while the 15 percent covenant is in place for the pension obligation bond.

The City's utility funds shall maintain at a minimum working capital balance sufficient for 60 days of operating expenses, together with a 5 percent emergency repair reserve, a 20 percent capital reserve and required debt service reserves.

The City's internal service funds shall maintain, at minimum, a working capital balance of 15 percent of operating expenses and any required debt service reserves.

The City's debt service funds shall maintain adequate working capital to pay required debt service without borrowing and fund required debt service reserves.

The City's rail road fund shall maintain one year's operating expense and 20 percent of total budget for capital reserve.

The City's other operating funds shall maintain a minimum working capital balance sufficient for 45 days of operating expenses and any required debt service reserves.

The City shall establish an emergency appropriation reserve to provide for unanticipated expenditures of a nonrecurring nature. The contingency shall be a minimum of 5 percent of a fund's operating and capital expenditure estimates for the fiscal year, with exception to the general fund which is set at 10 percent of budgeted expenditures. This policy does not apply to the rail road, debt service, internal service, trust and agency, capital projects, serial levy, temporary, or certain special purpose funds.

The City may use reserves on a one-time or temporary basis for purposes described above. In the event that reserve funds are presently at or decreased to levels below the levels desired by this policy, the City will develop a plan to restore reserves to the desired levels.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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.

At June 30, 2018, the City’s cash and investments were comprised of the following:

Cash on hand	\$	3,000
Demand checking accounts		1,788,634
Local government investment pool		12,125,831
	\$	<u>13,917,465</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

2. Cash and Investments (continued)

	Governmental Activities	Business-type Activities	Total
Restricted cash and investments	\$ 105,000	456,300	561,300
Cash and investments	3,591,248	9,764,917	13,356,165
Total cash and investments	<u>3,696,248</u>	<u>10,221,217</u>	<u>13,917,465</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, 2018, the City had a total bank balance of \$1,814,761, 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, 2018

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, 2018. 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. We intend 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, 2018, the fair value of the position in the LGIP is 100.13 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, 2018, 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, 2018.

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, 2018, accounts receivable consisted of the following:

Accounts receivable-governmental activities	\$ 508,677
Accounts receivable- business type	<u>1,418,285</u>
Total	<u>\$ 1,926,962</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

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, 2018 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. There are also amounts due to the general fund from the wastewater SDC fund and airport fund in the amounts of \$2,100,171 and \$166,739, respectively. These are the result of a negative balance in the claim on pooled cash.

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 or contributed capital assets are recorded at their estimated fair 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, 2018, was as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land and Easements	\$ 1,660,178	\$ 729,652	\$ -	\$ 2,389,830
Work in progress	-	16,450	-	16,450
Total capital assets not being depreciated	1,660,178	746,102	-	2,406,280

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

4. Capital Assets (continued)

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets being depreciated:				
Buildings and improvements	\$ 2,489,394	\$ 70,920	\$ -	\$ 2,560,314
Vehicles and equipment	4,288,485	820,036	-	5,108,521
Infrastructure	27,077,816	862,981	-	27,940,797
Total capital assets being depreciated	33,855,695	1,753,937	-	35,609,632
Less accumulated depreciation for:				
Buildings and improvements	828,880	82,938	-	911,818
Vehicles and equipment	3,523,122	165,851	-	3,688,973
Infrastructure	15,959,778	399,139	-	16,358,917
Total accumulated depreciation	20,311,780	647,928	-	20,959,708
Total Capital Assets Net of Depreciation	\$ 15,204,093			\$ 17,056,204

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

Public Safety	\$ 373,693
Highways and streets	34,983
General government	239,252
Total	\$ 647,928

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

4. Capital Assets (continued)

Business-type activities: Capital asset activity for business-type activities, by fund, for the year ended June 30, 2018, is as follows:

Capital assets not being depreciated:

Land and Easements	\$ 1,309,131	\$ -	\$ -	\$ 1,309,131
Work in progress	342,895	2,520,004	-	2,862,899
Total capital assets not being depreciated	1,652,026	2,520,004	-	4,172,030

Capital assets being depreciated:

Buildings and improvements	\$ 10,837,642	\$ 1,463,659	\$ -	\$ 12,301,301
Vehicles and equipment	4,709,639	61,151	-	4,770,790
Infrastructure	60,494,856	841,311	-	61,336,167
Total capital assets being depreciated	76,042,137	2,366,121	-	78,408,258

Less accumulated depreciation for:

Buildings and improvements	3,691,089	757,558	-	4,448,647
Vehicles and equipment	4,011,925	113,415	-	4,125,340
Infrastructure	15,217,600	649,270	-	15,866,870
Total accumulated depreciation	22,920,614	1,520,243	-	24,440,857

Total Capital Assets Net of Depreciation	\$ 54,773,549			\$ 58,139,431

5. Long-term Debt

In the following schedules, long-term debt 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, 2018. The amount due to these employees including benefits, as of June 30, 2018, 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, 2018

5. Long-term Debt (continued)

	Amount of Original Issue	Interest Rates	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due Within One Year
Governmental activities:							
Full faith and credit obligations							
Note payable -							
Ironhorse LID 2017	\$ 720,000	3.14%	\$ 713,374	\$ -	\$ 127,908	\$ 585,466	\$ 27,360
USDA 2006 - City Hall	1,760,700	4.25%	1,349,346	-	1,349,346	-	-
FFCO - 2017 Refunding - City Hall	1,208,000	2.67%	-	1,208,000	-	1,208,000	67,000
Note payable - Pension Obligation	2,950,000	4.94%	2,570,000	-	2,570,000	-	-
Note payable - Pension Obligation - Refi 2017	2,549,000	3.70%	-	2,549,000	-	2,549,000	181,648
Note Payable - Police Vehicles 2018	433,000	2.93%	-	433,000	-	433,000	78,505
Note Payable - Street Sweeper	164,325	4.98%	98,555	-	32,047	66,508	32,845
Long-term debt obligations	11,535,025		4,731,275	4,190,000	4,079,301	4,841,974	387,358
Compensated absences	-		547,144	45,274	-	592,418	592,418
Total governmental activities	<u>\$ 11,535,025</u>		<u>\$ 5,278,419</u>	<u>\$ 4,235,274</u>	<u>\$ 4,079,301</u>	<u>\$ 5,434,392</u>	<u>\$ 979,776</u>
	Amount of Original Issue	Interest Rates	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due Within One Year
Business-Type Activities							
Revenue Bonds							
Series 2003 - water	\$ 840,000	5.50%	\$ 335,000	\$ -	\$ 335,000	\$ -	\$ -
State CWSRL - wastewater	8,876,287	4.25%	4,836,541	-	448,297	4,388,244	461,574
Full faith and credit obligations							
FFCO - Series 2011 - water, golf wastewater	8,225,000	4.94%	7,255,000	-	7,255,000	-	-
FFCO - Series 2017 refunding - water, golf, wastewater	5,315,000	2.67%	-	5,315,000	-	5,315,000	261,000
Plus: Bond issuance premium	203,951	4.94%	137,342	-	137,342	-	-
DEQ 2016 - wastewater	4,000,000	0.92%	4,000,000	-	4,000,000	-	-
USDA 2018 - wastewater	4,000,000	2.75%	-	4,000,000	-	4,000,000	56,160
IFA - 2016 wastewater	750,000	1.00%	695,378	54,622	-	750,000	19,772
Note Payable - Golf Carts	176,725	4.94%	131,830	-	24,499	107,331	25,170
Total business type activities	<u>\$ 32,386,963</u>		<u>\$ 17,391,091</u>	<u>\$ 9,369,622</u>	<u>\$ 12,200,138</u>	<u>\$ 14,560,575</u>	<u>\$ 823,676</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

5. Long-term 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. A debt reserve of \$105,000 is fully funded.

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. Only interest of \$126,958 was paid on the debt in the current year due to the refunding. Annual debt service in fiscal year 2019 will be \$301,443, 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. Additionally, an internal borrowing to finance police vehicles was completed in FY 14. The total borrowed from the City’s Water Fund is \$258,700. The obligation matured in fiscal year 2018, with annual payments of \$54,413, including interest of 2.00 percent.

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.

Future maturities of governmental long term debt at June 30, 2018, are as follows:

Governmental Activities						
Year	Note Payable - Barnes Butte Property		FFCO - Series 2017 - City Hall		Note Payable - Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 27,360	\$ 21,247	\$ 67,000	\$ 45,872	\$ 181,648	\$ 119,795
2020	28,230	20,378	82,000	30,465	200,465	111,891
2021	29,127	19,481	84,000	28,275	218,990	102,999
2022	30,051	18,556	86,000	26,033	237,213	93,119
2023	31,007	17,601	89,000	23,736	260,122	82,251
2024-2028	439,691	52,722	480,000	81,862	1,450,562	206,492
2029-2033	-	-	320,000	17,221	-	-
2034-2036	-	-	-	-	-	-
Total	\$ 585,466	\$ 149,985	\$ 1,208,000	\$ 253,464	\$ 2,549,000	\$ 716,547

Year	Street Sweeper		Police Vehicles		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	32,845	1,656	-	-	308,853	188,570
2020	33,663	838	78,505	16,704	422,863	163,572
2021	-	-	84,823	10,387	416,940	150,755
2022	-	-	87,308	7,901	440,572	137,708
2023	-	-	89,866	5,343	469,995	123,588
2024-2028	-	-	92,498	2,710	2,462,751	341,076
2029-2033	-	-	-	-	320,000	17,221
Totals	\$ 66,508	\$ 2,494	\$ 433,000	\$ 43,045	\$ 4,841,974	\$ 1,122,490

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

5. Long-term Debt (continued)

Business-type Activities

In addition to the schedule on the previous page, long-term debt, for each of the business-type activities for the year ended June 30, 2018, 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 \$415,000 golf related debt). The full faith and credit obligations mature in fiscal year 2031, and have effective interest rates of 2.67 percent. Sources of repayment include water utility, wastewater utility, and golf and restaurant revenues.

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 2017 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 \$461,574, including interest of 4.25 percent.

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 debt service reserve requirement is fully funded in the amount of \$166,660, as well as the short-lived asset replacement reserve account in the amount of \$135,900. 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 summary of wastewater outstanding obligations and their future maturities including principal and interest at June 30, 2018, are as follows:

<u>Wastewater</u>	Balance June 30, 2017	New Issues	Principal Paid	Balance June 30, 2018
State CWSRL	\$ 4,836,541	\$ -	\$ 448,297	\$ 4,388,244
Full Faith and Credit Obligations 2011	4,570,000	-	4,570,000	-
Full Faith and Credit Obligations Refunding 2017	-	2,650,000	-	2,650,000
DEQ Loan 2016	4,000,000	-	4,000,000	-
USDA Loan 2018	-	4,000,000	-	4,000,000
IFA Loan 2016	695,378	54,622	-	750,000
Total Debt	14,101,919	6,704,622	9,018,297	11,788,244
Plus: Bond Issuance Premium	72,124	-	72,124	-
 Total Wastewater	 <u>14,174,043</u>	 <u>6,704,622</u>	 <u>9,090,421</u>	 <u>11,788,244</u>

Year	State CWSRL		Full Faith 2017	
	Principal	Interest	Principal	Interest
2019	\$ 461,574	\$ 125,646	\$ 119,010	\$ 100,629
2020	475,244	111,976	159,399	67,577
2021	489,318	97,902	163,707	63,321
2022	503,810	83,410	166,938	58,951
2023	518,731	68,489	175,554	54,493
2024-2028	1,939,567	115,712	1,027,474	199,224
2029-2033	-	-	837,918	45,551
Total	<u>\$ 4,388,244</u>	<u>\$ 603,135</u>	<u>\$ 2,650,000</u>	<u>\$ 589,746</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

5. Long-term Debt (continued)

Year	USDA Loan 2018		IFA Loan 2016		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 56,160	\$ 110,000	\$ 19,772	\$ 14,283	\$ 656,516	\$ 350,558
2020	57,704	108,456	26,753	7,302	719,100	295,311
2021	59,291	106,869	27,020	7,035	739,336	275,127
2022	60,922	105,238	27,291	6,765	758,961	254,364
2023	62,597	103,563	27,563	6,492	784,445	233,037
2024-2028	339,774	491,026	142,007	28,268	3,448,822	834,230
2029-2033	389,133	441,667	149,251	21,024	1,376,302	508,242
2034-2038	445,663	385,137	156,864	13,411	602,527	398,548
2039-2043	510,407	320,393	173,479	5,409	683,886	325,802
2044-2048	584,555	246,245	-	-	584,555	246,245
2049-2053	669,477	161,323	-	-	669,477	161,323
2054-2058	764,317	64,064	-	-	764,317	64,064
Total	\$ 4,000,000	\$ 2,643,981	\$ 750,000	\$ 109,989	\$ 11,788,244	\$ 3,946,851

Water. In addition to the full faith and credit obligations noted above, the City issued water revenue bonds in 2003 to finance utility infrastructure improvements. The remaining principal on that debt was paid in 2018. A summary of outstanding debt payable from water system revenues including future maturities of water-related debt principal and interest, at June 30, 2018, are as follows:

<u>Water</u>	Balance June 30, 2017	New Issues	Principal Paid	Balance June 30, 2018
Series 2003	\$ 335,000	\$ -	\$ 335,000	\$ -
Full Faith and Credit Obligations 2011	2,270,000	-	2,270,000	-
Full Faith and Credit Obligations 2017	-	2,271,000	-	2,271,000
Total Debt	2,605,000	2,271,000	2,605,000	2,271,000
Plus: Bond Issuance Premium	54,194	-	54,194	-
 Total Water	 \$ 2,659,194	 \$ 2,271,000	 \$ 2,659,194	 \$ 2,271,000

Year	Full Faith 2017	
	Principal	Interest
2019	\$ 101,990	\$ 86,237
2020	136,602	57,913
2021	140,293	54,265
2022	143,062	50,519
2023	150,446	46,519
2024-2028	880,526	170,731
2029-2031	718,081	56,082
Total	\$ 2,271,000	\$ 522,266

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

5. Long-term Debt (continued)

Golf. In addition to the full faith and credit obligation issued in fiscal year 2011 as described previously, the City refinanced the outstanding note payable in 2011. The term on the new note payable is five years with interest of 2.67 percent. In FY 2016 the Golf Course obtained a 5 year loan for golf carts that bears a 4.94 percent interest rate. The Golf Course's debt obligations, including future maturities of principal and interest at June 30, 2018, are as follows:

<u>Golf</u>	Balance June 30, 2017	New Issues	Principal Paid	Balance June 30, 2018
Full Faith and Credit Obligations 2011	\$ 415,000	\$ -	\$ 415,000	\$ -
Full Faith and Credit Obligations 2017	-	394,000	-	394,000
Note payable - Bank of the Cascades	131,830	-	24,499	107,331
Total Debt	546,830	394,000	439,499	501,331
Plus: Bond Issuance Premium	12,249	-	12,249	-
Total Golf	<u>\$ 559,079</u>	<u>\$ 394,000</u>	<u>\$ 451,748</u>	<u>\$ 501,331</u>

Year	Full Faith 2017		Note Payable - Bank of Cascades		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 40,000	\$ 15,150	\$ 25,170	\$ 2,663	\$ 65,170	\$ 17,813
2020	45,000	13,550	25,873	1,960	70,873	15,510
2021	45,000	11,750	56,288	129	101,288	11,879
2022	50,000	9,950	-	-	50,000	9,950
2023	50,000	8,150	-	-	50,000	8,150
2024-2026	164,000	12,095	-	-	164,000	12,095
Total	<u>\$ 394,000</u>	<u>\$ 70,645</u>	<u>\$ 107,331</u>	<u>\$ 4,752</u>	<u>\$ 501,331</u>	<u>\$ 75,397</u>

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	\$ 496,796	\$(2,138,300)
Transportation Fund	400,000	(423,300)
Emergency Dispatch Fund	583,000	(156,900)
Transportation SDC Fund	-	(26,254)
Pension Debt Service Fund	100,000	-
LID Debt Service Fund	-	(72,485)
Water	412,000	(1,755,033)
Wastewater	2,007,225	(3,665,316)
Railroad	-	(96,500)
Golf	370,000	(132,500)
Non-major Enterprise Funds	150,000	(77,600)
Internal Service Funds	4,213,967	(188,800)
Total	<u>\$8,732,988</u>	<u>\$ (8,732,988)</u>

City of Prineville, Oregon

Notes to Financial Statements

Year Ended June 30, 2018

6. Interfund Transfers (continued)

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 railroad fund for the debt service payment, 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 from SDC funds are for debt service payments for qualified infrastructure improvements paid for by utility funds. The transfer from the LID debt service fund to general fund was to cover debt service for the property acquisition for the purchase of the Ironhorse property that was part of the LID.

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:

<http://www.oregon.gov/pers/documents/financials/CAFR/2017-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. 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,

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

7. Defined Benefit Pension Plan (continued)

- 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.
- b. **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. **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.
- 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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

7. Defined Benefit Pension Plan (continued)

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, 2018 were \$334,346, excluding amounts to fund employer specific liabilities. In addition approximately \$265,006 in employee contributions were paid or picked up by the City in fiscal 2018. At June 30, 2018, the City reported a net pension liability of \$4,179,097 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated June 30, 2015. 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, 2017, the City’s proportion was .031 percent. Pension expense for the year ended June 30, 2018 was \$1,047,959.

The rates in effect for the year ended June 30, 2018 were:

- (1) Tier 1/Tier 2 – 12.17%
- (2) OPSRP general services – 3.94%
- (3) OPSR police and fire – 8.71%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 202,103	\$ -
Changes in assumptions	761,775	-
Net difference between projected and actual earnings on pension plan investments	43,055	-
Net changes in proportionate share	136,473	912,768
Differences between City contributions and proportionate share of contributions	778,830	215,876
Subtotal - Amortized Deferrals (below)	1,922,236	1,128,644
City contributions subsequent to measuring date	265,006	-
Deferred outflow (inflow) of resources	\$ 2,187,242	\$ 1,128,644

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, 2019. 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
2018	\$ 367,559
2019	514,096
2020	78,115
2021	(174,282)
2022	8,104
Thereafter	-
Total	\$ 793,592

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

7. Defined Benefit Pension Plan (continued)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 16, 2018. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/documents/financials/CAFR/2017-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.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 23, 2015
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	7.50 percent
Projected salary increase	3.5 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/1.5%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generational per scale BB, disabled mortality table.

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 2015 Experience Study which is reviewed for the four-year period ending December 31, 2015.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

7. Defined Benefit Pension Plan (continued)

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	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

Source: June 30, 2017 PERS CAFR; p. 92

Long-Term Expected Rate of Return:

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

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

Source: June 30, 2017 PERS CAFR p. 69

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

7. Defined Benefit Pension Plan (continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent 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.

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 7,121,945	\$ 4,179,097	\$ 1,718,332

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.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

7. Defined Benefit Pension Plan (continued)

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.

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:

Employees of the City pay six (6) percent of their covered payroll. The City did make \$265,006 in contributions to member IAP accounts for the year ended June 30, 2018.

Retirement Health Insurance Account

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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

7. Defined Benefit Pension Plan (continued)

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 0.49 percent of annual covered OPERF payroll and 0.42 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 year ended June 30, 2018 was \$19,985, which equaled the required contributions for the year. At June 30, 2018, 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.

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 2016 to 2017. 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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

9. Fund Balances

Below is a schedule of fund balances as of June 30, 2018, 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	-	-	331,358	955,586	-	1,286,944
	-	-	331,358	955,586	-	1,286,944
<u>Committed to:</u>						
Public safety	-	404,256	-	-	-	404,256
Debt service	-	-	-	-	863,291	863,291
	-	404,256	-	-	863,291	1,267,547
Assigned to: Other purposes	248,158	-	-	-	-	248,158
Unassigned:	1,918,886	-	-	-	-	1,918,886
Total	<u>\$ 2,167,044</u>	<u>\$ 404,256</u>	<u>\$ 331,358</u>	<u>\$ 955,586</u>	<u>\$ 863,291</u>	<u>\$ 4,721,535</u>

10. Property Tax Abatements

As of June 30, 2018, 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 fifteen 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, 2018, the City abated property taxes totaling \$5,185,125 and \$4,427 under the Enterprise Zone and Levy Exemption, respectively.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

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, 2017.

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, 2017 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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2018

11. Other Post-employment Benefits (continued)

Changes in the Net OPEB Liability

	Increase/ (Decrease)
Total OPEB Liability at June 30, 2017	285,356
Changes for the year:	
Service cost	26,568
Interest	8,646
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	(17,461)
Benefit payments	(17,197)
Balance as of June 30, 2018	285,912

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 3.58 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 (2.58 percent) or one percentage point higher (4.58 percent) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	\$ 309,758	\$ 285,912	\$ 264,203

	1% Decrease Healthcare	Current Trend Rate Healthcare	1% Increase Healthcare
Total OPEB Liability	\$ 319,807	\$ 285,912	\$ 257,735

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Benefits were not considered significant and were not accrued.

The beginning Net position for governmental funds was restated due to the City's implementation of GASB 75 for the implicit rate subsidy. Net position was decreased by \$285,356.

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
Required Supplementary Information

Year Ended June 30, 2018

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
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
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 RATE SUBSIDY - GASB 75:

Total Other Post Employment Benefits Liability at June 30, 2017 **\$ 285,356**

Changes for the year:

Service Cost	26,568
Interest	8,646
Changes in Benefit Terms	-
Differences between expected and actual experience	-
Changes in assumptions or other input	(17,461)
Employer Contributions	-
Benefit Payments	(17,197)
Net changes for the year	556

Total Other Post Employment Benefits Liability at June 30, 2018 **\$ 285,912**

Fiduciary Net Position - Beginning

Contributions - Employer	17,197
Contributions - Employee	-
Net Investment Income	-
Benefit Payments	(17,197)
Administrative Expense	-
Net changes for the year	-

Fiduciary Net Position - Ending **\$ -**

Net Liability for Other Post Employment Benefits - End of Year **\$ 285,912**

Fiduciary Net Position as a percentage of the total Single Employer Pension Liability	0%
Covered Payroll	\$ 4,814,716
Net Single Employer Pension Plan as a Percentage of Covered Payroll	6%

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
Year Ended June 30, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 2,050,000	\$ 2,050,000	\$ 2,071,505	\$ 21,505
Transient room taxes	350,000	350,000	339,003	(10,997)
Franchise taxes	2,413,000	2,413,000	2,740,102	327,102
Licenses and permits	11,200	11,200	8,439	(2,761)
Intergovernmental	231,100	231,100	295,048	63,948
Charges for service	225,000	225,000	51,644	(173,356)
Interest	4,500	4,500	24,615	20,115
Miscellaneous	55,600	55,600	381,744	326,144
Total revenues	5,340,400	5,340,400	5,912,100	571,700
Expenditures				
Current				
Police	2,860,100	3,548,000 (1)	3,526,452	21,548
Non-departmental	269,800	355,100 (1)	334,074	21,026
Debt service				
Principal	204,500	204,500 (2)	181,736	22,764
Interest	-	- (2)	22,677	(22,677)
Contingency	1,489,736	616,536 (1)	-	616,536
Total expenditures	4,824,136	4,724,136	4,064,939	659,197
Excess of revenues over/ (under) expenditures	516,264	616,264	1,847,161	1,230,897
Other financing sources/(uses)				
Transfers in	72,185	72,185	72,485	300
Transfers out	(2,017,500)	(2,117,500) (1)	(2,017,500)	100,000
Debt proceeds	-	-	433,000	433,000
Total other financing sources (uses)	(1,945,315)	(2,045,315)	(1,512,015)	533,300
Net change in fund balance	(1,429,051)	(1,429,051)	335,146	1,764,197
Fund balance, July 1, 2017	1,429,051	1,429,051	1,583,740	154,689
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	1,918,886	<u>\$ 1,918,886</u>
Reconciliation to GAAP fund balance:				
Consolidation of community development fund balance			248,158	
Total fund balance			<u>\$ 2,167,044</u>	

(1) Appropriation Level

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

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Transportation Fund
Year Ended June 30, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Franchise taxes	\$ 300,000	\$ 300,000	\$ 173,000	\$ (127,000)
Licenses and permits	-	-	11,745	11,745
Intergovernmental	848,300	848,300	968,081	119,781
Interest	1,800	1,800	3,185	1,385
Miscellaneous	8,500	8,500	133	(8,367)
Total revenues	1,158,600	1,158,600	1,156,144	(2,456)
Expenditures				
Current				
Personal services	227,700	227,700 (1)	220,282	7,418
Materials and services	236,300	236,300 (1)	211,065	25,235
Capital outlay	654,600	654,600 (1)	639,896	14,704
Contingency	212,186	212,186 (1)	-	212,186
Total expenditures	1,330,786	1,330,786	1,071,243	259,543
Excess of revenue over/ (under) expenditures	(172,186)	(172,186)	84,901	257,087
Other financing sources/(uses)				
Transfers in	400,000	400,000	400,000	-
Transfers out	(423,300)	(423,300) (1)	(423,300)	-
Total other financing sources (uses)	(23,300)	(23,300)	(23,300)	-
Net change in fund balance	(195,486)	(195,486)	61,601	257,087
Fund balance, July 1, 2017	195,486	195,486	269,757	74,271
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331,358</u>	<u>\$ 331,358</u>

(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, 2018

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	\$ 897,600	\$ 897,600	\$ 935,337	\$ 37,737
Miscellaneous	4,000	4,000	761	(3,239)
Interest	3,000	3,000	4,797	1,797
Total revenues	<u>904,600</u>	<u>904,600</u>	<u>940,895</u>	<u>36,295</u>
Expenditures				
Current				
Personal services	1,017,500	1,017,500 (1)	930,828	86,672
Materials and services	245,500	312,600 (1)	274,487	38,113
Capital outlay	125,000	130,000 (1)	128,983	1,017
Contingency	254,973	182,873 (1)	-	182,873
Total expenditures	<u>1,642,973</u>	<u>1,642,973</u>	<u>1,334,298</u>	<u>308,675</u>
Excess of revenues over/ (under) expenditures	(738,373)	(738,373)	(393,403)	344,970
Other financing sources (uses)				
Transfers out	(156,900)	(156,900) (1)	(156,900)	-
Transfers in	583,000	583,000	583,000	-
Total other financing sources (uses)	<u>426,100</u>	<u>426,100</u>	<u>426,100</u>	<u>-</u>
Net change in fund balance	(312,273)	(312,273)	32,697	344,970
Fund balance, July 1, 2017	312,273	312,273	371,559	59,286
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 404,256</u>	<u>\$ 404,256</u>

(1) Appropriation Level

Financial Section

Supplementary Information

Governmental Funds

- Community Development Fund
- Transportation SDC Fund
- Local Improvement District Debt Service 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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Licenses and permits	\$ 50,000	\$ 50,000	\$ 47,776	\$ (2,224)
Intergovernmental	5,300	5,300	-	(5,300)
Charges for services	25,900	25,900	5,844	(20,056)
Interest	600	600	1,974	1,374
Total revenues	81,800	81,800	55,594	(26,206)
Expenditures				
Current				
Personal services	250,600	250,600 (1)	216,613	33,987
Materials and services	27,800	27,800 (1)	15,614	12,186
Contingency	97,721	97,721 (1)	-	97,721
Total expenditures	376,121	376,121	232,227	143,894
Excess of revenues over/ (under) expenditures	(294,321)	(294,321)	(176,633)	117,688
Other financing sources (uses)				
Transfers out	(120,800)	(120,800) (1)	(120,800)	-
Transfers in	320,000	320,000	424,311	104,311
Total other financing sources (uses)	199,200	199,200	303,511	104,311
Net change in fund balance	(95,121)	(95,121)	126,878	221,999
Fund balance, July 1, 2017	95,121	95,121	121,280	26,159
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	248,158	<u>\$ 248,158</u>
Reconciliation to GAAP fund balance:				
Consolidation of fund balance with general fund			(248,158)	
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, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 4,000	\$ 4,000	\$ 11,120	\$ 7,120
System development charges	355,000	355,000	525,075	170,075
Total revenues	359,000	359,000	536,195	177,195
Expenditures				
Current				
Materials and services	10,000	10,000 (1)	4,014	5,986
Capital outlay	-	85,000 (1)	69,151	15,849
Contingency	888,154	790,954 (1)	-	790,954
Total expenditures	898,154	885,954	73,165	812,789
Excess of revenues over/ (under) expenditures	(539,154)	(526,954)	463,030	989,984
Other financing sources (uses)				
Transfers out	(17,800)	(30,000) (1)	(26,254)	3,746
Net change in fund balance	(556,954)	(556,954)	436,776	993,730
Fund balance, July 1, 2017	556,954	556,954	518,810	(38,144)
Fund balance, June 30, 2018	\$ -	\$ -	\$ 955,586	\$ 955,586

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Local Improvement District Debt Service Fund
Year Ended June 30, 2018

	Original and Final Budget	Final Amended Budget	Actual	Variance with Final Budget
Other financing sources/(uses)				
Transfers out	(72,185)	(72,185) (1)	(72,485)	(300)
Total other financing sources (uses)	(72,185)	(72,185)	(72,485)	(300)
Net change in fund balance	(72,185)	(72,185)	(72,485)	(300)
Fund balance, July 1, 2017	72,185	72,185	72,485	300
Fund balance, June 30, 2018	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

*Note the fund was closed by the City Council via resolution 1354

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, 2018

	Original and Final Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for Services	\$ 468,900	\$ 468,900	\$ 468,900	\$ -
Interest	2,500	2,500	10,946	8,446
Total revenues	471,400	471,400	479,846	8,446
Expenditures				
Current				
Materials and services	-	30,000 (1)	28,300	1,700
Debt service				-
Principal	145,000	2,667,000 (2), (3)	2,570,000	97,000
Interest	127,000	127,000 (2), (3)	223,958	(96,958)
Contingency	855,880	853,880 (1)	-	853,880
Total expenditures	1,127,880	3,677,880	2,822,258	855,622
Excess of revenues over/ (under) expenditures	(656,480)	(3,206,480)	(2,342,412)	864,068
Other financing sources/(uses)				
Debt proceeds	-	2,550,000	2,549,000	(1,000)
Transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	2,650,000	2,649,000	(1,000)
Net change in fund balance	(556,480)	(556,480)	306,588	863,068
Fund balance, July 1, 2017	556,480	556,480	556,703	223
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,291</u>	<u>\$ 863,291</u>

(1) Appropriation Level

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

(3) This line item contains advanced refunding transactions that is exempt from budget law under ORS 294.338

City of Prineville, Oregon
Combining Schedule of Net Position
Water Fund
June 30, 2018

	Water Fund	Water SDC Fund	Totals
Assets			
Current assets			
Cash and investments	\$ 760,712	\$ 1,856,438	\$ 2,617,150
Accounts receivable	610,213	-	610,213
Inventory	193,720	-	193,720
Total current assets	<u>1,564,645</u>	<u>1,856,438</u>	<u>3,421,083</u>
Non-current assets			
Capital assets:			
Non-depreciable	2,012,281	-	2,012,281
Other capital assets, Net of accumulated depreciation	12,676,625	-	12,676,625
Net non-current assets	<u>14,688,906</u>	<u>-</u>	<u>14,688,906</u>
Total assets	<u>\$ 16,253,551</u>	<u>\$ 1,856,438</u>	<u>\$ 18,109,989</u>
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 60,915	\$ 357,215	\$ 418,130
Deposits	25,894	-	25,894
Accrued interest	30,366	-	30,366
Bonds payable, current portion	101,990	-	101,990
Total current liabilities	<u>219,165</u>	<u>357,215</u>	<u>576,380</u>
Long-term liabilities			
Bonds payable, net of current portion	2,169,010	-	2,169,010
Total long-term liabilities	<u>2,169,010</u>	<u>-</u>	<u>2,169,010</u>
Total liabilities	<u>2,388,175</u>	<u>357,215</u>	<u>2,745,390</u>
Net position			
Net Investment in Capital Assets	12,417,906	-	12,417,906
Restricted	-	1,499,223	1,499,223
Unrestricted	1,447,470	-	1,447,470
Total net position	<u>13,865,376</u>	<u>1,499,223</u>	<u>15,364,599</u>
Total liabilities and net position	<u>\$ 16,253,551</u>	<u>\$ 1,856,438</u>	<u>\$ 18,109,989</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Water Fund
Year Ended June 30, 2018

	Water Fund	Water SDC Fund	Totals
Operating revenue			
Charges for services	\$ 3,207,948	\$ -	\$ 3,207,948
System development charges	-	2,968,669	2,968,669
Other	26,931	333,674	360,605
Total operating revenue	<u>3,234,879</u>	<u>3,302,343</u>	<u>6,537,222</u>
Operating expenses			
Materials and services	587,636	-	587,636
Depreciation	352,362	-	352,362
Total operating expenses	<u>939,998</u>	<u>-</u>	<u>939,998</u>
Operating income (loss)	2,294,881	3,302,343	5,597,224
Non-operating revenues (expenses)			
Interest income	11,450	24,176	35,626
Interest expense	(237,363)	-	(237,363)
Bond premium amortization	54,194	-	54,194
Transfers in	412,000	-	412,000
Transfers out	(1,194,600)	(560,433)	(1,755,033)
Total non-operating revenues (expenses)	<u>(954,319)</u>	<u>(536,257)</u>	<u>(1,490,576)</u>
Other non-operating items			
Contributed capital	1,467,117	(1,314,354)	152,763
Total non-operating items	<u>1,467,117</u>	<u>(1,314,354)</u>	<u>152,763</u>
Change in net position	2,807,679	1,451,732	4,259,411
Net position, July 1, 2017	<u>11,057,697</u>	<u>47,491</u>	<u>11,105,188</u>
Net position, June 30, 2018	<u>\$ 13,865,376</u>	<u>\$ 1,499,223</u>	<u>\$ 15,364,599</u>

City of Prineville, Oregon
Combining Schedule of Cash Flows
Water Fund
Year Ended June 30, 2018

	Water Fund	Water SDC Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 3,030,663	\$ 3,302,343	\$ 6,333,006
Cash payments for goods and services	(636,903)	354,215	(282,688)
Net cash flows from operating activities	<u>2,393,760</u>	<u>3,656,558</u>	<u>6,050,318</u>
Cash flows from non-capital activities			
Transfers out	(1,194,600)	(560,433)	(1,755,033)
Transfers in	412,000	-	412,000
Interfund loan repayments	53,828	-	53,828
Net cash flows from non-capital activities	<u>(728,772)</u>	<u>(560,433)</u>	<u>(1,289,205)</u>
Cash flows from capital financing activities			
Debt proceeds	2,271,000	-	2,271,000
Acquisition of capital assets	(1,354,130)	(1,314,354)	(2,668,484)
Debt reduction	(2,754,501)	-	(2,754,501)
Interest paid on debt	(72,617)	-	(72,617)
Net cash flows from capital financing activities	<u>(1,910,248)</u>	<u>(1,314,354)</u>	<u>(3,224,602)</u>
Cash flows from investing activities			
Interest earned	11,450	24,176	35,626
Net increase (decrease) in cash	(233,810)	1,805,947	1,572,137
Cash - July 1, 2017	994,522	50,491	1,045,013
Cash - June 30, 2018	<u>\$ 760,712</u>	<u>\$ 1,856,438</u>	<u>\$ 2,617,150</u>
Reconciliation of operating income to net cash flows from operations			
Operating income (loss)	\$ 2,294,881	\$ 3,302,343	\$ 5,597,224
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	352,362	-	352,362
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	(57,744)	354,215	296,471
Increase/(decrease) in deposits	(733)	-	(733)
Decrease/(increase) in inventory	8,477	-	8,477
Decrease/(increase) in accounts receivable	(203,483)	-	(203,483)
Total adjustments	<u>98,879</u>	<u>354,215</u>	<u>453,094</u>
Net cash from operating activities	<u>\$ 2,393,760</u>	<u>\$ 3,656,558</u>	<u>\$ 6,050,318</u>
Noncash investing, capital, and financing activities			
Contributions of capital assets	1,467,117	(1,314,354)	152,763

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Water Fund
Year Ended June 30, 2018

	Original Budget	Final Amended Budget		Actual	Variance with Final Budget
Revenues					
Charges for service	\$ 2,757,000	\$ 2,757,000		\$ 3,207,948	\$ 450,948
Interest	7,000	7,000		11,450	4,450
Other	5,500	5,500		26,931	21,431
Total revenues	2,769,500	2,769,500		3,246,329	476,829
Expenditures					
Materials and services	629,500	591,500 (1)		572,143	19,357
Capital outlay	937,500	1,483,000 (1)		1,369,623	113,377
Debt service					
Principal	175,000	460,000 (2), (3)		500,408	(40,408)
Interest	113,200	113,200 (2), (3)		87,862	25,338
Contingency	1,326,514	722,014 (1)		-	722,014
Total expenditures	3,181,714	3,369,714		2,530,036	839,678
Excess of revenues over/ (under) expenditures	(412,214)	(600,214)		716,293	1,316,507
Other financing sources (uses)					
Refunding Bonds Issued	-	2,280,000		2,271,000	(9,000)
Payment to refunded bond escrow	-	(2,377,000) (2), (3)		(2,254,093)	122,907
Transfers in	127,000	412,000		412,000	-
Transfers out	(1,194,600)	(1,194,600) (1)		(1,194,600)	-
Total other financing sources (uses)	(1,067,600)	(879,600)		(765,693)	113,907
Net change in fund balance	(1,479,814)	(1,479,814)		(49,400)	1,430,414
Fund balance, July 1, 2017	1,479,814	1,479,814		1,496,870	17,056
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>		<u>1,447,470</u>	<u>\$ 1,447,470</u>
Reconciliation to net position - GAAP Basis:					
Adjustment for capital assets, net of accumulated depreciation				14,688,906	
Adjustment for note payable - due within one year				(101,990)	
Adjustment for note payable				(2,169,010)	
Net position - GAAP Basis				<u>\$ 13,865,376</u>	

(1) Appropriation Level

(2) Appropriation level is Principal and Interest Combined

(3) This line item contains advanced refunding transactions that is exempt from budget law under ORS 294.338

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Water SDC Fund
Year Ended June 30, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 700	\$ 700	\$ 24,176	\$ 23,476
Miscellaneous	-	-	333,674	333,674
System development charges	190,000	2,889,600	2,968,669	79,069
Total revenues	<u>190,700</u>	<u>2,890,300</u>	<u>3,326,519</u>	<u>436,219</u>
Expenditures				
Capital outlay	110,000	2,110,000 (1)	1,314,354	795,646
Contingency	30,407	301,507 (1)	-	301,507
Total expenditures	<u>140,407</u>	<u>2,411,507</u>	<u>1,314,354</u>	<u>1,097,153</u>
Excess of revenues over/ (under) expenditures	50,293	478,793	2,012,165	1,533,372
Other financing sources (uses)				
Transfers out	(136,500)	(565,000) (1)	(560,433)	4,567
Total other financing sources (uses)	<u>(136,500)</u>	<u>(565,000)</u>	<u>(560,433)</u>	<u>4,567</u>
Net change in fund balance	(86,207)	(86,207)	1,451,732	1,537,939
Fund balance, July 1, 2017	86,207	86,207	47,491	(38,716)
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	1,499,223	<u>\$ 1,499,223</u>
Reconciliation to net position - GAAP Basis:			-	
Net position - GAAP Basis			<u>\$ 1,499,223</u>	

(1) Appropriation Level

City of Prineville, Oregon
Combining Schedule of Net Position
Wastewater Fund
June 30, 2018

	Wastewater Fund	Wastewater SDC Fund	Totals
Assets			
Current assets			
Cash and investments	\$ 1,036,551	\$ 2,595,207	\$ 3,631,758
Accounts receivable	496,869	-	496,869
Inventory	28,275	-	28,275
Total current assets	<u>1,561,695</u>	<u>2,595,207</u>	<u>4,156,902</u>
Non-current assets			
Restricted cash and investments	456,300	-	456,300
Capital assets:			
Non-depreciable	2,013,616	-	2,013,616
Other capital assets, Net of accumulated depreciation	30,196,228	-	30,196,228
Net non-current assets	<u>32,666,144</u>	<u>-</u>	<u>32,666,144</u>
Total assets	<u>\$ 34,227,839</u>	<u>\$ 2,595,207</u>	<u>\$ 36,823,046</u>
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 51,413	\$ 357,215	\$ 408,628
Accrued interest	124,120	-	124,120
Deposits	57,815	-	57,815
Accrued compensated absences	14,331	-	14,331
Notes payable, current portion	75,932	-	75,932
Bonds payable, current portion	580,584	-	580,584
Total current liabilities	<u>904,195</u>	<u>357,215</u>	<u>1,261,410</u>
Long-term liabilities			
Due to General Fund	-	-	-
Notes Payable	4,674,068	-	4,674,068
Bonds payable, net of current portion	6,457,660	-	6,457,660
Total long-term liabilities	<u>11,131,728</u>	<u>-</u>	<u>11,131,728</u>
Total liabilities	<u>12,035,923</u>	<u>357,215</u>	<u>12,393,138</u>
Net position			
Net Investment in Capital Assets	25,171,600	-	25,171,600
Restricted for debt service	456,300	-	456,300
Unrestricted	(3,435,984)	2,237,992	(1,197,992)
Total net position	<u>22,191,916</u>	<u>2,237,992</u>	<u>24,429,908</u>
Total liabilities and net position	<u>\$ 34,227,839</u>	<u>\$ 2,595,207</u>	<u>\$ 36,823,046</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Wastewater Fund
Year Ended June 30, 2018

	Wastewater Fund	Wastewater SDC Fund	Totals
Operating revenue			
Intergovernmental	\$ -	\$ 9,554	\$ 9,554
Charges for services	3,627,913	5,185,432	8,813,345
Other	94,714	333,676	428,390
Total operating revenue	<u>3,722,627</u>	<u>5,528,662</u>	<u>9,251,289</u>
Operating expenses			
Salaries and fringe benefits	117,330	-	117,330
Materials and services	723,610	9,940	733,550
Depreciation	745,693	-	745,693
Total operating expenses	<u>1,586,633</u>	<u>9,940</u>	<u>1,596,573</u>
Operating income (loss)	2,135,994	5,518,722	7,654,716
Non-operating revenues (expenses)			
Interest income	20,331	30,821	51,152
Interest expense	(697,178)	-	(697,178)
Bond premium amortization	72,124	-	72,124
Transfers in	2,007,225	-	2,007,225
Transfers out	(1,341,500)	(2,323,816)	(3,665,316)
Total non-operating revenues (expenses)	<u>61,002</u>	<u>(2,292,995)</u>	<u>(2,231,993)</u>
Other non-operating items			
Contributed capital	(3,503,377)	3,646,839	143,462
Change in net position	(1,306,381)	6,872,566	5,566,185
Net position, July 1, 2017	<u>23,498,297</u>	<u>(4,634,574)</u>	<u>18,863,723</u>
Net position, June 30, 2018	<u>\$ 22,191,916</u>	<u>\$ 2,237,992</u>	<u>\$ 24,429,908</u>

City of Prineville, Oregon
Combining Schedule of Cash Flows
Wastewater Fund
Year Ended June 30, 2018

	Wastewater Fund	Wastewater SDC Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 3,766,655	\$ 6,136,328	\$ 9,902,983
Cash payments for goods and services	(733,737)	(199,587)	(933,324)
Cash payments to employees	(116,211)	-	(116,211)
Net cash flows from operating activities	<u>2,916,707</u>	<u>5,936,741</u>	<u>8,853,448</u>
Cash flows from non-capital activities			
Transfers out	(1,341,500)	(2,323,816)	(3,665,316)
Transfers in	2,007,225	-	2,007,225
Net cash flows from non-capital activities	<u>665,725</u>	<u>(2,323,816)</u>	<u>(1,658,091)</u>
Cash flows from capital financing activities			
Acquisition of capital assets	(633,434)	(1,086,854)	(1,720,288)
Debt proceeds	6,704,625	38,315	6,742,940
Debt reduction	(9,334,598)	-	(9,334,598)
Interest paid on debt	(320,842)	-	(320,842)
Net cash flows from capital financing activities	<u>(3,584,249)</u>	<u>(1,048,539)</u>	<u>(4,632,788)</u>
Cash flows from investing activities			
Interest earned	20,331	30,821	51,152
Net decrease in cash	18,514	2,595,207	2,613,721
Cash - July 1, 2017	1,474,337	-	1,474,337
Cash - June 30, 2018	<u>\$ 1,492,851</u>	<u>\$ 2,595,207</u>	<u>\$ 4,088,058</u>
Reconciliation of operating income to net cash flows from operations			
Operating income	\$ 2,135,994	\$ 5,518,722	7,654,716
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	745,693	-	745,693
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	(11,260)	(128,417)	(139,677)
Increase/(decrease) in other liabilities	-	(61,230)	(61,230)
Increase/(decrease) in accrued expenses	1,119	-	1,119
Increase/(decrease) in deposits	(207)	-	(207)
Decrease/(increase) in accounts receivable	44,235	607,666	651,901
Decrease/(increase) in inventory	1,133	-	1,133
Total adjustments	<u>780,713</u>	<u>418,019</u>	<u>1,198,732</u>
Net cash from operating activities	<u>\$ 2,916,707</u>	<u>\$ 5,936,741</u>	<u>\$ 8,853,448</u>
Noncash investing, capital, and financing activities			
Contributions of capital assets	(3,503,377)	3,646,839	143,462

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Wastewater Fund
Year Ended June 30, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 3,481,000	\$ 3,481,000	\$ 3,627,913	\$ 146,913
Interest	5,000	5,000	20,331	15,331
Other	88,800	88,800	94,714	5,914
Total revenues	3,574,800	3,574,800	3,742,958	168,158
Expenditures				
Personal services	116,400	122,000 (1)	117,330	4,670
Materials and services	771,800	771,800 (1)	699,427	72,373
Capital outlay	325,000	670,000 (1)	633,434	36,566
Debt service				
Principal	5,211,300	7,708,300 (2), (3)	6,709,395	998,905
Interest	447,500	447,500 (2), (3)	380,877	66,623
Other requirements		-		
Loan fees	24,200	24,200 (2), (3)	24,183	17
Contingency	1,421,241	1,240,741 (1)	-	1,240,741
Total expenditures	8,317,441	10,984,541	8,564,646	2,419,895
Excess of revenues over/ (under) expenditures	(4,742,641)	(7,409,741)	(4,821,688)	2,588,053
Other financing sources (uses)				
Debt Proceeds	4,500,000	4,500,000	4,038,315	(461,685)
Refunding Bonds Issued	-	2,667,000	2,666,310	(690)
Payment to refunded bond escrow	-	(2,000,000) (2), (3)	(2,625,203)	
Transfers in	77,600	2,077,700	2,007,225	(70,475)
Transfers out	(1,341,500)	(1,341,500) (1)	(1,341,500)	-
Total other financing sources (uses)	3,236,100	5,903,200	4,745,147	(532,850)
Net change in fund balance	(1,506,541)	(1,506,541)	(76,541)	2,055,203
Fund balance, July 1, 2017	1,962,841	1,962,841	1,846,857	(115,984)
Fund balance, June 30, 2018	456,300	456,300	1,770,316	1,939,219
Other requirements				
Restricted for debt service	456,300	456,300	456,300	-
Ending unassigned, unrestricted fund balance	\$ -	\$ -	1,314,016	\$ 1,939,219
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			13,212	
Adjustment for current year change in accrued absences			1,119	
Fund balance - modified accrual budgetary basis			1,328,347	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			32,209,844	
Adjustment for accrued compensated absences payable			(14,331)	
Adjustment for debt payable - due within one year			(656,516)	
Adjustment for debt payable			(11,131,728)	
Net position - GAAP Basis			\$ 22,191,916	

(1) Appropriation Level

(2) Appropriation level is Principal and Interest Combined

(3) This line item contains advanced refunding transactions that is exempt from budget law under ORS 294.338

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Wastewater SDC Fund
Year Ended June 30, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 467,800	\$ 467,800	\$ 9,554	\$ (458,246)
Interest	2,500	2,500	30,821	28,321
Miscellaneous		-	333,676	333,676
System development charges	280,000	5,082,500	5,185,432	102,932
Total revenues	750,300	5,552,800	5,559,483	6,683
Expenditures				
Material and services	10,000	10,000 (1)	9,940	60
Capital outlay	717,800	2,717,800 (1)	1,086,854	1,630,946
Contingency	257,222	761,122 (1)	-	761,122
Total expenditures	985,022	3,488,922	1,096,794	2,392,128
Excess of revenues over/ (under) expenditures	(234,722)	2,063,878	4,462,689	2,398,811
Other financing sources (uses)				
Debt proceeds	100,000	100,000	38,315	(61,685)
Transfers out	(91,600)	(2,390,200) (1)	(2,323,816)	66,384
Total other financing sources (uses)	8,400	(2,290,200)	(2,285,501)	4,699
Net change in fund balance	(226,322)	(226,322)	2,177,188	2,403,510
Fund balance, July 1, 2017	226,322	226,322	60,804	(165,518)
Fund balance, June 30, 2018	\$ -	\$ -	\$ 2,237,992	\$ 2,237,992

(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, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 942,000	\$ 942,000	\$ 630,572	\$ 311,428
Interest	15,000	15,000	11,601	3,399
Miscellaneous	244,200	244,200	169,160	75,040
Total revenues	1,201,200	1,201,200	811,333	389,867
Expenditures				
Personal services	421,000	421,000 (1)	345,403	75,597
Materials and services	336,100	466,100 (1)	392,358	73,742
Capital outlay	121,000	121,000 (1)	-	121,000
Contingency	1,328,166	1,198,166 (1)	-	1,198,166
Total expenditures	2,206,266	2,206,266	737,761	1,468,505
Excess of revenues over/ (under) expenditures	(1,005,066)	(1,005,066)	73,572	1,078,638
Other financing sources (uses)				
Transfers out	(96,500)	(96,500) (1)	(96,500)	-
Total other financing sources (uses)	(96,500)	(96,500)	(96,500)	-
Net change in fund balance	(1,101,566)	(1,101,566)	(22,928)	1,078,638
Fund balance, July 1, 2017	1,101,566	1,101,566	1,059,621	(41,945)
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	1,036,693	<u>\$ 1,036,693</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			34,237	
Adjustment for current year change in accrued absences			10,449	
Fund balance - modified accrual budgetary basis			1,081,379	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			7,887,163	
Adjustment for accrued compensated absences payable			(44,686)	
Adjustment for amount due from general fund			(771,851)	
Net position - GAAP Basis			<u>\$ 8,152,005</u>	

(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, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 6,697,500	\$ 6,697,500	\$ 288,380	\$ (6,409,120)
Charges for services	883,000	883,000	526,877	(356,123)
Interest	100	100	-	(100)
Total revenues	7,580,600	7,580,600	815,257	(6,765,343)
Expenditures				
Personal services	181,100	181,100 (1)	159,966	21,134
Materials and services	807,300	807,300 (1)	505,220	302,080
Capital outlay	6,587,000	6,587,000 (1)	245,444	6,341,556
Contingency	115,463	115,463 (1)	-	115,463
Total expenditures	7,690,863	7,690,863	910,630	6,780,233
Excess of revenues over/ (under) expenditures	(110,263)	(110,263)	(95,373)	14,890
Other financing sources (uses)				
Transfers in	50,000	50,000	150,000	100,000
Transfers out	(96,300)	(96,300) (1)	(77,600)	18,700
Total other financing sources (uses)	(46,300)	(46,300)	72,400	118,700
Net change in fund balance	(156,563)	(156,563)	(22,973)	133,590
Fund balance, July 1, 2017	156,563	156,563	65,888	(90,675)
Fund balance, June 30, 2018	\$ -	\$ -	42,915	\$ 42,915
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			5,093	
Adjustment for current year change in accrued absences			(815)	
Fund balance - modified accrual budgetary basis			47,193	
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(4,278)	
Adjustment for capital assets, net of accumulated depreciation			2,059,951	
Net position - GAAP Basis			\$ 2,102,866	

(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, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 1,204,000	\$ 1,204,000	\$ 1,086,898	\$ (117,102)
Interest	2,500	2,500	6,215	3,715
Miscellaneous	7,000	7,000	36,189	29,189
Total revenues	1,213,500	1,213,500	1,129,302	(84,198)
Expenditures				
Waste disposal	409,200	409,200 (1)	396,881	12,319
Golf course	425,400	425,400 (1)	377,869	47,531
Restaurant	505,700	505,700 (1)	478,730	26,970
Debt service: Principal	63,900	63,900 (2), (3)	71,547	(7,647)
Debt service: Interest	21,100	21,100 (2), (3)	20,698	402
Contingency	448,708	449,508 (1)	-	449,508
Total expenditures	1,874,008	1,874,808	1,345,725	529,083
Excess of revenues over/ (under) expenditures	(660,508)	(661,308)	(216,423)	444,885
Other financing sources (uses)				
Refunding bonds issued	-	395,000	394,000	(1,000)
Payment to refunded bond escrow	-	(394,200) (2), (3)	(390,713)	3,487
Transfers in	370,000	370,000	370,000	-
Transfers out	(132,500)	(132,500) (1)	(132,500)	-
Total other financing sources (uses)	237,500	238,300	240,787	2,487
Net change in fund balance	(423,008)	(423,008)	24,364	447,372
Fund balance, July 1, 2017	423,008	423,008	402,031	(20,977)
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	426,395	<u>\$ 426,395</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			117,685	
Adjustment for current year change in accrued absences			8,094	
Fund balance - modified accrual budgetary basis			552,174	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			1,293,567	
Adjustment for accrued compensated absences payable			(125,779)	
Adjustment for bond payable			(394,000)	
Adjustment for note payable			(107,331)	
Net position - GAAP Basis			<u>\$ 1,218,631</u>	

(1) Appropriation Level

(2) Appropriation level is Principal and Interest Combined

(3) This line item contains advanced refunding transactions that is exempt from budget law under ORS 294.338

City of Prineville, Oregon
Combining Balance Sheet
Internal Service Funds
June 30, 2018

	Governmental Type Activities			
	Internal Services Funds			
	Administrative Services Fund	Building Facilities Funds	Public Works Support Services	Total
Assets				
Current assets				
Cash and investments	\$ 651,532	\$ 196,542	\$ 377,242	\$ 1,225,316
Restricted cash and investments	-	105,000	-	105,000
Accounts receivable	2,364	20,000	-	22,364
Inventory	-	-	21,248	21,248
Total current assets	<u>653,896</u>	<u>321,542</u>	<u>398,490</u>	<u>1,373,928</u>
Capital Assets (net of accumulated depreciation)	138,901	1,486,855	647,381	2,273,137
Total assets	<u>792,797</u>	<u>1,808,397</u>	<u>1,045,871</u>	<u>3,647,065</u>
Deferred outflows of resources				
Pension related deferrals	469,628	-	418,582	888,210
Total assets and deferred outflows	<u>1,262,425</u>	<u>1,808,397</u>	<u>1,464,453</u>	<u>4,535,275</u>
Liabilities				
Current liabilities				
Accounts payable	47,727	18,364	6,244	72,335
Accrued interest payable	-	16,152	1,112	17,264
Accrued compensated absences payable	124,455	-	124,101	248,556
Current portion notes payable	-	67,000	32,845	99,845
Proportionate share of net pension liability	897,304	-	799,771	1,697,075
Total current liabilities	<u>1,069,486</u>	<u>101,516</u>	<u>964,073</u>	<u>2,135,075</u>
Long-term liabilities				
Notes payable	-	1,141,000	33,663	1,174,663
Total long-term liabilities	<u>-</u>	<u>1,141,000</u>	<u>33,663</u>	<u>1,174,663</u>
Total liabilities	<u>1,069,486</u>	<u>1,242,516</u>	<u>997,736</u>	<u>3,309,738</u>
Deferred inflows of resources				
Pension related deferrals	242,334	-	215,993	458,327
Net Position				
Net investment in capital assets	138,901	278,855	580,873	998,629
Restricted - Debt Service	-	105,000	-	105,000
Unrestricted				
Unassigned	(188,296)	182,026	(330,149)	(336,419)
Total net position	<u>(49,395)</u>	<u>565,881</u>	<u>250,724</u>	<u>767,210</u>
Total liabilities, deferred inflows and net position	<u>\$ 1,262,425</u>	<u>\$ 1,808,397</u>	<u>\$ 1,464,453</u>	<u>\$ 4,535,275</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2018

	Governmental Type Activities			Totals
	Internal Services Funds			
	Administrative Services Fund	Building Facilities Funds	Public Works Support Services	
Operating revenue				
Intergovernmental	\$ -	\$ 35,759	\$ -	\$ 35,759
Charges for services	50,270	-	220,000	270,270
Other operating revenues	22,263	-	7,294	29,557
Total operating revenue	72,533	35,759	227,294	335,586
Operating expenses				
Salaries and fringe benefits	1,574,714	-	1,510,649	3,085,363
Materials and services	848,314	216,678	235,991	1,300,983
Depreciation	15,468	78,587	98,838	192,893
Total operating expenses	2,438,496	295,265	1,845,478	4,579,239
Operating income (loss)	(2,365,963)	(259,506)	(1,618,184)	(4,243,653)
Non-operating revenues (expenses)				
Interest income	6,391	3,476	3,420	13,287
Interest expense	-	(44,548)	(1,411)	(45,959)
Transfer to other funds	(126,200)	(13,700)	(48,900)	(188,800)
Transfers from other funds	2,356,867	386,300	1,470,800	4,213,967
Total non-operating revenue (expense)	2,237,058	331,528	1,423,909	3,992,495
Change in net position	(128,905)	72,022	(194,275)	(251,158)
Net position, July 1, 2017	79,510	493,859	444,999	1,018,368
Net position, June 30, 2018	<u>\$ (49,395)</u>	<u>\$ 565,881</u>	<u>\$ 250,724</u>	<u>\$ 767,210</u>

City of Prineville, Oregon
Combining Schedule of Cash Flows
Internal Service Funds
Year Ended June 30, 2018

	Governmental Type Activities			
	Internal Service Funds			
	Admin Services	Building Facilities Funds	Public Works Services	Totals
Cash flows from operating activities				
Cash received from customers	\$ 73,771	\$ 15,759	\$ 227,294	\$ 316,824
Cash payments for goods and services	(833,641)	(207,113)	(239,647)	(1,280,401)
Cash payments to employees	(1,292,102)	-	(1,288,010)	(2,580,112)
Net cash flows from operating activities	<u>(2,051,972)</u>	<u>(191,354)</u>	<u>(1,300,363)</u>	<u>(3,543,689)</u>
Cash flows from non-capital activities				
Transfers from other funds	2,356,867	386,300	1,470,800	4,213,967
Transfers to other funds	(126,200)	(13,700)	(48,900)	(188,800)
Net cash flows from non-capital activities	<u>2,230,667</u>	<u>372,600</u>	<u>1,421,900</u>	<u>4,025,167</u>
Cash flows from capital financing activities				
Acquisition of capital assets	(63,314)	-	(108,708)	(172,022)
Debt proceeds	-	1,208,000	-	1,208,000
Debt reduction	-	(1,349,346)	(32,047)	(1,381,393)
Interest paid on loans	-	(59,459)	(1,413)	(60,872)
Net cash flows from capital financing activities	<u>(63,314)</u>	<u>(200,805)</u>	<u>(142,168)</u>	<u>(406,287)</u>
Cash flows from investing activities				
Interest earned	6,391	3,476	2,378	12,245
Net increase (decrease) in cash	121,772	(16,083)	(18,253)	87,436
Cash - July 1, 2017	529,760	317,625	395,495	1,242,880
Cash - June 30, 2018	<u>\$ 651,532</u>	<u>\$ 301,542</u>	<u>\$ 377,242</u>	<u>\$ 1,330,316</u>
Reconciliation of operating income to net cash flows from operations				
Operating income (loss)	\$ (2,365,963)	\$ (259,506)	\$ (1,618,184)	\$ (4,243,653)
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	15,468	78,587	98,838	192,893
Changes in assets and liabilities				
Increase/(decrease) in accounts payable	14,673	9,565	(2,729)	21,509
Increase/(decrease) in payroll payable	-	-	-	-
Decrease/(increase) in Net Pension Asset, Deferred Outflows	313,511	-	279,433	592,944
Increase/(decrease) in Net Pension Liabilities, Deferred Inflows	(88,501)	-	(78,882)	(167,383)
Decrease/(increase) in accounts receivable	1,238	(20,000)	-	(18,762)
Decrease/(increase) in inventory	-	-	(927)	(927)
Increase (decrease) in accrued expenses	57,602	-	22,088	79,690
Net cash flows from operating activities	<u>\$ (2,051,972)</u>	<u>\$ (191,354)</u>	<u>\$ (1,300,363)</u>	<u>\$ (3,543,689)</u>

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Administrative Services Funds
Year Ended June 30, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 114,000	\$ 114,000	\$ 50,270	\$ (63,730)
Interest	2,000	2,000	6,391	4,391
Miscellaneous income	-	-	22,263	22,263
Total revenues	116,000	116,000	78,924	(37,076)
Expenditures				
City Council	44,500	44,500 (1)	39,062	5,438
Administration/team services	712,700	870,700 (1)	836,617	34,083
Financial services	803,100	803,100 (1)	784,106	18,994
Information technology	609,100	609,100 (1)	601,547	7,553
Contingency	316,880	158,880 (1)	-	158,880
Total expenditures	2,486,280	2,486,280	2,261,332	224,948
Excess of revenues over/ (under) expenditures	(2,370,280)	(2,370,280)	(2,182,408)	187,872
Other financing sources (uses)				
Transfers in	2,062,100	2,062,100	2,356,867	294,767
Transfers out	(126,200)	(126,200) (1)	(126,200)	-
Total other financing sources (uses)	1,935,900	1,935,900	2,230,667	294,767
Net change in fund balance	(434,380)	(434,380)	48,259	482,639
Fund balance, July 1, 2017	434,380	434,380	433,455	(925)
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 481,714</u>	<u>\$ 481,714</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			66,853	
Adjustment for current year change in accrued absences			<u>57,602</u>	
Fund balance - modified accrual budgetary basis			606,169	
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(124,455)	
Adjustment for proportionate share of net pension asset, deferred outflows			469,628	
Adjustment for proportionate share of net pension liability, deferred inflows			(1,139,638)	
Adjustment for capital assets, net of accumulated depreciation			<u>138,901</u>	
Net position - GAAP Basis			<u>\$ (49,395)</u>	

(1) Appropriation Level

City of Prineville, Oregon
Combining Balance Sheet
Building Facilities Funds
June 30, 2018

	Building Facilities	Plaza Maintenance	Total
Assets			
Current assets			
Cash and investments	\$ 175,024	\$ 21,518	\$ 196,542
Restricted cash and investments	105,000	-	105,000
Accounts Receivable	-	20,000	20,000
Total current assets	280,024	41,518	321,542
Non-current assets			
Capital assets:			
Improvements	2,357,617	-	2,357,617
Accumulated depreciation	(870,762)	-	(870,762)
Net non-current assets	1,486,855	-	1,486,855
Total assets	\$ 1,766,879	\$ 41,518	\$ 1,808,397
Liabilities			
Current liabilities			
Accounts payable	\$ 18,364	\$ -	\$ 18,364
Accrued interest payable	16,152	-	16,152
Notes payable, current portion	67,000	-	67,000
Total current liabilities	101,516	-	101,516
Long-term liabilities			
Notes payable, net of current portion	1,141,000	-	1,141,000
Total liabilities	1,242,516	-	1,242,516
Net position			
Net Investment in Capital Assets	278,855	-	278,855
Restricted for debt service	105,000	-	105,000
Unrestricted			
Unreserved	140,508	41,518	182,026
Total net position	524,363	41,518	565,881
Total liabilities and net position	\$ 1,766,879	\$ 41,518	\$ 1,808,397

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Building Facilities Funds
Year Ended June 30, 2018

	Building Facilities	Plaza Maintenance	Total
Operating revenue			
Intergovernmental	\$ 15,759	\$ 20,000	\$ 35,759
Total operating revenue	<u>15,759</u>	<u>20,000</u>	<u>35,759</u>
Operating expenses			
Materials and services	202,834	13,844	216,678
Depreciation	78,587	-	78,587
Total operating expenses	<u>281,421</u>	<u>13,844</u>	<u>295,265</u>
Operating income (loss)	(265,662)	6,156	(259,506)
Non-operating revenues (expenses)			
Interest income	3,119	357	3,476
Interest expense	(44,548)	-	(44,548)
Transfers from other funds	376,300	10,000	386,300
Transfers to other funds	(10,000)	(3,700)	(13,700)
Total non-operating revenues (expenses)	<u>324,871</u>	<u>6,657</u>	<u>331,528</u>
Change in net position	59,209	12,813	72,022
Net position, July 1, 2017	<u>465,154</u>	<u>28,705</u>	<u>493,859</u>
Net position, June 30, 2018	<u>\$ 524,363</u>	<u>\$ 41,518</u>	<u>\$ 565,881</u>

City of Prineville, Oregon
Combining Schedule of Cash Flows
Building Facilities Funds
Year Ended June 30, 2018

	Building Facilities	Plaza Maintenance	Total
Cash flows from operating activities			
Cash received from customers	\$ 15,759	\$ -	\$ 15,759
Cash payments for goods and services	(193,269)	(13,844)	(207,113)
Net cash flows from operating activities	(177,510)	(13,844)	(191,354)
Cash flows from non-capital activities			
Transfers from other funds	376,300	10,000	386,300
Transfers to other funds	(10,000)	(3,700)	(13,700)
Net cash flows from non-capital activities	366,300	6,300	372,600
Cash flows from capital financing activities			
Debt proceeds	1,208,000	-	1,208,000
Debt reduction	(1,349,346)	-	(1,349,346)
Interest paid on loans	(59,459)	-	(59,459)
Net cash flows from capital financing activities	(200,805)	-	(200,805)
Cash flows from investing activities			
Interest earned	3,119	357	3,476
Net decrease in cash	(8,896)	(7,187)	(16,083)
Cash - July 1, 2017	288,920	28,705	317,625
Cash - June 30, 2018	\$ 280,024	\$ 21,518	\$ 301,542
Reconciliation of operating income to net cash flows from operations			
Operating income/(loss)	\$ (265,662)	\$ 6,156	\$ (259,506)
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	9,565	-	9,565
Decrease/(increase) in accounts receivable	-	(20,000)	(20,000)
Net cash flows from operating activities	\$ (177,510)	\$ (13,844)	\$ (191,354)

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Building Facilities Funds
Year Ended June 30, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,250,000	\$ 1,250,000	\$ 15,759	\$ (1,234,241)
Interest	1,000	\$ 1,000	3,119	2,119
Miscellaneous income	11,000	11,000	-	(11,000)
Total revenues	1,262,000	1,262,000	18,878	(1,243,122)
Expenditures				
City Hall Facilities	208,300	1,417,300 (1), (2)	1,488,273	(70,973)
Police Facilities	1,863,300	1,863,300 (1)	67,772	1,795,528
Public Works Facilities	39,000	49,000 (1)	40,683	8,317
Debt service reserve	105,000	105,000 (1)	-	105,000
Contingency	145,447	135,447 (1)	-	135,447
Total expenditures	2,361,047	3,570,047	1,596,728	1,973,319
Excess of revenues over/ (under) expenditures	(1,099,047)	(2,308,047)	(1,577,850)	730,197
Other financing sources (uses)				
Debt Proceeds	500,000	1,709,000	1,208,000	\$ (501,000)
Transfers out	(10,000)	(10,000) (1)	(10,000)	-
Transfers in	376,300	376,300	376,300	-
Total other financing sources (uses)	866,300	2,075,300	1,574,300	(501,000)
Net change in fund balance	(232,747)	(232,747)	(3,550)	229,197
Fund balance, July 1, 2017	232,747	232,747	249,058	16,311
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	245,508	<u>\$ 245,508</u>
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			1,486,855	
Adjustment for note payable - due within one year			(67,000)	
Adjustment for note payable			(1,141,000)	
Net position - GAAP Basis			<u>\$ 524,363</u>	

(1) Appropriation Level

(2) This line item contains advanced refunding transactions that is exempt from budget law under ORS 294.338

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Plaza Maintenance Fund
Year Ended June 30, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 20,000	\$ 10,000
Interest	100	100	357	257
Total revenues	<u>10,100</u>	<u>10,100</u>	<u>20,357</u>	<u>10,257</u>
Expenditures				
Materials and services	15,900	15,900 (1)	13,844	2,056
Contingency	33,352	33,352 (1)	-	33,352
Total expenditures	<u>49,252</u>	<u>49,252</u>	<u>13,844</u>	<u>35,408</u>
Excess of revenues over/ (under) expenditures	(39,152)	(39,152)	6,513	45,665
Other financing sources (uses)				
Transfers out	(3,700)	(3,700) (1)	(3,700)	-
Transfers in	10,000	10,000	10,000	-
Total other financing sources (uses)	<u>6,300</u>	<u>6,300</u>	<u>6,300</u>	<u>-</u>
Net change in fund balance	(32,852)	(32,852)	12,813	45,665
Fund balance, July 1, 2017	<u>32,852</u>	<u>32,852</u>	<u>28,705</u>	<u>(4,147)</u>
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,518</u>	<u>\$ 41,518</u>
Reconciliation to net position - GAAP Basis:				
No adjustment			-	
Net position - GAAP Basis			<u>\$ 41,518</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, 2018

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 143,700	\$ 143,700	\$ 220,000	\$ 76,300
Interest	2,000	2,000	3,420	1,420
Other	21,500	21,500	7,294	(14,206)
Total revenues	167,200	167,200	230,714	63,514
Expenditures				
Public works support services	1,350,600	1,380,600 (1)	1,347,453	33,147
Public works fleet and vehicles	310,500	342,500 (1)	340,803	1,697
Contingency	226,765	164,765 (1)	-	164,765
Total expenditures	1,887,865	1,887,865	1,688,256	199,609
Excess of revenues over/ (under) expenditures	(1,720,665)	(1,720,665)	(1,457,542)	263,123
Other financing sources (uses)				
Transfers out	(48,900)	(48,900) (1)	(48,900)	-
Transfers in	1,470,800	1,470,800	1,470,800	-
Total other financing sources (uses)	1,421,900	1,421,900	1,421,900	-
Net change in fund balance	(298,765)	(298,765)	(35,642)	263,123
Fund balance, July 1, 2017	298,765	298,765	302,675	3,910
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	267,033	<u>\$ 267,033</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			102,013	
Adjustment for current year change in accrued absences			22,088	
Fund balance - modified accrual budgetary basis			391,134	
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(124,101)	
Adjustment for note payable			(66,508)	
Adjustment for proportionate share of net pension asset, deferred outflows			418,582	
Adjustment for proportionate share of net pension liability, deferred inflows			(1,015,764)	
Adjustment for capital assets, net of accumulated depreciation			647,381	
Net position - GAAP Basis			<u>\$ 250,724</u>	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Property Tax Transactions

Year Ended June 30, 2018

Tax Year	Beginning Balance and Current Levy	Adjustments	Interest (Discounts)	Turnovers from County Treasurer	Taxes Receivable June 30, 2018
2017-18	\$ 2,106,577	\$ (3,817)	\$ (51,310)	\$ 1,984,812	\$ 66,638
2016-17	63,946	(646)	3,159	40,915	25,544
2015-16	28,340	(287)	2,309	13,617	16,745
2014-15	15,720	(134)	3,274	13,428	5,432
2013-14	6,162	(34)	1,210	4,440	2,898
Prior	5,981	(349)	842	1,854	4,620
	<u>\$ 2,226,726</u>	<u>\$ (5,267)</u>	<u>\$ (40,516)</u>	2,059,066	<u>\$ 121,877</u>

Reconciliation to Revenue

Other Taxes	6,578
Tax accrual	
June 30, 2017	(15,895)
June 30, 2018	<u>21,756</u>
	<u>\$ 2,071,505</u>

Statistical Section

Financial Trends

Net Position by Component - Last Ten Fiscal Years
Changes in Net Position - Last Ten Fiscal Years
Fund Balances, Governmental Funds - Last Ten Fiscal Years
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years
Program Revenues by Function/Program - Last Ten Fiscal Years
Tax and Franchise Fee Revenues by Source - Last Ten Fiscal Years

Revenue Capacity

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years
Principal Property Taxpayers - Current and Nine Years Ago
Property Tax Levies and Collections - Last Ten Fiscal Years

Debt Capacity

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years
Direct and Overlapping Debt - As of June 30, 2012
Legal Debt Margin Information - Last Ten Fiscal Years
Pledged-Revenue Coverage - Last Ten Fiscal Years

Demographic and Economic Information

Demographic and Economic Statistics - Last Ten Fiscal Years
Principal Employers - Current Year and Nine Years Ago

Operating Information

Full Time Equivalent Employees by Activity - Last Ten fiscal Years
Operating Indicators by Function - Last Ten Fiscal Years
Capital Asset Statistics by Activity - Last Ten Fiscal Years



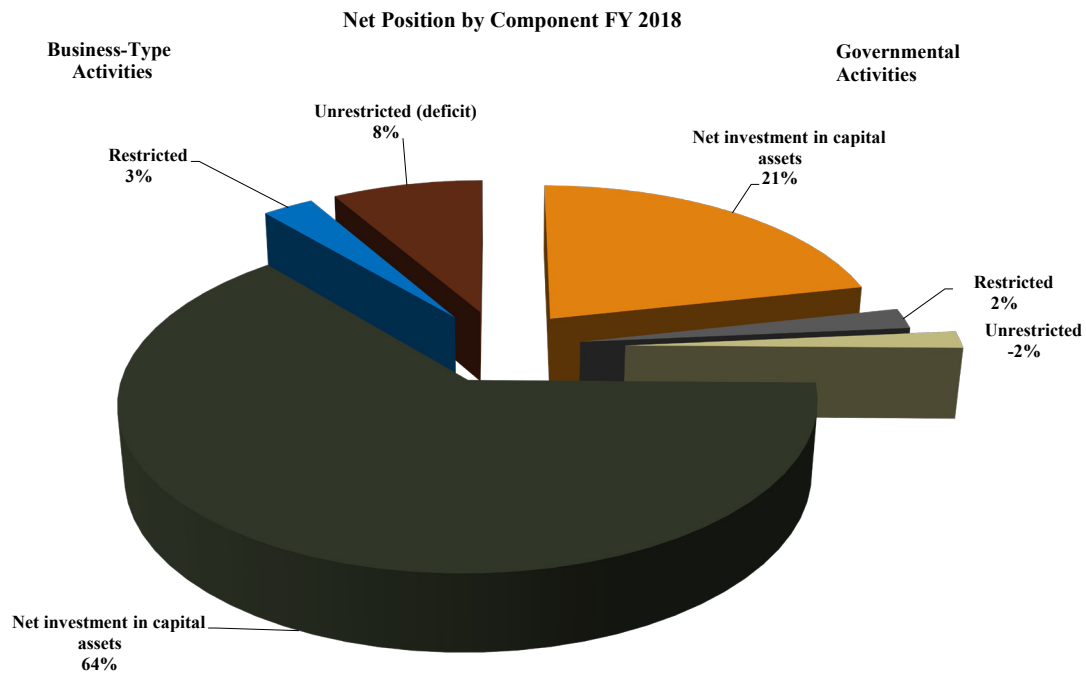
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City of Prineville, Oregon Net Position by Component Unit

For the Last 10 Fiscal Years

	Fiscal Year Ended									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 10,554,469	\$ 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
Restricted	1,016,455	757,363	380,200	247,542	455,491	676,131	574,874	868,940	893,567	1,391,944
Unrestricted	3,129,774	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)
Total governmental activities net position	\$ 14,700,698	\$ 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
Business-type activities										
Net investment in capital assets	\$ 19,577,799	\$ 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
Restricted	-	748,266	748,266	1,262,067	498,958	493,156	530,699	374,107	351,491	1,955,523
Unrestricted (deficit)	3,492,596	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
Total business-type activities net position	\$ 23,070,395	\$ 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
Primary government										
Net investment in capital assets	\$ 30,132,268	\$ 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
Restricted	1,016,455	1,505,629	1,128,466	1,509,609	954,449	1,169,287	1,105,573	1,243,047	1,245,058	3,347,467
Unrestricted (deficit)	6,622,370	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
Total primary government net position	\$ 37,771,093	\$ 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

Source: 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 2,259,964	\$ 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
Public safety	2,815,348	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
Highways and streets	413,027	466,497	537,446	545,421	1,322,898	1,245,218	1,112,590	1,273,699	790,414	732,512
Interest on long term debt	234,976	205,514	172,340	159,550	143,408	210,106	189,358	132,677	127,172	187,046
Unallocated depreciation	888,219	903,526	938,563	1,192,056	-	-	-	-	-	-
Total governmental activities expenses	\$ 6,611,534	\$ 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
Business-type activities:										
Railroad	\$ 983,320	\$ 935,425	\$ 902,757	\$ 841,917	\$ 755,747	\$ 813,586	\$ 797,044	\$ 906,269	\$ 990,133	\$ 1,014,557
Public Works										
Water	933,598	1,019,350	1,026,160	1,147,332	918,606	937,947	916,365	957,293	1,052,820	1,177,361
Wastewater	2,216,674	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
Golf and Restaurant	1,556,638	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
Airport	302,372	-	-	316,056	533,317	711,440	685,166	699,764	716,900	745,602
Freight Depot	98,824	188,870	370,885	332,607	310,926	194,071	-	-	-	-
Total business-type activities expenses	6,091,426	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
Total primary government expenses	\$ 12,702,960	\$ 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
Program Revenues										
Governmental activities:										
Charges for service:										
General government	\$ 276,405	\$ 407,783	\$ 222,037	\$ 238,335	\$ 304,693	\$ 413,761	\$ 165,927	\$ 203,993	\$ 224,543	\$ 113,703
Public safety	-	-	-	-	-	-	37,884	33,671	-	-
Highways and streets	31,828	47,008	55,946	84,884	172,494	316,398	353,328	494,830	346,623	536,820
Operating grants and contributions	1,795,197	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
Capital grants and contributions	143,265	21,100	-	252,000	216,224	-	-	-	-	-
Total governmental activities program revenues	\$ 2,246,695	\$ 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
Business-type activities:										
Charges for service:										
Railroad	\$ 432,546	\$ 698,145	\$ 650,754	\$ 395,050	\$ 445,302	\$ 455,849	\$ 586,937	\$ 943,182	\$ 1,160,350	\$ 799,732
Water	1,511,361	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
Wastewater	3,070,875	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
Golf and Restaurant	1,279,683	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
Airport					521,923	645,943	803,978	517,629	1,973,312	815,257
Freight Depot	60,433	132,124	131,188	95,584	138,045	-	-	-	-	-
Other Non-major	255,352	-	-	373,886	-	-	-	-	-	-
Operating grants and contributions	-	-	-	51,243	65,929	-	-	186,718	-	-
Capital grants and contributions	3,775,051	3,119,030	376,787	1,500,990	1,207,451	3,434,821	-	355,644	796,804	296,225
Total business-type activities program revenues	10,385,301	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
Total primary government program revenues	\$ 12,631,996	\$ 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
Net (Expense) Revenue										
Governmental activities	(4,364,839)	(3,882,495)	(4,657,670)	(5,030,418)	(5,567,176)	(8,764,368)	(2,444,648)	(7,778,373)	(6,950,225)	(7,220,819)
Business-type activities	4,293,875	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
Total primary government expenses	\$ (70,964)	\$ 1,476,273	\$ (3,032,957)	\$ (2,007,228)	\$ (2,547,733)	\$ (3,886,866)	\$ 112,439	\$ (3,745,987)	\$ 615,286	\$ 5,002,808
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for:										
General purposes	1,809,817	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
Debt Service	80,363	83,905	65,726	-	-	-	-	-	-	-
Transient room taxes	164,130	149,374	176,156	179,945	206,988	191,015	253,174	315,677	329,514	339,003
Franchise Fees	680,305	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
Earnings on investments	52,137	21,624	14,644	7,223	10,117	13,739	11,268	12,324	25,758	56,637
Intergovernmental										
Miscellaneous	439,269	339,351	217,537	301,891	220,782	225,107	375,864	811,036	908,805	1,039,410
Total governmental activities	\$ 3,226,021	\$ 3,192,640	\$ 2,938,105	\$ 3,220,741	\$ 3,464,814	\$ 3,559,593	\$ 4,282,560	\$ 5,066,988	\$ 5,987,730	\$ 6,415,525
Business-type activities:										
Earnings on investments	68,391	24,324	12,042	8,857	14,144	14,535	13,812	18,290	29,878	104,594
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	72,181	10,248	10,247	487,394	(88,126)	118,482	137,343
Total business-type activities	68,391	24,324	12,042	81,038	24,392	24,782	501,206	(69,836)	148,360	241,937
Total primary government	\$ 3,294,412	\$ 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
Transfers										
Governmental activities										
Business-type activities	(1,569,350)	(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)
Total Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 430,532	\$ 634,145	\$ (405,945)	\$ (431,237)	\$ (199,941)	\$ (3,302,474)	\$ 3,988,250	\$ (593,958)	\$ 1,203,187	\$ 1,982,430
Business-type activities	2,792,916	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
Total primary government	\$ 3,223,448	\$ 4,693,237	\$ (82,810)	\$ 1,294,551	\$ 941,473	\$ (302,491)	\$ 4,896,205	\$ 1,251,165	\$ 6,751,376	\$ 11,660,270

Source: Annual financial statements of the City of Prineville

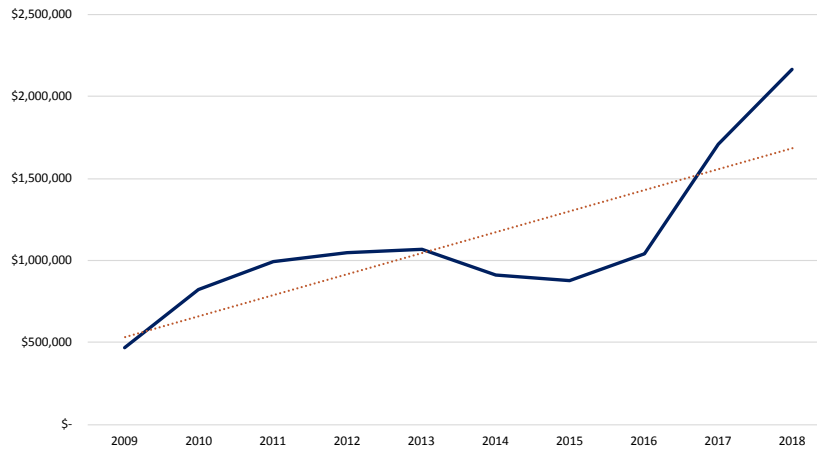
Changes in net position is intended to provide the user with summary data to analyze changes in the activities.

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

	Fiscal Year Ended									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	105,569	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	94,069	87,672	78,380	78,021	121,280	248,158
Unassigned	465,841	819,315	992,278	938,926	973,273	820,598	797,059	963,851	1,583,740	1,918,886
Total general fund	\$ 465,841	\$ 819,315	\$ 992,278	\$ 1,044,495	\$ 1,067,342	\$ 908,270	\$ 875,439	\$ 1,041,872	\$ 1,705,020	\$ 2,167,044
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	438,186	571,131	469,874	763,940	788,567	1,286,944
Committed	-	-	-	-	289,086	413,182	480,014	693,551	1,000,747	1,267,547
Assigned	1,979,546	1,728,491	1,368,306	921,736	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,979,546	\$ 1,728,491	\$ 1,368,306	\$ 921,736	\$ 727,272	\$ 984,313	\$ 949,888	\$ 1,457,491	\$ 1,789,314	\$ 2,554,491
Total all funds	\$ 2,445,387	\$ 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

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.

Changes in Fund Balance General Fund



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

	Fiscal Year Ended									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue										
Taxes	\$ 1,965,968	\$ 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
Intergovernmental	1,795,197	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
Franchise fees	680,305	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
Licenses and permits	59,156	36,701	33,917	36,613	61,201	49,121	59,926	67,301	78,617	67,960
Charges for services	168,919	115,670	94,412	64,333	117,645	173,432	425,954	584,742	715,955	527,149
System development fees	31,828	47,008	55,946	84,884	172,494	75,298	328,922	486,025	334,548	525,075
Interest	48,044	19,174	11,837	5,657	7,494	9,917	11,268	12,324	25,758	56,637
Miscellaneous	453,499	284,991	290,414	275,974	238,424	260,794	205,938	223,159	1,349,845	381,877
Total Revenue	\$ 5,202,916	\$ 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
Expenditures										
General government	\$ 418,249	\$ 317,937	\$ 305,015	\$ 297,885	\$ 357,061	\$ 3,335,032	\$ 432,270	\$ 509,906	\$ 1,228,918	\$ 594,601
Public Safety	2,669,402	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
Highways and streets	413,027	466,497	532,880	539,650	525,241	369,670	392,512	584,481	453,450	435,361
Capital Outlay	383,960	622,138	621,414	571,452	501,797	791,430	967,133	541,551	992,829	838,030
Total General Expenditures	3,884,638	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
Debt Service										
Principal	\$ 497,068	\$ 263,446	\$ 252,034	\$ 156,335	\$ 155,660	\$ 174,654	\$ 224,417	\$ 240,906	\$ 1,348,405	\$ 181,736
Interest	166,702	124,469	107,337	94,935	87,485	136,152	223,417	211,988	202,624	246,635
Total Debt Service Expenditures	663,770	387,915	359,371	251,270	243,145	310,806	447,834	452,894	1,551,029	428,371
Total Expenditures	\$ 4,548,408	\$ 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
Debt Service to Total Expenditures Ratio	0.15	0.09	0.08	0.06	0.05	0.04	0.08	0.08	0.20	0.06
Excess of Revenues Over (Under) Expenditures	\$ 654,508	\$ 840,686	\$ 637,664	\$ 566,900	\$ 892,421	\$ (2,039,371)	\$ 1,027,135	\$ 1,827,865	\$ 1,755,095	\$ 2,052,644
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	451,800	655,477	561,160	269,855	647,587	941,840	671,453	652,670	719,278	1,579,796
Operating transfer out	(945,400)	(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)
Transfers to record as amount due general fund				(75,000)	(125,900)	(100,900)				
Total Other Financing Sources (Uses)	(493,600)	(738,267)	(824,886)	(870,191)	(1,064,038)	2,137,340	(1,094,391)	(1,153,829)	(760,124)	(825,443)
Net Changes in Fund Balance	\$ 160,908	\$ 102,419	\$ (187,222)	\$ (303,291)	\$ (171,617)	\$ 97,969	\$ (67,256)	\$ 674,036	\$ 994,971	\$ 1,227,201

Source: Annual financial statements of the City of Prineville

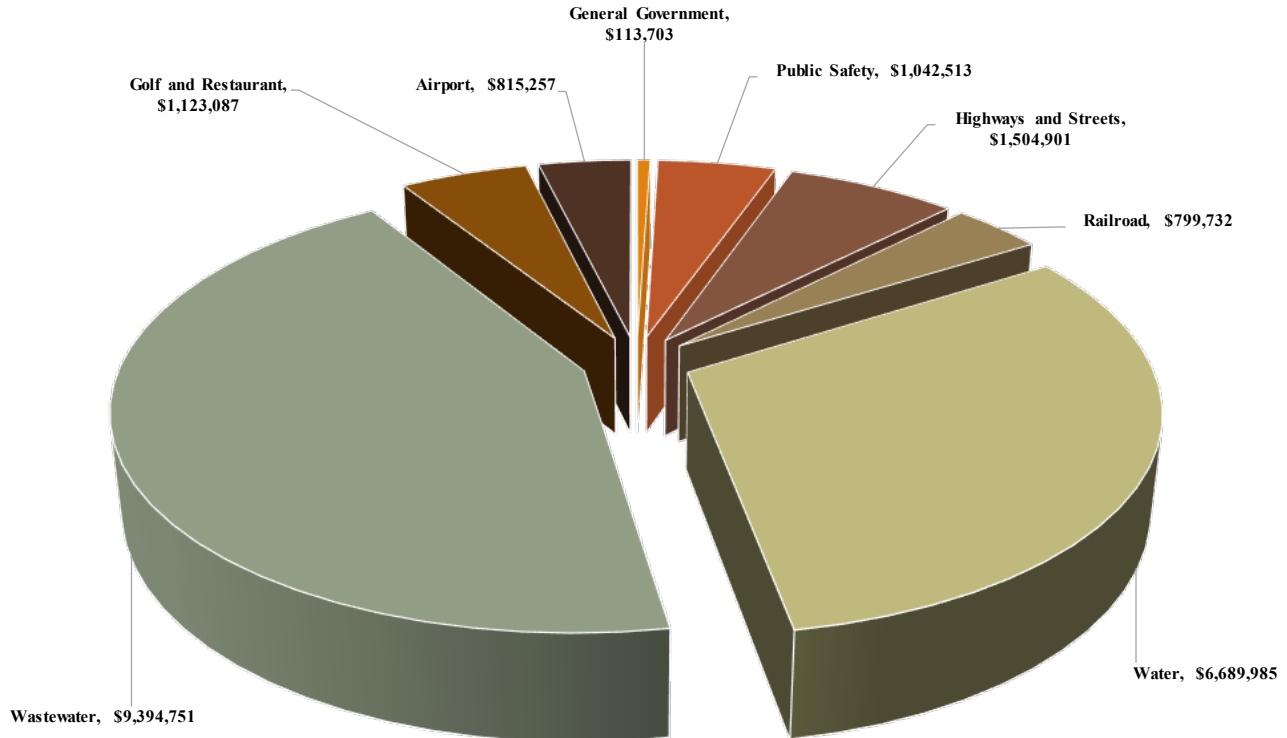
Note: Proceeds from the issuance of debt are as follows: City Hall (Note Payable 2004), CWSRL (Wastewater 2005), CWSRL and USDA (Wastewater and City Hall 2006), UAL Pension Obligation (OPERS 2014)

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

	Fiscal Year Ended									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
General Government	\$ 551,409	\$ 750,743	\$ 610,763	\$ 526,764	\$ 575,793	\$ 693,655	\$ 165,927	\$ 203,993	\$ 224,543	\$ 113,703
Public Safety	518,957	530,450	575,645	647,987	645,333	598,721	807,171	811,367	997,562	1,042,513
Highways and Streets	1,176,329	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
Total Governmental Activities	\$ 2,246,695	\$ 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
Business-type Activities										
Railroad	\$ 432,546	\$ 1,791,054	\$ 1,027,541	\$ 1,167,515	\$ 1,167,833	\$ 1,073,395	\$ 586,937	\$ 943,182	\$ 1,160,350	\$ 799,732
Water	1,955,044	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
Wastewater	3,363,587	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
Golf and Restaurant	1,279,683	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
Freight Depot	3,099,089	2,128,595	131,188	95,584	138,045	-	-	-	-	-
Airport	-	-	-	-	587,852	1,025,974	803,978	704,347	1,973,312	815,257
Other non Major	255,352	-	-	425,129	-	-	-	-	-	-
Total Business-type Activities	\$ 10,385,301	\$ 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
Total Primary Government	\$ 12,631,996	\$ 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

Source: Annual financial statements of the City of Prineville
FY 2009 The Freight Depot was built. It became part of the Railroad in 2014.
FY 2007 through FY 2012 Prineville-Crook County Airport was managed and operated by the County.

Program Revenue by Function/Program for 2018

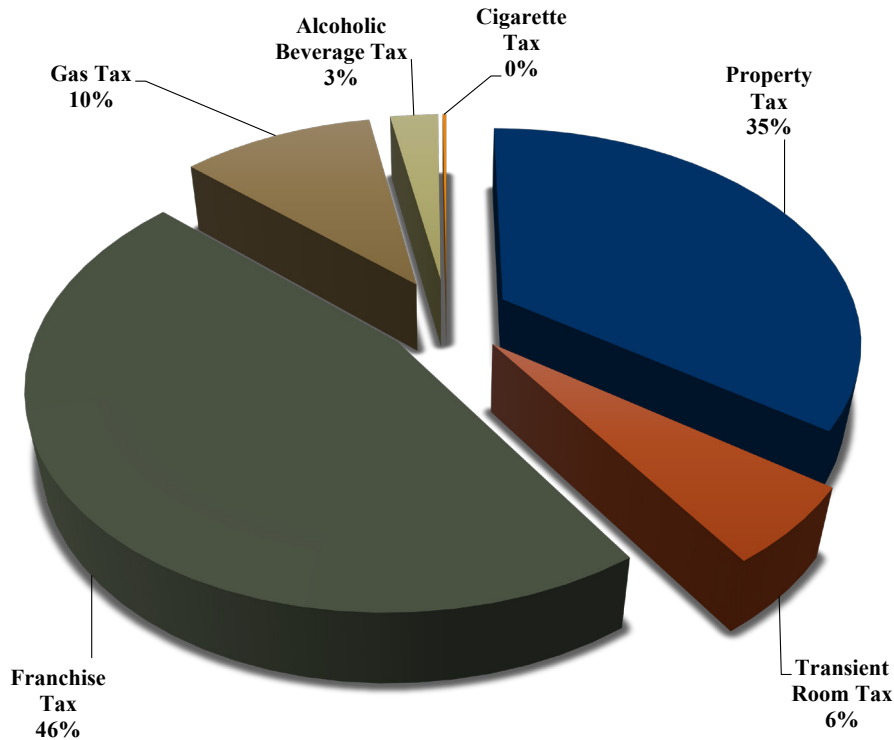


City of Prineville, Oregon
Governmental Activities Tax Revenue by Source
Unaudited (Modified Accrual Basis of Accounting)
For the Last 10 Fiscal Years

Fiscal Year	Property Tax	Transient Room Tax	Franchise Tax	Gas Tax	Alcoholic Beverage Tax	Cigarette Tax	
2009	1,726,464	164,130	680,305	392,373	124,198	16,179	\$ 3,103,649
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

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.
FY 2012 and 2017 the electrical franchise fees generated from the new data centers began making a significant impact.

FY 2018 Governmental Activities Tax Revenues by Source



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

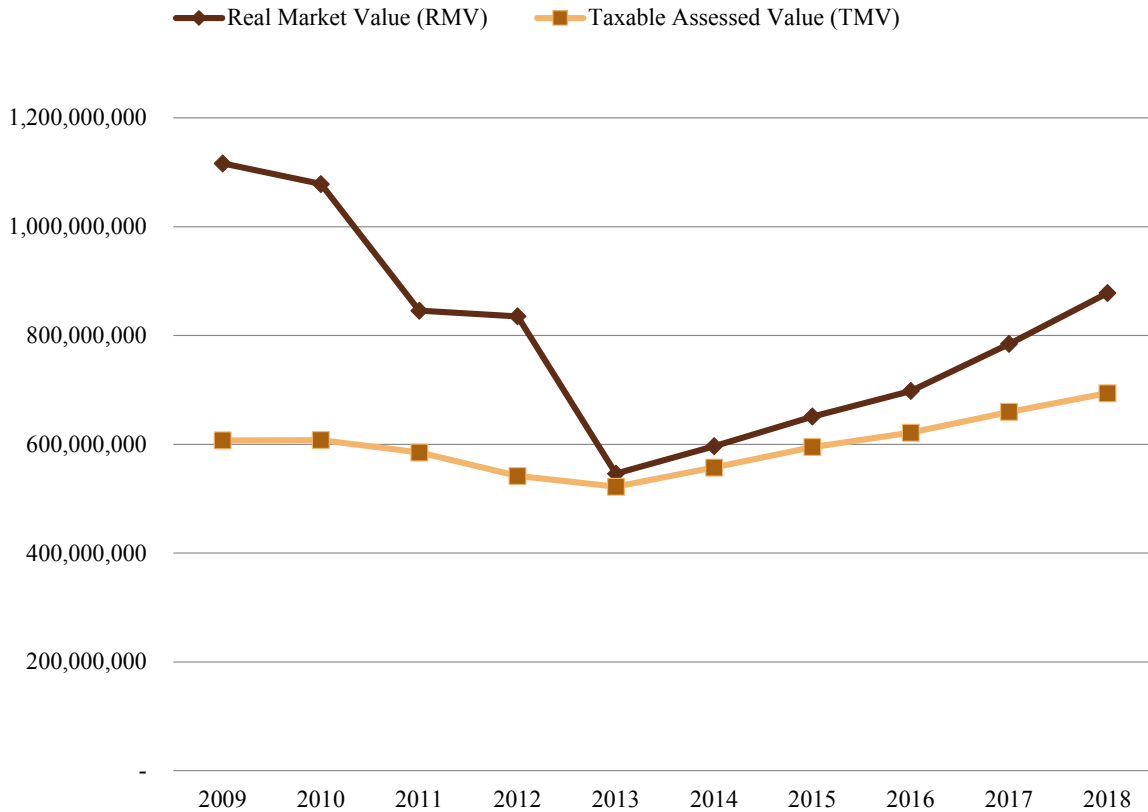
Fiscal Year	Real Property	Personal Property	Manufactured Property	Utility Property	Total Taxable Assessed Value (TMV)	Total Direct Tax Rate	Real Market Value (RMV)	Assessed Value as a % of Real Market Value (RMV)
2009	-	-	-	-	607,185,244	3.1615	1,116,543,323	54.381%
2010	-	-	-	-	607,699,692	3.1541	1,078,578,670	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%

Source: Crook County Assessor. Break down 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 2012 thru FY 2017.



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)	Total Direct	Crook County School District	Crook County	Crook County Fire and Rescue	Parks and Recreation District	Central Oregon Community College	Other	
2009	3.0225	0.1317	3.1542	6.0944	4.0624	1.5900	0.7569	0.7093	0.5279	16.8951
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

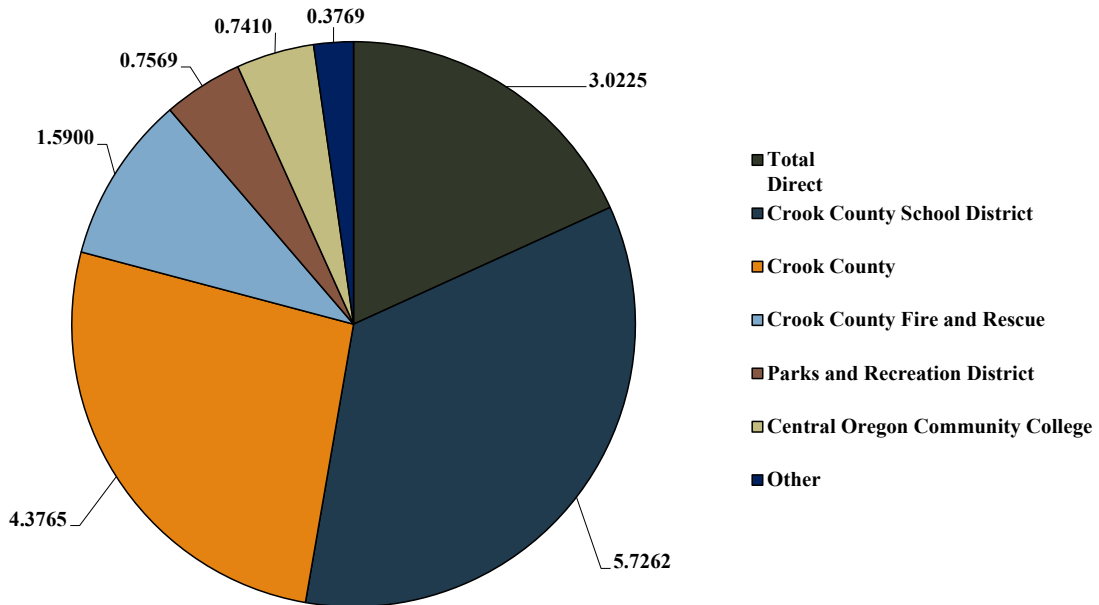
Source: Crook County Assessor's Office

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 we have 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.

Property tax percentage split by government type FY18



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

Taxpayer	FY 2018			FY 2009		
	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.	\$ 22,547,814	1	3.25%	\$ 47,949,492	1	7.897%
Apple Inc.	8,689,349	2	1.25%			
ET 101 LLC (Formally Contact Industries)	8,056,756	3	1.16%	10,978,656	2	1.808%
Property & Revenue Tax Manager	6,996,000	4	1.01%			
GA HC Reit II Prineville OR ALF LLC	4,697,917	5	0.68%	4,118,688	5	0.678%
Secure Storage of Prineville LLC	3,884,156	6	0.56%			
Level 3 Communications	3,948,918	7	0.57%			
Ochoco Lumber Company	3,604,469	8	0.52%			
TDS Baja Broadband LLC	3,367,300	9	0.52%			
Barney Brian and Laura	3,059,944	10	0.44%	2,619,097	9	0.431%
WG Prineville LLC				5,189,317	3	0.855%
Century Link				4,367,500	4	0.719%
Prineville Hospitality LLC				2,992,258	7	0.493%
Grende Travis and Cindy				2,307,460	6	0.380%
Nygaard Tammy				2,639,000	8	0.435%
Porfily Ventures Etal.				2,339,561	10	0.385%
Total	\$ 68,852,623		9.956%	\$ 85,501,029		13.696%
City Assessed Value	\$ 693,925,067			\$ 607,185,244		

*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.

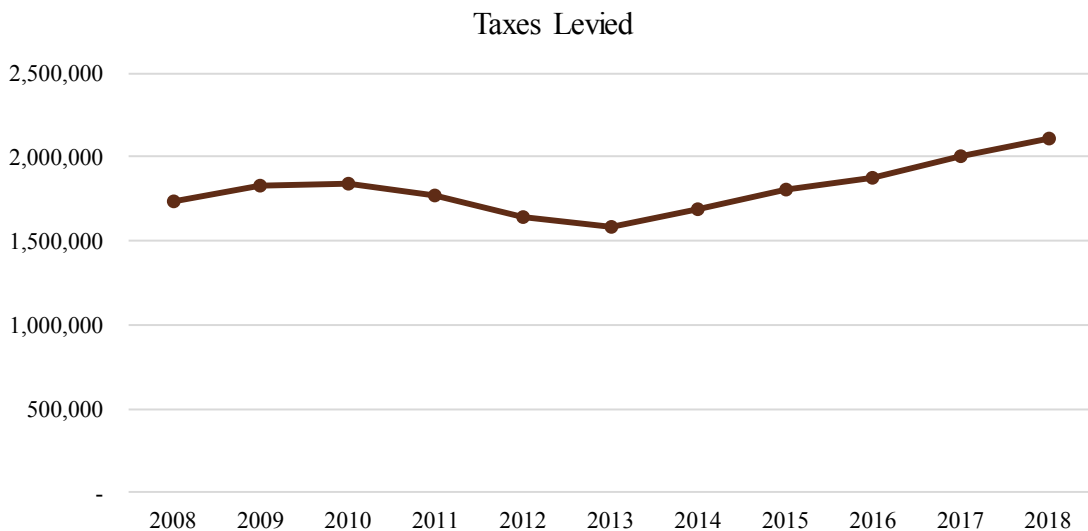
City of Prineville, Oregon
Property Tax Levies and Collections
Unaudited
For the Last 10 Fiscal Years

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)
2009	1,831,272	1,640,293	90%	142,286	1,782,579	97%
2010	1,843,811	1,687,983	92%	119,412	1,807,395	98%
2011	1,767,835	1,613,133	91%	117,121	1,730,254	98%
2012	1,637,414	1,486,046	91%	113,781	1,599,827	98%
2013	1,577,563	1,476,165	94%	67,712	1,543,877	98%
2014	1,684,361	1,593,602	95%	52,334	1,645,936	98%
2015	1,803,653	1,713,778	95%	60,772	1,774,550	98%
2016	1,880,116	1,783,248	95%	52,255	1,835,503	98%
2017	2,009,479	1,900,706	95%	40,915	1,941,621	97%
2018	2,106,576	2,006,116	95%	-	2,006,116	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

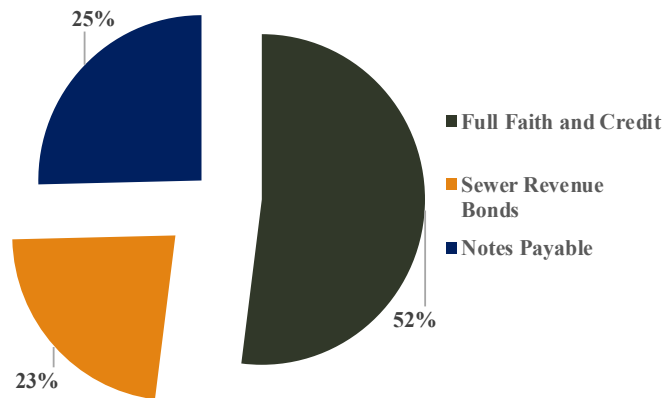
Fiscal Year	General	Special	Capital	State	Notes	Full	Total
	Obligation	Assessment					
	<u>bonds</u>	<u>bonds</u>	<u>Leases</u>	<u>Agencies</u>	<u>Payable</u>	<u>Obligations</u>	<u>Activities</u>
2009	165,000	2,122,137	52,051	2,153,181	9,375	-	4,501,744
2010	85,000	1,962,677	28,199	1,632,371	-	-	3,708,247
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

Business-type Activities

Fiscal Year	Water	Sewer	Full	State	Notes	Capital	Total
	Revenue	Revenue	Faith and				
	<u>bonds</u>	<u>Bonds</u>	<u>Credit</u>	<u>Agencies</u>	<u>Payable</u>	<u>Leases</u>	<u>Activities</u>
2009	650,000	14,479,972	-	-	2,807,730	2,637	17,940,339
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

Total Primary Government

Fiscal Year	Total Primary government	Percentage of income	Per capita
2009	22,442,083	6.24%	2,164
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



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		General Bonded Debt Per Capita
	Full Faith and Credit Obligation Bonds	General Obligations	Limited Tax Improvement Bonds	Total				Assessed Value	Population	
2009*	3,350,000	165,000	2,122,137	5,637,137	105,000	5,532,137	607,185,244	0.93%	10370	543.60
2010*	3,204,323	85,000	1,962,677	5,252,000	105,000	5,147,000	607,699,692	0.86%	9320	563.52
2011*	2,501,581		1,798,419	4,300,000	105,000	4,195,000	584,966,591	0.74%	9260	464.36
2012	11,334,090			11,334,090	105,000	11,229,090	541,814,851	2.09%	9245	1,225.97
2013	11,009,780			11,009,780	105,000	10,904,780	522,014,110	2.11%	9270	1,187.68
2014	13,624,527			13,624,527	105,000	13,519,527	557,331,328	2.44%	9385	1,451.73
2015	13,374,223			13,374,223	105,000	13,269,223	594,913,397	2.25%	9385	1,425.06
2016	12,929,667			12,929,667	105,000	12,824,667	621,412,760	2.08%	9645	1,340.56
2017	12,025,062			12,025,062	105,000	11,920,062	659,720,751	1.82%	9928	1,211.23
2018	10,090,466			10,090,466	105,000	9,985,466	693,925,067	1.45%	9880	1,021.30

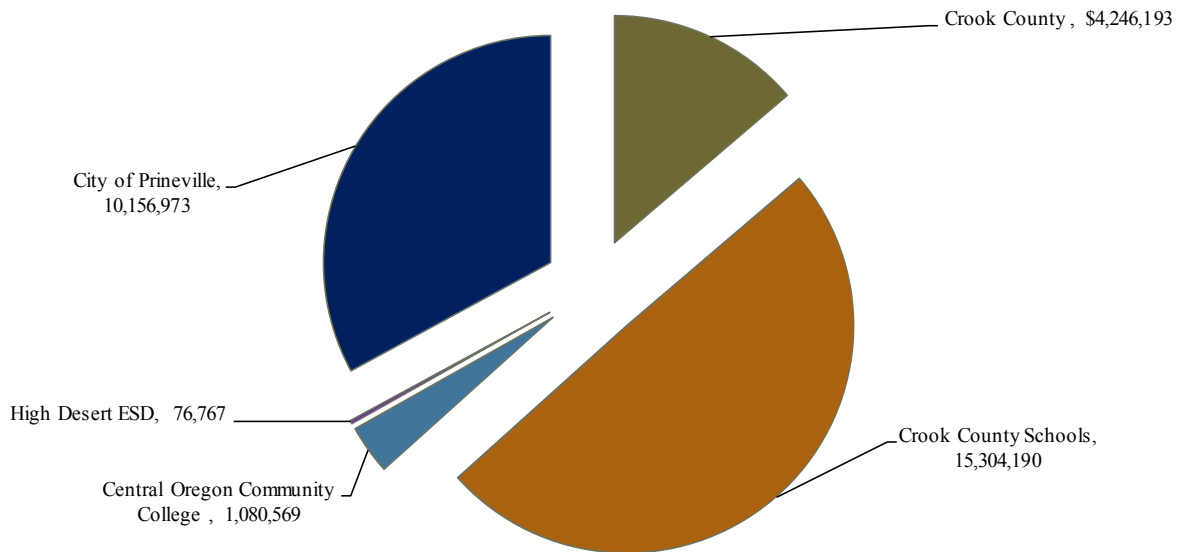
*Before 2012 debt reporting was broken out differently than it is done today. General bonded debt outstanding breakdown is estimated for years 2009, 2010 and 2011.

City of Prineville, Oregon
Direct and Overlapping Debt
Unaudited
As of June 30, 2018

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	\$ 2,792,977,713	\$ 13,510,000	31.43%	\$ 4,246,193
Crook County Schools	2,822,346,694	49,209,615	31.10%	15,304,190
Central Oregon Community College	43,284,349,901	53,230,000	2.03%	1,080,569
High Desert ESD	39,994,191,711	3,489,424	2.20%	76,767
Crook County Fire and Rescue	2,606,700,545	912,000	33.68%	307,162
Subtotal Overlapping Debt	<u>\$ 91,500,566,564</u>	<u>\$ 120,351,039</u>		<u>21,014,881</u>
Direct debt outstanding:				
City of Prineville	877,909,589	<u>10,156,973</u>	100.00%	<u>10,156,973</u>
Total direct and overlapping debt				<u><u>\$ 31,171,854</u></u>

Source: Oregon State Treasury Overlapping Debt report for the City of Prineville as of 6/30/18 and annual financial statements from the City of Prineville

Direct and Overlapping Debt Applicable to the City of Prineville



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 33,496,300	\$ 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
Total net debt applicable to limit	165,000	85,000	-	-	-	2,889,882	2,695,000	3,993,207	3,409,649	4,610,166
Debt margin	\$ 33,331,300	\$ 32,272,360	\$ 25,369,554	\$ 25,057,389	\$ 16,383,329	\$ 15,009,890	\$ 16,837,311	\$ 16,951,096	\$ 20,124,292	\$ 21,727,122
Total net debt applicable to the limit as a percentage of debt limit	0.5%	0.3%	0.0%	0.0%	0.0%	16.1%	13.8%	19.1%	14.5%	17.5%

Legal debt margin calculation for fiscal year 2018

Total real market value of real estate within Prineville	\$877,909,589
Debt limitation - 3% of total real market value	<u>3.0%</u>
Legal debt limit	<u>\$ 26,337,288</u>
Amount of debt applicable to debt limit	\$ 19,260,384
Less debt excluded from debt limit:	
Full faith and credit obligations	\$ (10,156,974)
Revenue bonds	<u>\$ (4,388,244)</u>
<i>Total general obligation bonded debt</i>	\$ 4,715,166
Less: amount held for repayment of principal	<u>\$ (105,000)</u>
Net amount of debt applicable to debt limit	<u>\$ 4,610,166</u>
Legal debt margin	<u>\$ 21,727,122</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 <u>June 30,</u>	Gross <u>Revenues</u>	Less Direct Operating <u>Expenses</u>	Net Revenue Available for Debt <u>Service</u>	Debt Service Requirements			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
Wastewater							
2009	3,070,875	1,712,805	1,358,070	972,605	486,976	1,459,581	0.93
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

Source: Annual financial statements of the City of Prineville

Fiscal Year Ended <u>June 30,</u>	Gross <u>Revenues</u>	Direct Operating <u>Expenses</u>	Net Revenue Available for Debt <u>Service</u>	Debt Service Requirements			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
Water							
2009	1,480,656	1,150,445	330,211	35,000	127,634	162,634	2.03
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

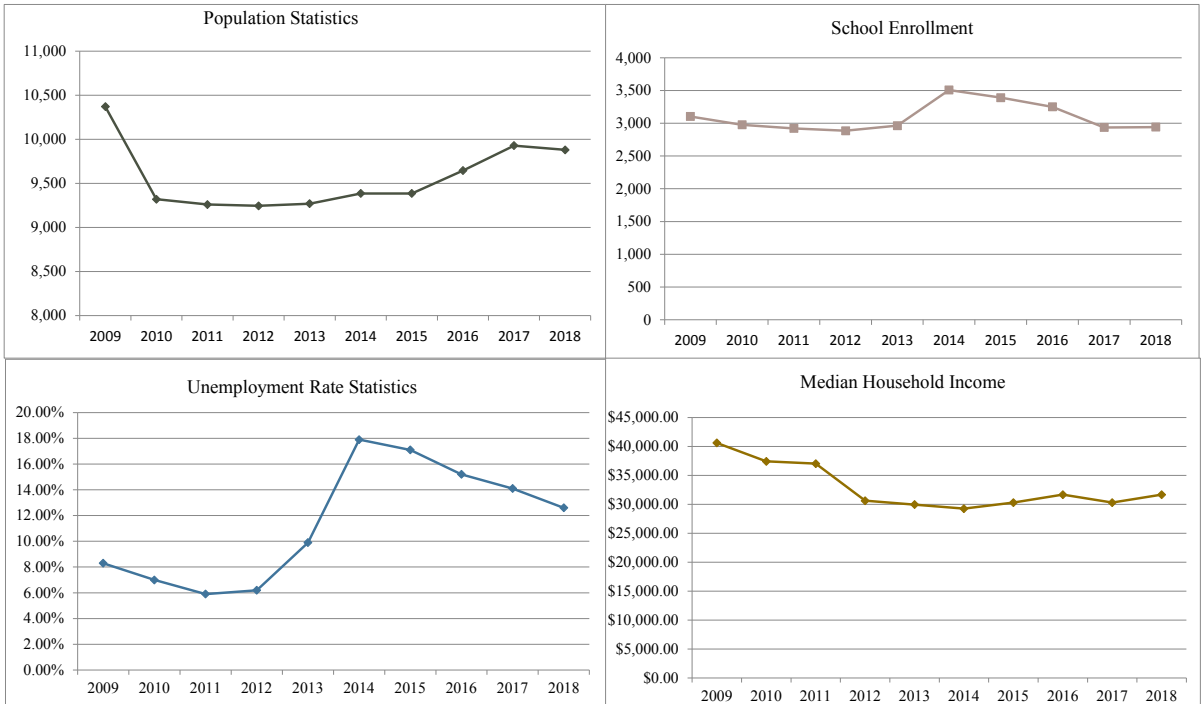
Source: Annual financial statements of the City of Prineville

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Total RMV</u>	<u>Median Household Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	10370	1,116,543,323	40618	3104	17.90%
2010	9320	1,078,578,670	37424	2977	17.10%
2011	9260	845,651,805	37034	2921	15.20%
2012	9245	835,246,297	30628	2885	14.10%
2013	9270	546,110,980	29959	2964	12.60%
2014	9385	596,659,061	29249	3508	8.40%
2015	9385	651,077,035	30291	3391	8.20%
2016	9645	698,143,446	31669	3250	7.10%
2017	9928	784,464,701	30291	2936	5.50%
2018	9880	877,909,589	31669	2942	5.40%

* 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	2018			2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Les Schwab Distribution Facility	400	1	9.27%	270	2	*
Crook County School District	343	2	7.95%	420	1	*
Contact Industries	250	3	5.79%	270	3	*
St. Charles Prineville	235	4	5.45%			*
Crook County	211	5	4.89%	176	7	*
Facebook Data Center	201	6	4.66%			*
Western Heavy Haul & SMAF	121	7	2.80%			*
Ochoco National Forest	113	8	2.62%		6	*
Bureau of Land Management	86	9	1.99%			*
Fontana Wood Products	80	10	1.85%			*
City of Prineville				69	10	*
Pioneer Cut Stock				74	9	*
Woodgrain Mill work				195	5	
Mid Oregon Personnel				200	4	
Pioneer Memorial Hospital				174	8	*
Total	2040		47.28%	1848		*

* Information not available

Source: EDCO and 2009 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police	21.66	19.66	17.66	18.41	18.16	18.73	18.73	19.07	19.41	19.41
Dispatch	9.33	10.33	9.33	9.33	9.08	9.08	9.08	10.40	11.06	11.59
Planning	4.00	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	2.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00
Water	3.00	4.00	4.00	4.00	0.00	0.00	0.00	0.00	0.00	0.00
Sewer	4.00	3.00	3.00	3.00	2.00	2.00	2.00	1.00	1.00	1.00
PW Administration	4.00	5.00	5.00	5.25	10.25	10.25	10.25	12.00	12.00	12.00
Railroad	5.00	5.00	4.00	3.00	3.00	2.00	3.00	3.00	3.00	4.00
Freight Depot	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Dinner Train	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Airport	0.00	0.00	0.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Golf	7.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	5.00	5.00
General Government										
Administration	12.51	11.75	10.75	11.00	11.00	11.50	11.50	11.50	12.00	12.00
Total FTEs	76.50	69.74	64.74	66.49	65.49	65.56	67.56	69.97	69.47	71.00
City Population	10370	9320	9260	9245	9270	9385	9385	9645	9928	9880
FTEs per 1,000 of Population	0.0074	0.0075	0.0070	0.0072	0.0071	0.0070	0.0072	0.0073	0.0070	0.0072

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 City-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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Public Safety*										
Seatbelt	8	57	49	50	15	23	11	4	8	11
Speeding	47	67	59	42	40	33	17	26	20	36
Motor vehicle accidents/accidents	267	239	208	207	241	270	203	186	162	126
Community development										
Residential applications	67	27	15	25	34	51	54	76	134	119
Commercial applications	36	27	27	26	40	34	44	27	43	33
SDC Fees collected	\$ 109,564	\$ 1,190,765	\$ 114,900	\$ 614,827	\$ 360,041	\$ 254,850	\$ 592,466	\$ 843,658	\$ 652,333	\$ 8,679,175
Business-type activities:										
Water										
Service connections	3,439	3,460	3,466	3,469	3,470	3,504	3,506	3,556	3,665	3,758
Average mthly consumption (units)	49,767	46,072	45,923	47,860	52,238	51,977	54,211	65,674	58,807	61,044
Water Rates	\$ 13.06	\$ 13.45	\$ 13.45	\$ 14.88	\$ 15.77	\$ 16.24	\$ 17.21	\$ 17.73	\$ 18.26	\$ 17.87
Sanitary sewer										
Service connections	3,565	3,588	3,589	3,591	3,592	3,592	3,615	3,653	3,718	3,791
Average daily sewage treatment	934,000	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
Sewer Rates	\$ 50.99	\$ 50.99	\$ 50.99	\$ 48.44	\$ 46.84	\$ 48.25	\$ 49.70	\$ 51.81	\$ 53.73	\$ 52.93
Golf										
Rounds of play	31,486	28,631	27,262	26,433	26,707	27,900	28,044	27,135	23,313	23,564
Pro shop sales	\$ 93,757	\$ 72,587	\$ 56,308	\$ 62,269	\$ 72,650	\$ 85,177	\$ 98,716	\$ 94,638	\$ 90,725	\$ 95,080
Railroad										
Freight revenue	\$ 263,453	\$ 271,135	\$ 341,315	\$ 271,402	\$ 278,673	\$ 212,167	\$ 236,040	\$ 339,255	\$ 336,765	\$ 306,355
Airport**										
Fuel Sales	\$ -	\$ -	\$ -	\$ 293,684	\$ 455,949	\$ 566,868	\$ 507,296	\$ 519,490	\$ 427,078	\$ 403,692

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 2018 as of November 9, 2018.*

*** 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	12	12	12	11	12	15	15	15	17	23
Streets										
Street (center lane miles)	55.0	55.0	55.0	55.6	55.6	56.9	56.9	56.9	56.9	57.7
Sidewalks	28.5	29.0	29.0	30.0	30.0	31.5	33.4	35.8	35.8	36.6
Water										
Lineal miles of system	41	41	42	42	43	43	48	48	48	48
Treatment capacity (1,000 gal MGD)	4.5	4.5	4.5	4.5	4.50	4.50	6.00	6.00	6.00	6.00
Sewer										
Lineal miles of system	38	38	39	39	40	44	44	44	44	44
Treatment capacity (MGD)	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	2.31	2.31
Railroad										
Diesel Locomotives	3	3	3	3	3	4	4	4	4	4
Steam Locomotives**	1	1	1	1	1	1	1	1	1	1
Cars	11	9	9	9	9	9	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)	2.28	2.17	2.12	2.46	2.46	2.46	2.46	2.46	2.46	2.46
Industrial track (miles)	2.18	2.18	2.18	2.18	2.45	2.45	2.45	2.45	2.45	2.45
Transload facilities***	1	1	1	1	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 transload 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

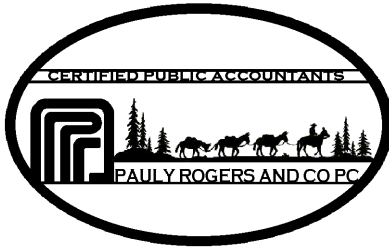
Independent Auditor’s Comments as Required by State of Oregon Regulations



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City of Prineville, Oregon
Independent Auditors' Comments

Year Ended June 30, 2018



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November 26, 2018

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, 2018, and have issued our report thereon dated November 26, 2018. 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 Auditors' Comments

Year Ended June 30, 2018

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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