

CITY OF PRINEVILLE,
OREGON



ANNUAL COMPREHENSIVE
FINANCIAL REPORT
YEAR ENDED
JUNE 30, 2022



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**City of Prineville, Oregon
Annual Comprehensive Financial Report
Year Ended June 30, 2022**

Prepared by:
City of Prineville Finance Department
Lori Hooper, Finance Director

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



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Introductory Section

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



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CITY FINANCE

387 NE Third Street - City of Prineville 97754

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541.447.5627 ext. 1119 phone 541-447-5628 fax



City Manager Steve Forrester

December 27, 2022

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

We hereby submit the Annual Comprehensive Financial Report (ACFR) of the City of Prineville, Oregon (the “City”) for the fiscal year ended June 30, 2022.

This report presents the financial position of the City as of June 30, 2022 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, 2022. 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 17, 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 11,513. 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.



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

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

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

Local Economy

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

The City has 14 companies taking advantage of tax abatements as of June 30th, 2022, which has affected the local economy in a positive way. These tax abatements offer a long-term benefit to the community through capital investments, higher wage jobs and community investment. Since the program was initiated, there have been 2,418 jobs created, \$10 billion in capital investments and any agreement over three years must pay employees at least 130 percent (130%) of the county's average wage. As of June 30th, 2021, 9 of the 14 active agreements qualified for the wage requirement.

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 Prineville 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 (15%) and 25 percent (25%) depending on the fund.

Budget planning for the next biennium 2023-2025 will start in January 2023. Water rates are anticipated to increase 2 percent (2%) year over year for the foreseeable future and a tiered commodity rate system is being implemented in January 2023 to promote conservation. Sewer rates are anticipated to fall in line with water rates with 2 percent (2%) year over year increases anticipated.



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In regards to the City's long-term debt obligations, the City had a total of \$22.9 million in long-term debt obligations including \$19.1 million in full faith and credit obligations (FFCO) and a United States Department of Agriculture (USDA) bond for \$3.8 million in federal funds as of June 30, 2022.

City's Credit Ratings

In August of fiscal year 2015, Standard and Poor's rating services affirmed the City's "A+" long-term rating. Their rationale was cited as the City has "strong financial management, very strong budgetary flexibility, very strong liquidity, strong budgetary performance, adequate debt and contingent liabilities, and a strong institutional framework." Our private lender for the FFCO in FY 19 for acquisition of the new public safety building stated in the approval letter, "We are once again impressed with the City's management and high credit quality." The City continues to maintain strong financial management, and has improved in all of the areas stated above in the Standard and Poor's comments for our rating in FY 15.

Major Initiatives

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

In preparing the budget for biennium 2023, 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: 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 Mayor Jason Beebe and Councilors, Gail Merritt and Janet Hutchison, continue their focus on long-range financial stability, sustainability and audit oversight, and improving all finance processes.

Awards

Annual Comprehensive 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 2021 report, making it the sixth time the City has applied and received



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Prineville
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



CITY FINANCE

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the award. The CAEFR is a prestigious national award that recognizes conformance with the highest standards of preparation of state and local government financial reports. In order to receive this award, government unit must publish an easily readable and efficiently organized ACFR 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 submitted and received the *Distinguished Budget Presentation Award* for its fiscal year 2021-2023 biennial budget document from the GFOA, making it the 16th consecutive City budget documents 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 Annual Comprehensive Financial Report was a combined effort of the dedicated finance staff under the direction of Lori Hooper and Contract CFO, Liz Schuette. We wish to express our appreciation to everyone who contributed to the preparation of this report. Lastly, we wish to recognize the Mayor, Councilors, and the Finance Committee for their full support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Contract CFO Liz Schuette and Finance Director Lori Hooper

Steve Forrester
City Manager

Lori Hooper
Finance Director

Liz Schuette
Contract CFO

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 Jason Beebe



Councilor Janet Hutchison



Councilor Patricia Jungmann



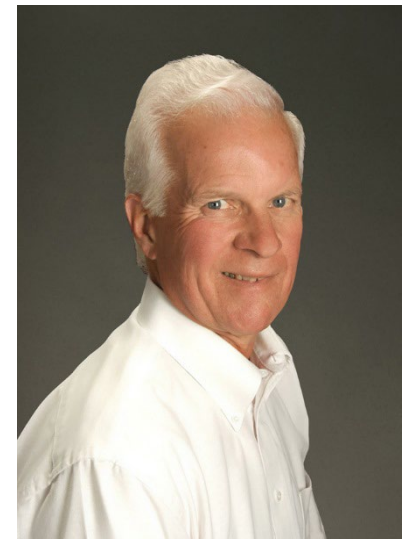
Councilor Raymond Law



Councilor Gail Merritt



Councilor Jeff Papke



Councilor Steve Uffelman

Elected Officials**Term Expires**

Jason Beebe, Mayor	December 31, 2022
Janet Hutchison, Councilor	December 31, 2022
Patricia Jungmann, Councilor	December 31, 2022
Raymond Law, Councilor	December 31, 2024
Gail Merritt, Councilor	December 31, 2024
Jeff Papke, Councilor	December 31, 2022
Steve Uffelman, Councilor	December 31, 2024

Appointed Officials**Position**

Steve Forrester	City Manager
Jered Reid	City Attorney

Management Team**Position**

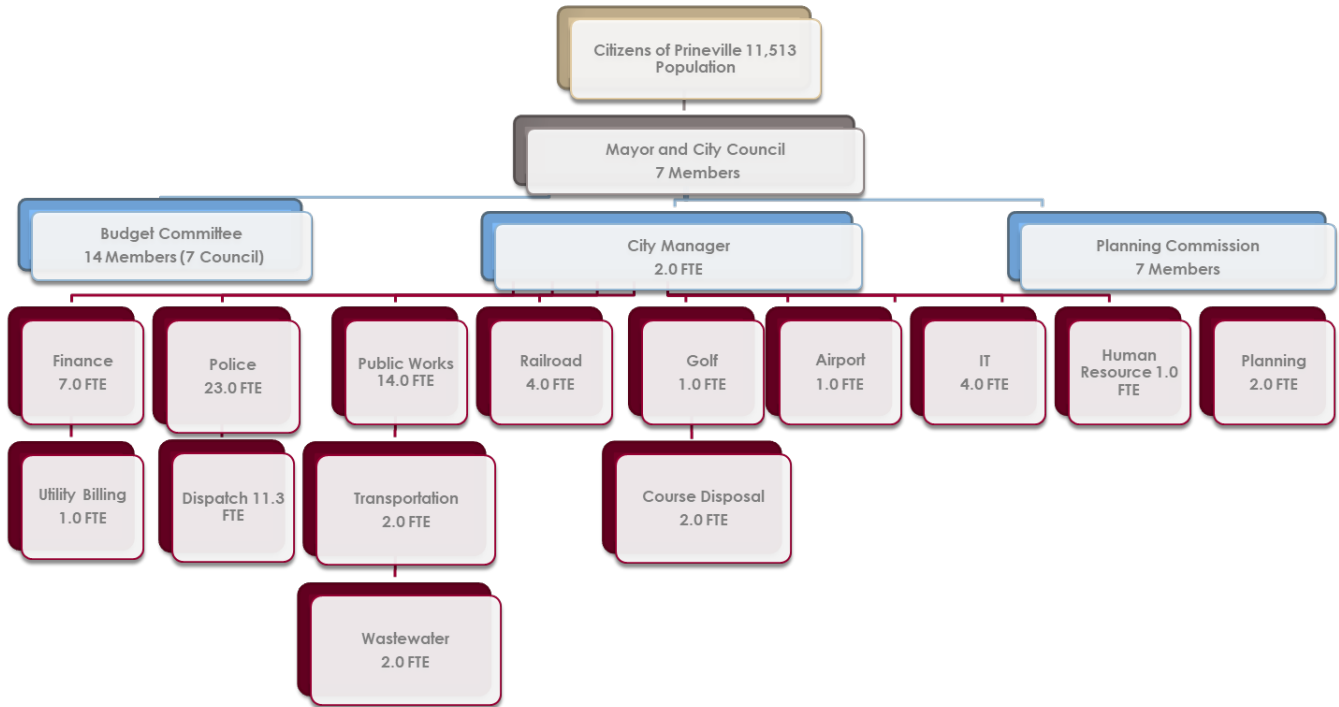
Larry Seymour	Police Chief
Kelly Coffelt	Airport Manager
James Wilson	IT Director
Josh Smith	Planning Director
Casey Kaiser	Public Works Director
Zach Lampert	Head Golf Professional / Facility Manager
Darla Rhoden	Human Resource Director
Lori Hooper	Finance Director
Matt Wiederholt	Railroad and Freight Depot Manager

City Hall
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City of Prineville, Oregon Organization Chart

Year Ended June 30, 2022





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Financial Section

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



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January 13, 2023

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

INDEPENDENT AUDITORS' REPORT

Opinions

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 City of Prineville, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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 City of Prineville, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Prineville to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

The City adopted new accounting guidance, GASB Statement No. 87- Leases During the fiscal year under audit. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Prineville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Prineville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Prineville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

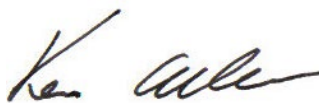
Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the introductory, statistical, and the compliance and other reports sections as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 13, 2023, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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



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City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2022

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, 2022. 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 \$139.8 million at June 30, 2022, consisting of \$113.8 million in capital assets, \$16.1 million in cash and investments, \$304,000 in restricted cash and investments, \$5.8 million in other assets, and \$3.9 million deferred outflows of resources. Total assets and deferred outflows of resources increased by \$8.1 million from the previous fiscal year.

The City's liabilities and deferred inflows of resources totaled \$38.1 million at June 30, 2022 consisting of \$26 million in long-term liabilities, \$5.1 million in accounts payable and other liabilities, and \$6.9 million in deferred inflows related to pensions and leases.

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$101.7 million at the close of fiscal year 2022, an increase of \$6.1 million over the prior year. Unrestricted net position totaled \$6.1 million with the remainder of the City's net position invested in capital assets totaling \$92.5 million, capital projects \$661,000, streets and highways \$1.9 million, and debt service reserve \$598,000.

For governmental activities, the City generated \$983,000 in charges for services and received \$4.7 million in operating grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$12.2 million for the year, resulting in a net direct expense of \$6.5 million. Receipt of \$8.5 million in general revenues and \$1.9 million in transfers resulted in a change in net position of \$3.9 million.

For business-type activities, the City generated \$11.1 million in charges for services. Capital grants and contributions to fund direct expenses totaled \$1.6 million. Expenses for business-type activities totaled \$8.7 million resulting in a change to net position of \$2.2 million.

Fund balance in the City's governmental funds was 6.8 million at June 30, 2022, an increase of \$289,000 from June 30, 2021.

The City's total long-term debt decreased \$1.2 million during the fiscal year ended June 30, 2022. The City refunded \$8.3 million in debt during the fiscal year at an interest rate of 1.21 percent which will result in significant interest savings over the life of the note.

Debt per capita decreased from \$2,184 to \$1,989 (-9%), using the City population of 11,513. The population increased by 471 from 11,042 according to the Portland State University preliminary population report as of on July 1, 2022.

City of Prineville, Oregon
Management's Discussion and Analysis

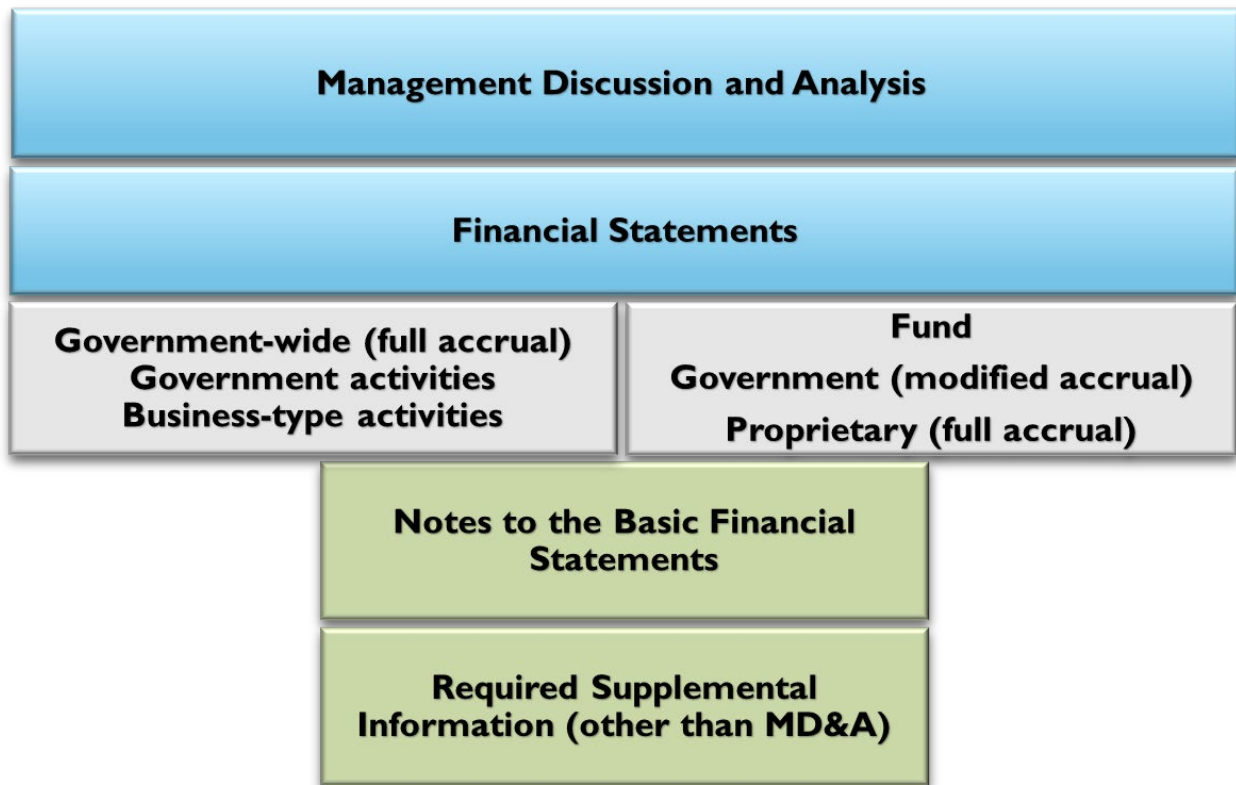
Year Ended June 30, 2022

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 Annual Comprehensive 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.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2022

The *Statement of Activities* presents information showing how the City's net position changed during the fiscal year ended June 30, 2022. 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.

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 33 and the government-wide financial policies are included in the notes to financial statements.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Prineville, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Each of the funds of the City is classified in one of three categories: government funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations from the *Government Funds Balance Sheet to the Government-wide Statement of Net Position* and from the *Government Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities* are included in this report.

The City reported activity in five individual governmental funds and three internal service funds performing governmental activities during the fiscal year ended June 30, 2022. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* for the general fund and the City's other major funds (emergency dispatch, transportation, transportation system development charges, and pension obligation debt service). Data from all other governmental funds are combined into a single, aggregated presentation. Individual data for each of these non-major governmental funds, if applicable, is provided in the form of combining statements in the "Other Supplementary Data" section of this report and in the budget to actual comparison schedules.

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

The "Basic Governmental Fund Financial Statements" can be found on pages 33-38 of this report.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2022

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 fund. 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.

Proprietary funds financial statements provide similar, but more detailed, information as the government-wide financial statements. The proprietary fund financial statements provide information separately for the Railroad and Freight Depot, Water, Wastewater, Airport, and Golf Funds.

The “Basic Proprietary Funds Financial Statements” can be found beginning on page 41.

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 45. 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 \$101.7 million at June 30, 2022.

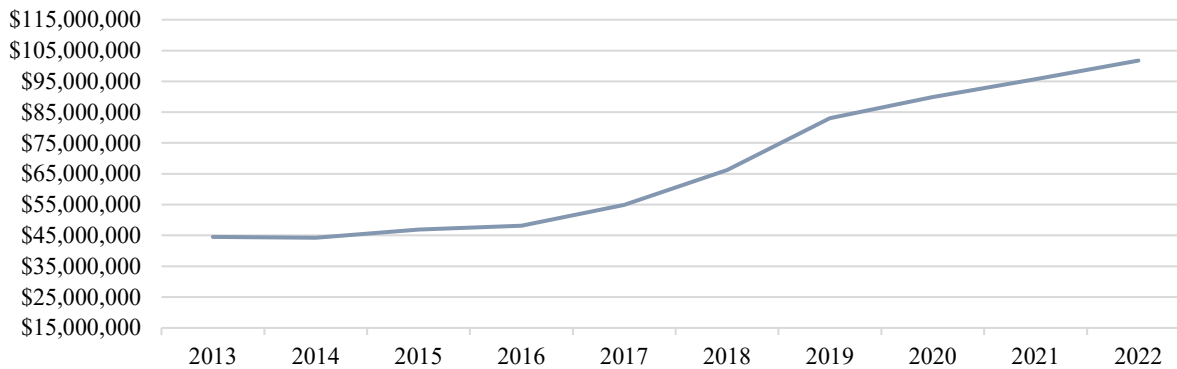
The City's net position is heavily allocated to its investment in capital assets (land, infrastructure, buildings and equipment) less the related outstanding debt issued to acquire those capital assets and accumulated depreciation, \$92.5 million, 91 percent (90.9%) of total position. The City's net investments in capital assets for water and wastewater utilities represent approximately 64 percent (63.6%) of total capital assets.

- The net position of the governmental funds equaled \$27.1 million, an increase of \$3.9 million or 17 percent (16.9%) over the prior year-end net position.
- The net position in the water utility totaled \$33.4 million, an increase of \$2 million or approximately 6 percent (6.3%) over the prior year-end net position.
- The net position in the wastewater utility totaled \$30.3 million, an increase of \$29,000 or roughly 0 percent (0.1%) from the prior year-end net position.
- The net position in the railroad totaled \$7.7 million, an increase of \$20,000 over prior year, or 0 percent (0.3%) from the prior year-end net position.
- The net position in the Golf Course Fund totaled \$3.2 million, an increase of \$129,000 or roughly 4 percent (4.2%) over the prior year-end net position.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2022

Total Net Position



The City's net position includes approximately \$3.1 million (3.1%) that is restricted. This restricted portion is for debt service of \$598,000, transportation operations of \$1.9 million and capital projects of \$661,000. The unrestricted portion of the City's net position is \$6.1 million and may be used to meet the City's ongoing obligations to citizens and creditors.

Net Position at June 30, 2022 and 2021

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 12,395,742	\$ 10,614,597	\$ 9,430,387	\$ 6,570,755	\$ 21,826,129	\$ 17,185,352
Non-current assets	-	105,000	303,758	303,758	303,758	408,758
Capital assets	31,138,377	28,892,995	82,637,010	82,105,688	113,775,387	110,998,683
Total assets	43,534,119	39,612,592	92,371,155	88,980,201	135,905,274	128,592,793
Deferred outflows	3,933,902	3,185,841	-	-	3,933,902	3,185,841
Total assets and deferred outflow	47,468,021	42,798,433	92,371,155	88,980,201	139,839,176	131,778,634
Current liabilities	2,397,412	2,376,643	786,716	1,638,972	3,184,128	4,015,615
Long-term debt - net of current p	13,831,316	16,816,794	14,167,392	14,829,409	27,998,708	31,646,203
Total liabilities	16,228,728	19,193,437	14,954,108	16,468,381	31,182,836	35,661,818
Deferred inflows	4,168,884	452,480	2,748,265	-	6,917,149	452,480
Total liabilities and deferred inflow	20,397,612	19,645,917	17,702,373	16,468,381	38,099,985	36,114,298
Net investment in capital assets	23,994,251	19,915,918	68,469,618	67,276,279	92,463,869	87,192,197
Restricted	1,878,500	1,345,140	1,259,743	1,168,515	3,138,243	2,513,655
Unrestricted	1,197,658	1,891,458	4,939,421	4,067,026	6,137,079	5,958,484
Total net position	27,070,409	23,152,516	74,668,782	72,511,821	101,739,191	95,664,337
Total net position, liability and deferred inflows	\$ 47,468,021	\$ 42,798,433	\$ 92,371,155	\$ 88,980,202	\$ 139,839,176	\$ 131,778,635

Overall, the City increased its net position by \$6.1 million during fiscal year 2022 while also continuing to make investments in capital infrastructure, reduce its other outstanding debt obligations, and control operational spending. The \$2.2 million increase in business-type activities can be largely attributed to capital investments made in water and wastewater infrastructure.

City of Prineville, Oregon Management's Discussion and Analysis

Year Ended June 30, 2022

As of June 30, 2022, the City reports positive balances in all three categories of net position for the government.

Statement of Activities

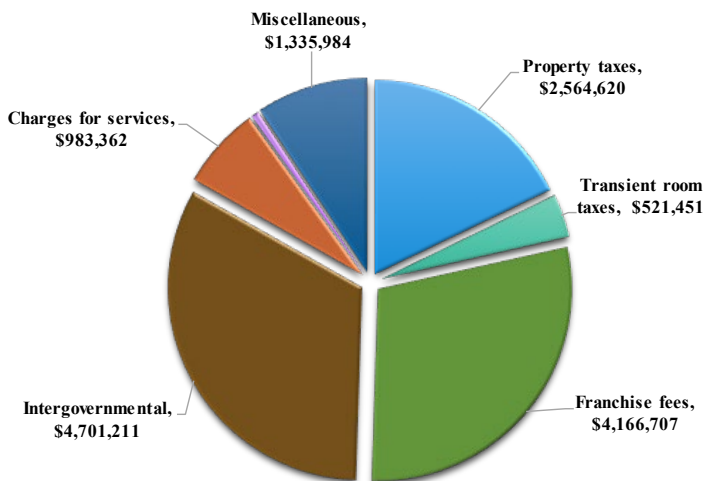
As with the *Statement of Net Position*, the City reports governmental activities on a consolidated basis.

Governmental activities increased Prineville's net position by \$3.9 million during fiscal year ended June 30, 2022 as compared to an increase of approximately a \$2.4 million in the prior year. Revenue increased by \$2.4 million and expenses, excluding transfers, decreased by \$254,000. Key elements of these changes as illustrated in the summary of activities table on the next page are primarily the results of an increase in intergovernmental revenue from the American Rescue Plan Act, and an increase of electrical franchise fees from data center activities, property tax, and transient lodging tax revenues.

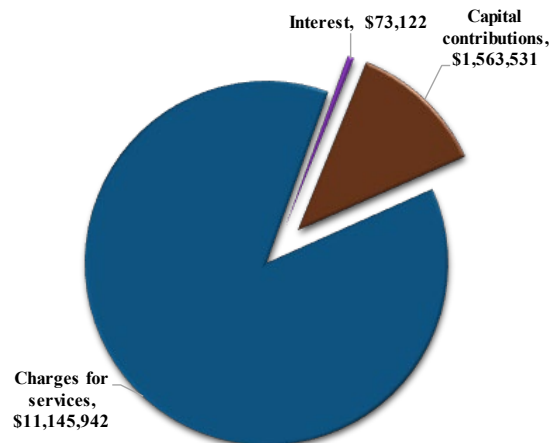
The revenues charted in the pie chart below in the sources for governmental activities include all program and general revenues for governmental activities such as property and transient room taxes, franchise fees, charges for services, intergovernmental revenue and miscellaneous revenues.

Business-type activities increased the City of Prineville's net position by \$2.2 million. Water Fund revenues represent approximately 35 percent (34.5%) of total business-type revenue, with 79 percent (79%) of its revenue coming from charges for service. Charges for services in the Water Fund totaling \$3.5 million are largely associated with metered water sales. The Wastewater Fund revenue represents approximately 39 percent (39.4%) of business activities with \$4.28 million of the \$4.36 million in charges for services coming from sewer utility charges. Capital contributions totaled approximately \$1.56 million, with \$920,000 in the Water Fund and \$644,000 in the Wastewater Fund for developer installed water and sewer lines. Other business-type activities include the airport, railroad, and golf course. These activities represent approximately 26 percent (26.1%) of revenues during the year, and generally these revenues fall into the charges for service, and intergovernmental revenue areas.

Revenue by Source - Governmental Activities



Revenue by Source - Business-type Activities



City of Prineville, Oregon
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Year Ended June 30, 2022

A summary of the *Statement of Activities* follows:

	Governmental Activities		Business-type Activities		Total		
	2022	2021	2022	2021	2022	2021	Change
Revenue							
Property taxes	\$ 2,564,620	\$ 2,443,843			\$ 2,564,620	\$ 2,443,843	\$ 120,777
Transient room taxes	521,451	400,036			521,451	400,036	121,415
Franchise fees	4,166,707	4,113,149			4,166,707	4,113,149	53,558
Intergovernmental	4,701,211	2,467,404			4,701,211	2,467,404	2,233,807
Charges for services	983,362	1,094,758	11,145,942	10,588,087	12,129,304	11,682,845	446,459
Interest	(87,578)	62,483	73,122	50,969	(14,456)	113,452	(127,908)
Capital contributions			1,563,531	2,458,780	1,563,531	2,458,780	(895,249)
Miscellaneous	1,335,984	1,185,012	(42,089)	-	1,293,895	1,185,012	108,883
Total revenue	14,185,757	11,766,685	12,740,506	13,097,837	26,926,263	24,864,522	2,061,742
Expenses							
General government	1,834,062	1,665,835	-	-	\$ 1,834,062	\$ 1,665,835	\$ 168,227
Public safety	9,195,610	9,531,868	-	-	9,195,610	9,531,868	(336,258)
Streets and highways	948,788	951,207	-	-	948,788	951,207	(2,419)
Interest	175,937	259,869	-	-	175,937	259,869	(83,932)
Depreciation	-	-	-	-	-	-	-
Railroad	-	-	950,640	1,187,241	950,640	1,187,241	(236,601)
Water	-	-	1,846,757	1,530,614	1,846,757	1,530,614	316,143
Wastewater	-	-	3,545,904	2,194,325	3,545,904	2,194,325	1,351,579
Golf and restaurant	-	-	1,418,212	1,075,416	1,418,212	1,075,416	342,796
Other non-major	-	-	935,499	709,452	935,499	709,452	226,047
	12,154,397	12,408,779	8,697,012	6,697,048	20,851,409	19,105,827	1,745,582
Increase (decrease) in net position before transfers	2,031,360	(642,094)	4,043,494	6,400,789	6,074,854	5,758,695	316,160
Transfers in (out)	1,886,533	3,011,501	(1,886,533)	(3,011,501)	-	-	-
Increase (decrease) in net position	3,917,893	2,369,407	2,156,961	3,389,288	6,074,854	5,758,695	316,160
Net position, July 1, 2021	23,152,516	20,783,109	72,511,821	69,122,533	95,664,337	89,905,642	5,758,695
Net position, June 30, 2022	\$ 27,070,409	\$ 23,152,516	\$ 74,668,782	\$ 72,511,821	\$ 101,739,191	\$ 95,664,337	\$ 6,074,854

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, 2022, \$6.8 million is the reported combined ending fund balance for the City of Prineville's governmental funds, an increase of approximately \$289,000 from June 30, 2021. The increase is primarily the result of increases in gas tax revenues in the Transportation Fund returning to pre COVID-19 levels. Oregon House Bill 5006 grants for safety improvements to the N Main Street and NE Peters Road intersection contributed to the increase

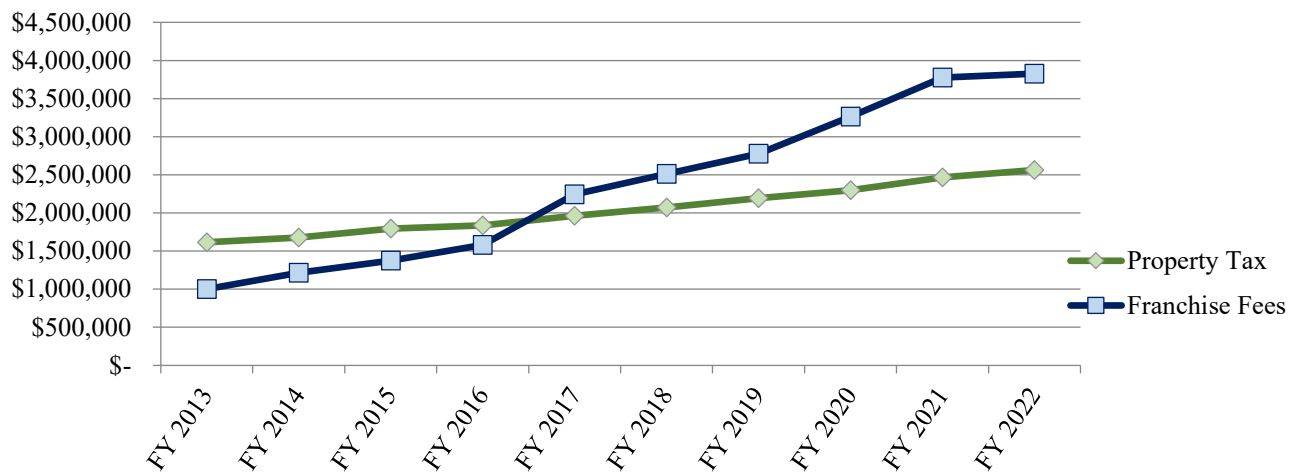
City of Prineville, Oregon
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in the Transportation SDC Fund. In the Pension Obligation Debt Service Fund, increases can be attributed to the City maintaining transfers in at a level to build fund balance for potentially creating another Oregon Public Employees Retirement System (PERS) side account in the future. Decreases in the General Fund are largely associated with the retirement of several long-term public safety employees and needed support for the People Irrigation Ditch project. In emergency dispatch, the fund balance was budgeted to decrease with user fees decreasing due to difficulties associated with meeting needed staffing levels. Net increases or decreases in fund balance are as follows:

General Fund/Community Development	\$ (209,881)	-7%
Emergency Dispatch	\$ (337,463)	-32%
Transportation Fund	\$ 216,671	63%
Transportation SDC Fund	\$ 421,689	47%
Pension Debt Service Fund	\$ 198,285	14%

General Fund Budgetary Highlights. The General Fund is the chief operating fund of the City. As of June 30, 2022, total fund balance was \$2.6 million, a decrease of \$210,000 (-7.4%) from prior year. Within the General Fund ending balance, \$2.4 million is considered unassigned. General Fund actual current year resources were \$9.3 million for the first half of the 2021-2023 biennium. A supplemental budget was adopted during FY 22 for the General Fund, and was largely associated with intergovernmental revenue for the anticipated American Rescue Plan Act stimulus dollars, and unanticipated expenditures associated with the retirement of several long-term public safety officers and support for the Peoples Irrigation Ditch project. Miscellaneous revenues budget to actual positive variance was largely associated with unanticipated district fines and biomass support funding. Transient lodging taxes returned to COVID-19 levels and was a record-breaking year largely due to travel restrictions being lifted and significant construction projects in the area. There were no expense categories that exceeded the biennial budget in the General Fund. Police department expenses totaled \$3.9 million with \$3.3 million coming from personnel services. In non-departmental, spending was at \$743,000 with \$194,000 in transient lodging taxes going to the chamber of commerce and \$258,000 going to support the biomass project. Total actual expenditures were \$4.7 million. The General Fund ended the first year of the biennium budget with revenues exceeding expenditures by \$4.5 million. The decrease in fund balance through the year is largely due to the unanticipated expenditures mentioned earlier for the accrued leave payouts for parting long term employees and the Peoples Irrigation Ditch project. The graph below shows General Fund property tax collection and electrical franchise fee trends from 2013 through 2022.



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Emergency Dispatch. The Emergency Dispatch Fund balance decreased roughly \$337,000. For FY 22, user fees were decreased due to being unable to maintain the staffing levels in which the user fees had been based on. Dispatcher vacancies have been difficult to fill and the under staffing had been increasing the fund balance over the last several years.

Transportation and Transportation SDC Funds. Fund balance increased \$217,000 in the Transportation Fund. The fund balance increase is largely attributed to Oregon State Gas Taxes coming in higher than expected with a full year of travel restrictions being lifted and receiving \$153,000 from the Oregon Department of Transportation in COVID-19 support. In the Transportation SDC Fund, the fund balance increased \$422,000 primarily due to the receipt of grant funds in the amount of \$900,000 for the N Main Street and NE Peters Road safety improvement project which was in the designing phase as of June 30, 2022.

Pension Debt Service Fund. Fund balance increased \$198,000 in the Pension Debt Service Fund to \$1.6 million. This was anticipated as reserves are being built up to be used for accrued liabilities associated with payroll and to stabilize PERS rates in the future.

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, 2022, the City realized an increase in net position of \$2.2 million for the combined performance of all proprietary funds. Operating revenues over operating expenses from combined proprietary funds are \$2.7 million, contributing to an overall increase in net position. The biggest factor to the increase in net position was the impact of capital contributions in the Water and Wastewater Funds and operational profits in the Water Fund.

Railroad and Freight Depot Fund. The railroad's net position increased \$20,000 through the fiscal year. Operational revenues over expenses resulted in a profit of roughly \$52,000 with depreciation contributing to 29 percent (28.5%) of the operational expenses. The railroad ended the year with a net position as of June 30, 2022 of \$7.7 million. Operational revenue is down for the railroad in comparison to the prior year 6 percent (5.7%), with significant decreases in switching and storage charges. These decreases can largely be attributed to a large increase of storage cars that came in during the prior year when the economy slowed due to the COVID-19 shutdowns. When the COVID-19 restrictions were lifted, the cars moved out of storage at the end of FY 21. Freight depot charges for services are up over prior year by roughly 34 percent (34%), largely due to increased lease revenue from Heniff Transportation. Overall revenues over expenditures, including transfers out, have increased the fund balance by \$59,000 to \$1.2 million.

Golf and Restaurant Fund. The net position in golf increased \$129,000 largely due to a budgeted transfer of \$470,000 from the Wastewater Fund for the replacement of the golf courses irrigation system and operational support. Golf operational revenues in comparison to the prior year are up 8 percent (8%) with operational expenses up 32 percent (32.2%). Operational expenses are up primarily due to increased activity and the retirement of the golf course superintendent who had been at the golf course for almost 30 years. Operationally, the golf course finished the year strong with rounds of golf up approximately 1,050 rounds over the prior year, breaking the record set in prior year. Golf is one of the few activities that can be done with social distancing and Meadow Lakes Golf Course is one of the most affordable golf courses in Central Oregon. Fund balance increased throughout the year \$235,000, ending the year at \$754,000.

Airport Fund. The airport's net position decreased \$2,000 to \$101,000. The airport is a collaboration effort between Crook County and the City, with the City managing the operations of the airport. Charges for services

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are up approximately 54 percent (53.8%) over the prior year, largely due to a significant increase in fuel sales. Fuel prices are up in comparison to the prior year and the airport had several record-breaking months due to firefighting operations being set up at the airport and Erickson's Inc. facilitating sky crane training at the airport throughout the year. Operational expenses include \$639,000 in fuel purchases needed to keep up with the increased demand. Fund balance increased \$10,000 throughout the year, ending at roughly \$71,000 on June 30, 2022. The increase can be attributed to the increase in activity, specifically fuel sales, throughout the year.

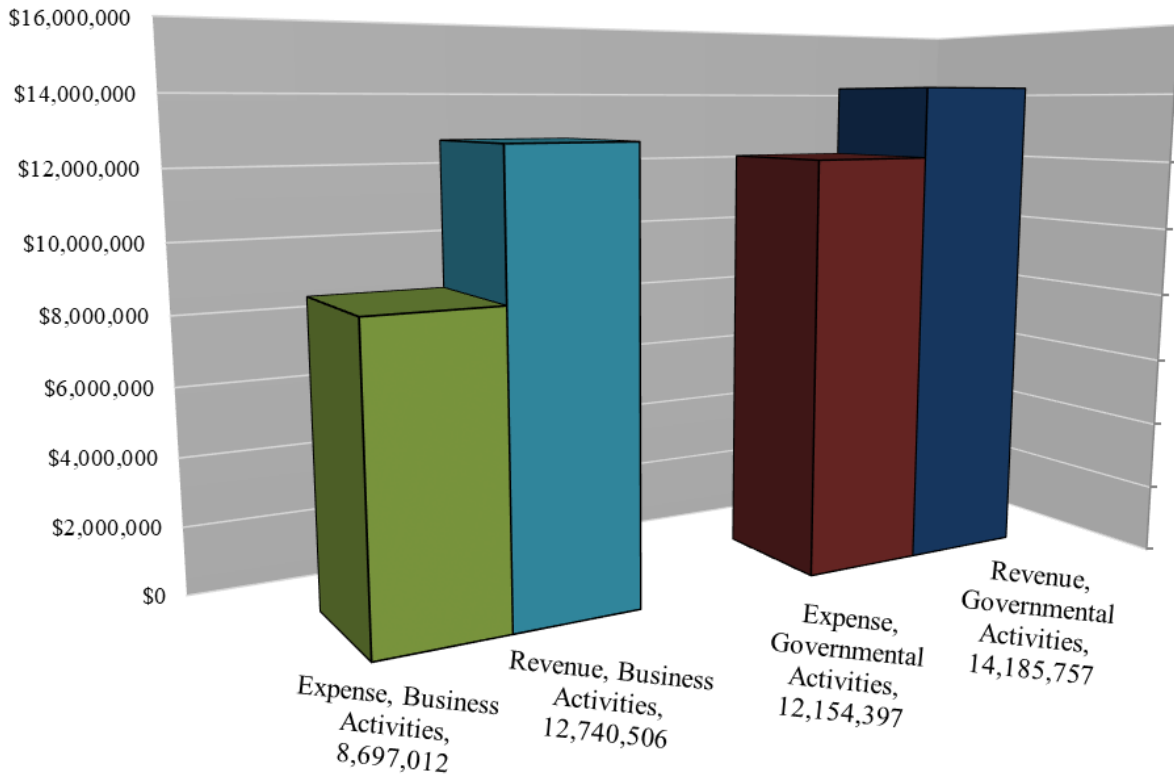
Water Fund. The net position of the Water Fund increased \$2 million through the fiscal year, ending at \$33.4 million on June 30th, 2022. The primary contributing factors for the increase of net position are due to capital contributions, system development charge collections and operational profits. The Aquifer Storage and Recovery (ASR) project was completed in September 2021 adding resiliency to the water system. Additional ASR well projects got on their way in FY 22 and \$1.2 million was transferred from the General Fund to support this project. Water rates increased 2 percent (2%) in July of 2021. Overall metered water sales were down in comparison to the prior year by 6 percent (5.7%) with slightly cooler temperatures in comparison to the prior year and one of the data center buildings going offline.

Wastewater Fund. In the Wastewater Fund, net position increased \$29,000 with operational profits of roughly \$1 million and approximately \$1 million being spent on the Peoples Irrigation Ditch project. This project was a contractual obligation that was put in place when the golf course was being built. In the summer of 2021, the irrigation pipe that was serving the district collapsed and per the contract, the City had to fix it. Wastewater charges for services are largely associated with customer utility charges totaling \$4.3 million which is an increase of 7 percent (7.1%) over the prior year largely due to commodity rate increases that took place in July of 2021.

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

**City of Prineville, Oregon
Management's Discussion and Analysis**

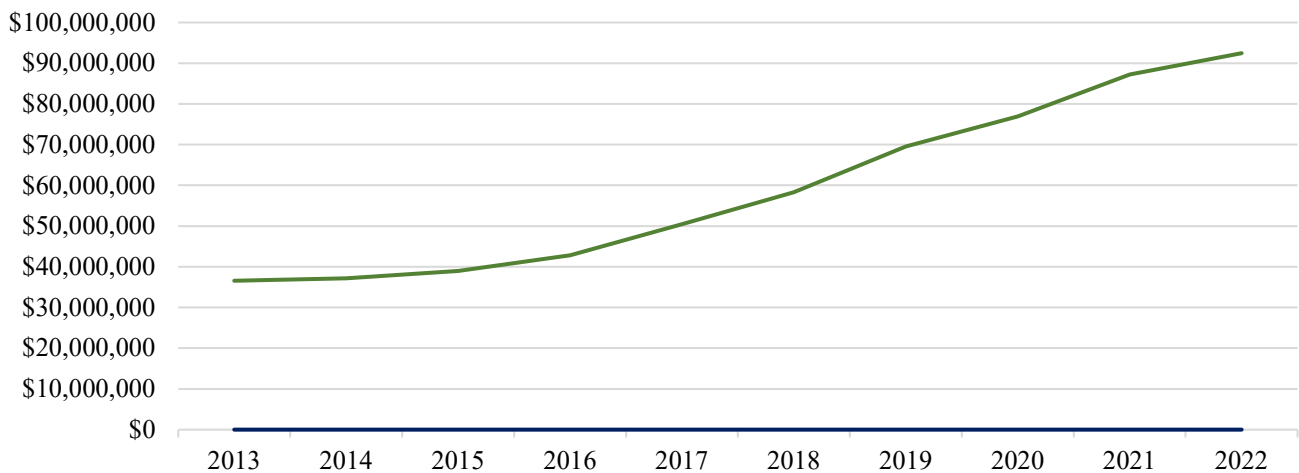
Year Ended June 30, 2022



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, 2022 is \$92.5 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, 2022 was \$5.3 million.

Net Investment in Capital Assets



City of Prineville, Oregon
Management’s Discussion and Analysis

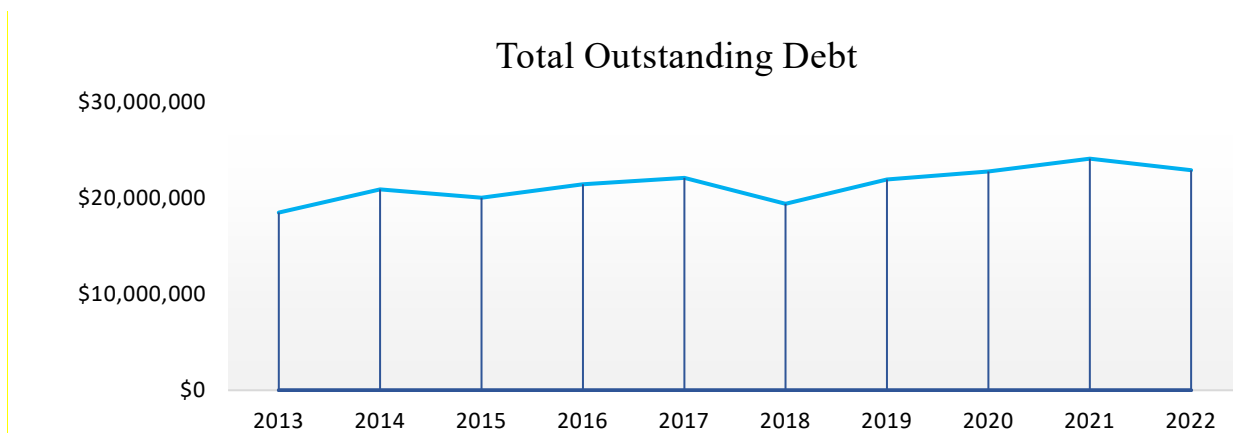
Year Ended June 30, 2022

Additional information on capital assets is included in “Note 4” to the financial statements of this report on pages 60-62.

Long-term debt. As of June 30, 2022, the City’s outstanding bonded debt was \$22.9 million, \$1.2 million less than at June 30, 2021. Of this, \$19.1 million is backed by the full faith and credit of the City, which includes \$7.5 million for obligations repaid with water, wastewater and golf revenues, \$1.7 million refinanced note payable for pension obligation repaid from all funds with employees subject to Oregon Public Employees Retirement System retirement payments, \$458,000 debt for the Barnes Butte property acquisition to add additional green space, water rights, and transportation improvements, \$92,000 debt for the acquisition of police vehicles, \$889,000 of refunded federal debt for the city hall building, \$3 million in interim financing through Business Oregon for the Aquifer Storage and Recovery project, an IFA loan for \$649,000 and \$5.4 million for the remodel and adaptation of the new police facility. The City also had \$3.8 million bond outstanding in wastewater with USDA for the wetlands. The City is liable for notes payable with government commitment if other revenues are insufficient to repay the debt. There are no debt requirements, commitments or other limitations required by debt holders that significantly affect the availability of resources for current or future use.

Schedule of Outstanding Long-term Debt
 June 30, 2022 and June 30, 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Full faith and credit obligations	\$ -	\$ -	\$ 6,752,304	\$ 4,364,001	\$ 6,752,304	\$ 4,364,001
Water, golf and wastewater					-	-
Pension note payable	1,710,685	1,947,897			1,710,685	1,947,897
Federal debt			3,765,923	3,826,844	3,765,923	3,826,844
Oregon IFA / CWSRL			649,165	3,638,564	649,165	3,638,564
Other notes payable	7,026,252	7,333,077	3,000,000	3,000,000	10,026,252	10,333,077
Totals	\$ 8,736,937	\$ 9,280,974	\$ 14,167,392	\$ 14,829,409	\$ 22,904,328	\$ 24,110,383



Additional information on the City’s long-term debt is included in “Note 5” to the financial statements on pages 62-68.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2022

Key Economic Factors and Budget Information for the Future, FY22 update

Unemployment and real estate – Oregon's unemployment rate ended FY 22 at four percent (3.5%) with Crook County ending at five percent (4.7%) according to the Oregon Employment Department. As of September 2022, Oregon unemployment has increased roughly half a percent with Crook County also increasing about a half a percent as the Federal Reserve raises interest rates to counter historically high inflation. While unemployment has increased slightly, demand for goods and services remain steady. Supply chain issues seem to be waning and inflation is showing signs of slowing. The Central Oregon region in general is attracting a significant amount of growth that will likely isolate us from any significant economic downturn caused by raising rates too far or too fast. Economic direction should become clearer by the end of FY 23.

According to reports from the Central Oregon Association of Realtors, real estate sales volume for Crook County has been fairly consistent and predictable from 2016 through 2022. A significant drop in Q3 of FY 20 was due to the COVID-19 pandemic. Interestingly, the pandemic generated a significant increase in home sales starting in Q4 of FY 20 and continued through FY 22 but peaking in Q1 of FY 21. These sales also significantly drove up the median sales price. The median sales price from Q3 of FY 20 to Q4 of FY 21 saw a 51 percent (50.5%) increase from \$273,000 to \$411,000. From peak sales in Q1 of FY21 to the end FY 22, there was increase of 35 percent (34.8%) from \$371,000 to \$500,000. This increase is due to material costs associated with supply issues and continued high demand. As of November 2022, housing prices seem to have peaked and are starting to adjust downward with the rapid rise in interest rates. With demand still relatively high for the region we are unlikely to see a collapse of the market. Housing prices in Central Oregon through FY 23 may find a new floor that is significantly higher than pre-COVID prices. Dwelling approvals for FY 22 include 112 single family and 347 multifamily for a total of 459 units. This smashed the previous record of 229 units set in FY 19. The increase is attributed to a single multifamily project of 328 units as well as a healthy increase of single family from 82 dwellings approved in FY 21 to 112. Dwelling approvals for FY 16 – FY 22 were 38, 76, 114, 229, 111, 88 and 459 respectively. So far through October of FY 23, we have seen 28 dwelling approvals, with 22 being single family. This is on par with the previous year of 31 for the same time frame. The expectation is that single family development will slow in FY 23 to around 60 single family units as the market absorbs homes currently being built and adjusts to interest rate increase; with a high potential of another large multifamily development. With additional data center development, other small manufacturing industries moving into the community and an increase of retirees, the City will continue to feel housing pressure.

Apple – In October 2012, Apple initiated construction of a 338,000 square foot data center. At this time the second building has been completed, the 3rd is under construction and there are plans being developed for 3 more.

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 nine data centers buildings totaling approximately 4.5 million square feet and are finishing construction of the last two ~1 million sq. ft. buildings.

Residential, Commercial and Public development – Continued data center development, as well as a noticeable increase in commercial and industrial development has the potential to keep residential development stable even in an era of high interest rates needed to combat inflation. In the event of a national market downturn, it is possible that Prineville may be somewhat insulated due to the local and regional demand.

New commercial construction has seen a significant increase with several new buildings on the Ochoco Mill site including a large retailer (Wilco). There are still a few vacant structures such as the bank building at the corner of NW 3rd and N Main, but the old Brothers restaurant is now fully occupied, the old bowling alley has been removed for the construction of the Justice Center and the old "Han's" pharmacy building has been removed to expand the Museum. With continued residential development, even at a slower pace, we can expect to see additional commercial development to serve those residences.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2022

Industrial development continues in the Tom McCall Business Park, with continued interest in the Baldwin Industrial Park and Murphy Court Industrial Park. A zone change to add a commercial node on Tom McCall Road has been approved with development expected in FY 23.

The Public sector has been busy with large infrastructure projects and planning such as expansion of the City's Aquifer Storage and Recovery system (ASR), paved paths at the Barnes Butte Recreation area, realignment of the NE Peters Road intersection, NE Combs Flat extension, 3rd St. rebuild, the new Justice Center, and museum expansion.

PERS –As of December 31, 2021, the City has a funded ratio of 84 percent (84%) and has an unfunded actuarial liability (UAL) of \$4.43 million, which reflects a decrease of \$1.53 million from December 31, 2020.

Effective July 1, 2021 through June 30, 2023, the City's PERS contribution rates for Oregon Public Service Retirement Plan (OPSRP) general service, OPSRP police and fire, and tier I / II are 12.43, 16.79 and 17.46 percent respectively, a decrease of 1.06 percent from the projected rate. Rates for the 2023 – 2025 biennium were posted in September 2022 and were significantly better than originally projected due to strong returns in investment in 2021. Final rates for OPSRP general service, OPSRP police, and fire and tier I / II are 14.62, 19.41 and 19.92 percent respectively.

Historically, PERS contribution rates have fluctuated based upon earnings, the amount of the City's UAL, and the percentage of the UAL to covered payroll. Generally, PERS 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%) and enter into a loan obligation of \$2.95 million to be repaid over 15 years. The loan proceeds were invested with PERS in a side account, which resulted in reduced PERS contribution rates beginning in fiscal year 2016. The actuarial report show rates were 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%) than the 2014 rate, keeping the same maturity and freeing the City from very constricting covenants. The current outstanding debt totals \$1.7 million as of June 30, 2022. On March 25, 2019, the City made an \$800,000 deposit to a new PERS side account receiving an additional -1.35 percent offset to our rate, additionally we able to receive the 25 percent matching funds from the State of Oregon totaling \$200,000, this additional deposit was factored into the December 31, 2019 valuation and provided an additional rate decrease for the July 1, 2021 to June 30, 2023 rates.

See "Note 7" on pages 69-76 in the financial statements for additional discussion related to PERS.

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
Statement of Net Position

June 30, 2022

Assets	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 10,385,288	\$ 5,671,652	\$ 16,056,940
Receivables (net of allowances for uncollectibles)			
Property taxes	89,552	-	89,552
Accounts	807,053	1,219,365	2,026,418
Inventory	30,028	519,209	549,237
Prepaid expenses	-	600	600
Lease receivable	311,970	2,791,412	3,103,382
Internal balances	771,851	(771,851)	-
Restricted cash and investments	-	303,758	303,758
Capital assets:			
Leased assets (net of amortization)	121,360	-	121,360
Non-depreciable	2,739,442	2,383,285	5,122,727
Other (net of accumulated depreciation)	28,277,575	80,253,725	108,531,300
<i>Total assets</i>	<u>43,534,119</u>	<u>92,371,155</u>	<u>135,905,274</u>
Deferred outflows of resources			
Pension related deferrals - Net pension liability	3,740,976	-	3,740,976
Pension related deferrals - OPEB liability GASB 75	192,926	-	192,926
<i>Total deferred outflows of resources</i>	<u>3,933,902</u>	<u>-</u>	<u>3,933,902</u>
Liabilities, deferred inflows and net position			
Liabilities			
Accounts payable	1,332,647	320,425	1,653,072
Accrued interest	22,268	63,261	85,529
Deposits payable	-	77,995	77,995
Other liabilities	277,702	84,743	362,445
Accrued compensated absences	764,795	240,292	1,005,087
Non-current liabilities:			
Due within one year:			
Lease liability	50,891	-	50,891
Bonds payable	-	62,597	62,597
Notes payable	815,562	1,038,619	1,854,181
Due in more than one year:			
Lease liability	66,982	-	66,982
Proportionate share of net pension liability	4,496,264	-	4,496,264
OPEB Liability GASB 75	480,242	-	480,242
Bonds payable	-	3,703,326	3,703,326
Notes payable	7,921,375	9,362,850	17,284,225
<i>Total liabilities</i>	<u>16,228,728</u>	<u>14,954,108</u>	<u>31,182,836</u>
Deferred inflows			
Leases	303,983	2,748,265	3,052,248
Pension related deferrals - net pension liability	3,837,289	-	3,837,289
Pension related deferrals - OPEB Liability GASB 75	27,612	-	27,612
<i>Total deferred inflows of resources</i>	<u>4,168,884</u>	<u>2,748,265</u>	<u>6,917,149</u>
Net position			
Net investment in capital assets	23,994,251	68,469,618	92,463,869
Restricted for:			
Streets and highways	1,878,500	-	1,878,500
Debt service	-	598,405	598,405
Capital projects	-	661,338	661,338
Unrestricted	1,197,658	4,939,421	6,137,079
<i>Total net position</i>	<u>\$ 27,070,409</u>	<u>\$ 74,668,782</u>	<u>\$ 101,739,191</u>

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

City of Prineville
Statement of Activities

Year Ended June 30, 2022

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	\$ 1,834,062	184,739	\$1,591,500	\$ -	\$ (57,823)		\$ (57,823)
Public safety	9,195,610	195,606	992,954	-	(8,007,050)		(8,007,050)
Highways and streets	948,788	603,017	2,116,757	-	1,770,986		1,770,986
Interest on long-term debt	175,937	-	-	-	(175,937)		(175,937)
Total governmental activities	12,154,397	983,362	4,701,211	-	(6,469,824)		(6,469,824)
Business-type activities							
Railroad	950,640	1,002,912	-	-	-	\$ 52,272	52,272
Water	1,846,757	3,469,917	-	919,622	-	2,542,782	2,542,782
Wastewater	3,545,904	4,357,392	-	643,909	-	1,455,397	1,455,397
Golf and restaurant	1,418,212	1,248,477	-	-	-	(169,735)	(169,735)
Airport	935,499	1,067,244	-	-	-	131,745	131,745
Total business-type activities	8,697,012	11,145,942	-	1,563,531	-	4,012,461	4,012,461
Total activities	\$20,851,409	\$12,129,304	\$4,701,211	\$1,563,531	(6,469,824)	4,012,461	(2,457,363)
General revenues							
Taxes:							
Property taxes, levied for general purposes					2,564,620	-	2,564,620
Transient room taxes					521,451	-	521,451
Franchise fees					4,166,707	-	4,166,707
Earnings on investments					(87,578)	73,122	(14,456)
Miscellaneous					1,335,984	(42,089)	1,293,895
Total general revenues					8,501,184	31,033	8,532,217
Transfers					1,886,533	(1,886,533)	-
Changes in net position					3,917,893	2,156,961	6,074,854
Net position, July 1, 2021					23,152,516	72,511,821	95,664,337
Net position, June 30, 2022					\$27,070,409	\$ 74,668,782	\$101,739,191

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

City of Prineville

Balance Sheet Governmental Funds June 30, 2022

	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	Pension Debt Service Fund	Total Governmental Funds
Assets						
Cash and investments	\$2,810,551	\$ 798,239	\$ 881,770	\$1,570,835	\$1,575,757	\$ 7,637,152
Receivables:						
Property taxes	89,552	-	-	-	-	89,552
Accounts	378,880	647	112,108	305,427	-	797,062
Due from other funds	771,851	-	-	-	-	771,851
Total assets	\$4,050,834	\$ 798,886	\$ 993,878	\$1,876,262	\$1,575,757	\$ 9,295,617
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 552,164	\$ 76,646	\$ 431,350	\$ 6,449	\$ -	\$ 1,066,609
Other liabilities	29,288	-	-	248,414	-	277,702
Unearned revenue	-	-	-	-	-	-
Total liabilities	581,452	76,646	431,350	254,863	-	1,344,311
Deferred inflows of resources						
Unavailable revenue - property taxes	82,006	-	-	-	-	82,006
Unavailable revenue - other	771,851	-	-	305,427	-	1,077,278
Total deferred inflows of resources	853,857	-	-	305,427	-	1,159,284
Fund balance						
Restricted	-	-	562,528	1,315,972	-	1,878,500
Committed	-	722,240	-	-	1,575,757	2,297,997
Assigned to:						
Other purposes	194,341	-	-	-	-	194,341
Unassigned	2,421,184	-	-	-	-	2,421,184
Total fund balances	2,615,525	722,240	562,528	1,315,972	1,575,757	6,792,022
Total liabilities, deferred inflows of resources and fund balances	\$4,050,834	\$ 798,886	\$ 993,878	\$1,876,262	\$1,575,757	\$ 9,295,617

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

City of Prineville

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2022

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

Fund balance - total governmental funds	\$ 6,792,022
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in funds.	28,659,321
Unavailable revenues are deferred on the budgetary financial statements, but in the government wide state they are considered revenues	1,159,284
The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	(3,647,723)
The Net Pension Asset (Liability), and deferred inflows and outflows related to the Net Pension Asset is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries	(2,900,575)
Long-term liabilities, including bonds payable, financed purchases and accrued vacation, are not due and payable in the current period, and therefore, are not reported in the funds.	(2,654,724)
The OPEB GASB 75 Liability, and deferred inflows and outflows related to the OPEB GASB 75 Liability is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries	(314,928)
Bond interest is not accrued as a liability in the government funds.	<u>(22,268)</u>
Net position of governmental activities	<u><u>\$ 27,070,409</u></u>

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

City of Prineville
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2022

	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	Pension Debt Service Fund	Total Governmental Funds
Revenues						
Taxes	\$ 3,084,471	\$ -	\$ -	\$ -	\$ -	\$ 3,084,471
Intergovernmental	1,849,552	942,884	1,216,757	900,000	-	4,909,193
Franchise fees	3,826,707	-	340,000	-	-	4,166,707
Licenses and permits	75,013	-	10,270	-	-	85,283
Charges for services	282,038	6,574	-	-	400,100	688,712
Systems development charges	-	-	-	592,747	-	592,747
Interest	(124,197)	4,243	3,236	3,869	7,470	(105,379)
Miscellaneous	370,326	-	18,869	50,000	-	439,195
Total revenues	9,363,910	953,701	1,589,132	1,546,616	407,570	13,860,929
Expenditures						
Current:						
General government	1,029,703	-	-	-	-	1,029,703
Public safety	3,890,932	1,271,788	-	-	-	5,162,720
Highways and streets	-	-	530,447	2,234	-	532,681
Capital outlay	-	138,176	732,514	1,092,404	-	1,963,094
Debt service:						
Principal	89,866	-	-	-	237,213	327,079
Interest	5,343	-	-	-	72,072	77,415
Total expenditures	5,015,844	1,409,964	1,262,961	1,094,638	309,285	9,092,692
Excess (deficiency) of						
Revenues over expenditur	4,348,066	(456,263)	326,171	451,978	98,285	4,768,237
Other financing sources (uses)						
Transfers in	517,288	314,300	400,000	-	100,000	1,331,588
Transfers out	(5,075,235)	(195,500)	(509,500)	(30,289)	-	(5,810,524)
Total other financing sources (uses)	(4,557,947)	118,800	(109,500)	(30,289)	100,000	(4,478,936)
Net change in fund balances	(209,881)	(337,463)	216,671	421,689	198,285	289,301
Fund balance, July 1, 2021	2,825,406	1,059,703	345,857	894,283	1,377,472	6,502,721
Fund balance, June 30, 2022	\$ 2,615,525	\$ 722,240	\$ 562,528	\$ 1,315,972	\$ 1,575,757	\$ 6,792,022

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

City of Prineville

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
Governmental Funds
Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds \$ 289,301

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

Capital Outlay	3,389,042	
Depreciation expense	(1,289,166)	2,099,876

Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenue in the fund statements: 307,027

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. 962,636

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: 360,639

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. (229,808)

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.

Accrued interest	1,332	
Accrued compensated absences	136,256	
OPEB Liability GASB 75	(9,366)	128,222

Change in net position of governmental activities \$ 3,917,893

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
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Water	Wastewater	Golf Course	Railroad	Non-major Fund, Airport	Total	
Assets							
Current assets							
Cash and investments	\$ 1,736,408	\$ 1,872,204	\$ 903,576	\$ 1,145,847	\$ 13,617	\$ 5,671,652	\$ 2,748,136
Accounts receivable, net	550,570	585,294	46,161	31,503	5,837	1,219,365	9,991
Inventory	136,712	59,113	64,305	152,332	106,747	519,209	30,028
Prepaid expenses	-	-	600	-	-	600	-
Lease receivable	-	14,604	23,855	2,752,953	-	2,791,412	311,970
Capital asset - leased assets (net of amortization)	-	-	-	-	-	-	121,360
Total current assets	2,423,690	2,531,215	1,038,497	4,082,635	126,201	10,202,238	3,221,485
Non-current assets							
Restricted cash and investments	-	303,758	-	-	-	303,758	-
Capital assets:							
Non-depreciable	1,286,433	950,719	-	146,133	-	2,383,285	-
Capital assets (net of accumulated depreciation)	34,617,256	35,616,096	2,939,055	7,050,604	30,714	80,253,725	2,357,696
Total non-current assets	35,903,689	36,870,573	2,939,055	7,196,737	30,714	82,940,768	2,357,696
Total assets	\$ 38,327,379	\$ 39,401,788	\$ 3,977,552	\$ 11,279,372	\$ 156,915	\$ 93,143,006	\$ 5,579,181
Deferred outflows of resources							
Pension Related Deferrals	-	-	-	-	-	-	1,378,254
Total assets & deferred outflows	\$ 38,327,379	\$ 39,401,788	\$ 3,977,552	\$ 11,279,372	\$ 156,915	\$ 93,143,006	\$ 6,957,435
Liabilities and net position							
Current liabilities:							
Accounts payable	\$ 137,732	\$ 72,683	\$ 88,717	\$ 15,288	\$ 6,005	\$ 320,425	\$ 266,038
Due to other funds	-	-	-	-	-	-	-
Accrued interest payable	3,508	58,774	979	-	-	63,261	14,695
Deposits payable	24,370	52,575	-	-	1,050	77,995	-
Other liabilities	-	-	56,512	2,617	25,614	84,743	-
Accrued compensated absences	-	16,860	114,398	86,053	22,981	240,292	356,711
Bonds payable, current portion	-	62,597	-	-	-	62,597	-
Notes payable, current portion	160,194	760,031	118,394	-	-	1,038,619	428,314
Lease liability, current portion	-	-	-	-	-	-	50,891
Proportionate share of net pension liability	-	-	-	-	-	-	1,656,518
Total current liabilities	325,804	1,023,520	379,000	103,958	55,650	1,887,932	2,773,167
Non-current liabilities							
Due to general fund	-	-	-	771,851	-	771,851	-
Lease liability	-	-	-	-	-	-	66,982
Bonds payable, net of current portion	-	3,703,326	-	-	-	3,703,326	-
Notes payable, net of current portion	4,588,956	4,404,339	369,555	-	-	9,362,850	6,047,288
Total non-current liabilities	4,588,956	8,107,665	369,555	771,851	-	13,838,027	6,114,270
Total liabilities	4,914,760	9,131,185	748,555	875,809	55,650	15,725,959	8,887,437
Deferred inflows of resources							
Leases	-	14,543	24,898	2,708,824	-	2,748,265	303,983
Pension related deferrals	-	-	-	-	-	-	1,413,738
Total deferred inflows of resources	-	14,543	24,898	2,708,824	-	2,748,265	1,717,721
Total liabilities & deferred inflows	4,914,760	9,145,728	773,453	3,584,633	55,650	18,474,224	10,605,158
Net position							
Net Investment in Capital Assets	31,154,539	27,636,522	2,451,106	7,196,737	30,714	68,469,618	2,433,835
Restricted							
SLARRA	-	191,595	-	-	-	191,595	-
Debt service	-	598,405	-	-	-	598,405	-
Capital projects	251,333	218,410	-	-	-	469,743	-
Unrestricted	2,006,747	1,611,128	752,993	498,002	70,551	4,939,421	(6,081,558)
Total net position	33,412,619	30,256,060	3,204,099	7,694,739	101,265	74,668,782	(3,647,723)
Total liabilities, deferred inflows and net position	\$ 38,327,379	\$ 39,401,788	\$ 3,977,552	\$ 11,279,372	\$ 156,915	\$ 93,143,006	\$ 6,957,435

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

City of Prineville
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Water	Wastewater	Golf Course	Railroad	Non-major Fund, Airport	Total	
Operating revenues							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 180,000	\$ 180,000	\$ 148,248
Charges for services	3,359,587	4,277,692	1,240,613	831,469	887,244	10,596,605	275,044
Other operating revenues	110,330	79,700	7,864	171,443	-	369,337	354,641
Total operating revenues	3,469,917	4,357,392	1,248,477	1,002,912	1,067,244	11,145,942	777,933
Operating expenses							
Salaries and wages	-	182,217	648,695	435,766	169,721	1,436,399	3,427,684
Materials and supplies	868,662	1,986,276	477,216	243,929	754,067	4,330,150	2,157,398
Depreciation	926,505	1,184,068	285,335	270,945	11,711	2,678,564	432,661
Lease amortization	-	-	-	-	-	-	47,410
Total operating expenses	1,795,167	3,352,561	1,411,246	950,640	935,499	8,445,113	6,065,153
Operating income (loss)	1,674,750	1,004,831	(162,769)	52,272	131,745	2,700,829	(5,287,220)
Non-operating revenues (expenses)							
Interest income	8,162	12,396	3,116	49,236	212	73,122	17,801
Interest expense	(51,590)	(193,343)	(6,966)	-	-	(251,899)	(133,414)
Gain/(loss) on disposal of assets	-	-	(52,089)	-	-	(52,089)	-
Sale of assets	-	-	-	10,000	-	10,000	-
Total non-operating revenues (expenses)	(43,428)	(180,947)	(55,939)	59,236	212	(220,866)	(115,613)
Capital contributions - system development charges	590,335	306,815	-	-	-	897,150	-
Capital contributions	329,287	337,094	-	-	-	666,381	-
Transfers in	1,399,557	710,828	470,000	-	50,000	2,630,385	6,626,969
Transfers out	(1,969,686)	(2,150,032)	(122,500)	(91,100)	(183,600)	(4,516,918)	(261,500)
Change in net position	1,980,815	28,589	128,792	20,408	(1,643)	2,156,961	962,636
Net position, July 1, 2021	31,431,804	30,227,471	3,075,307	7,674,331	102,908	72,511,821	(4,610,359)
Net position, June 30, 2022	\$ 33,412,619	\$ 30,256,060	\$ 3,204,099	\$ 7,694,739	\$ 101,265	\$ 74,668,782	\$ (3,647,723)

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

City of Prineville
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds						Governmental
	Water	Wastewater	Golf Course	Railroad	Non-major Fund, Airport	Total	Activities Internal Service Funds
Cash flow from operating activities							
Cash received for services	\$ 3,574,179	\$ 4,368,000	\$ 1,244,496	\$ 1,094,846	\$ 1,073,443	\$ 11,354,964	\$ 770,398
Cash paid to suppliers for goods and services	(1,632,492)	(2,079,725)	(456,193)	(300,307)	(783,023)	(5,251,740)	(1,977,841)
Cash paid to employees for services	-	(184,045)	(647,585)	(433,368)	(151,352)	(1,416,350)	(3,550,690)
Net cash from operating activities	1,941,687	2,104,230	140,718	361,171	139,068	4,686,874	(4,758,133)
Cash flow from non-capital financing activities							
System development charges	590,335	306,815	-	-	-	897,150	-
Transfers in	1,399,557	710,828	470,000	-	50,000	2,630,385	6,626,969
Transfers out	(1,969,686)	(2,150,032)	(122,500)	(91,100)	(183,600)	(4,516,918)	(261,500)
Net cash from non-capital activities	20,206	(1,132,389)	347,500	(91,100)	(133,600)	(989,383)	6,365,469
Cash flow from capital and related financing activities							
Debt proceeds	1,915,036	4,961,475	596,044	-	-	7,472,555	1,171,751
Bond/Debt principal paid	(2,058,002)	(5,704,474)	(372,095)	-	-	(8,134,571)	(1,355,149)
Interest paid	(52,223)	(193,283)	(5,964)	-	-	(251,470)	(129,415)
Acquisition of capital assets	(1,431,432)	(520,343)	(455,722)	(188,097)	-	(2,595,594)	(456,307)
Sale of assets	-	-	-	10,000	-	10,000	-
Net cash from capital and related financing activities	(1,626,621)	(1,456,625)	(237,737)	(178,097)	-	(3,499,080)	(769,120)
Cash flow from investing activities							
Interest earnings	8,162	12,274	4,159	5,107	212	29,914	9,814
Net cash from investing activities	8,162	12,274	4,159	5,107	212	29,914	9,814
Net change in cash and investments	343,434	(472,510)	254,640	97,081	5,680	228,325	848,030
Cash and investments, July 1, 2021	1,392,974	2,648,472	648,936	1,048,766	7,937	5,747,085	1,900,106
Cash and investments, June 30, 2022	\$ 1,736,408	\$ 2,175,962	\$ 903,576	\$ 1,145,847	\$ 13,617	\$ 5,975,410	\$ 2,748,136
Reconciliation of operating income (loss) to net cash from operating activities							
Operating income/(loss)	\$ 1,674,750	\$ 1,004,831	\$ (162,769)	\$ 52,272	\$ 131,745	\$ 2,700,829	\$ (5,287,220)
Adjustments to reconcile operating income/(loss) to net cash from operating activities:							
Depreciation	926,505	1,184,068	285,335	270,945	11,711	2,678,564	432,661
Amortization - leases	-	-	-	-	-	-	47,410
Change in assets and liabilities:							
Accounts receivable	105,596	17,038	(3,981)	91,934	6,199	216,786	(7,535)
Inventory	12,919	20,538	(22,912)	(8,461)	(58,765)	(56,681)	(301)
Prepaid expenses	-	-	(600)	-	-	(600)	150,000
Deposits payable	(1,334)	(6,430)	-	-	-	(7,764)	-
Net Pension Asset, Deferred Inflows	-	-	-	-	-	-	(167,441)
Net Pension Asset, Deferred Outflows	-	-	-	-	-	-	33,313
Accounts payable	(776,749)	(113,987)	81,040	(50,534)	4,195	(856,035)	80,755
Other accrued expenses	-	-	-	-	-	-	(50,897)
Other accrued expenses	-	16,860	(36,505)	2,398	18,369	1,122	11,122
Other liabilities	-	(18,688)	1,110	2,617	25,614	10,653	-
Total adjustments	266,937	1,099,399	303,487	308,899	7,323	1,986,045	529,087
Net cash from operating activities	\$ 1,941,687	\$ 2,104,230	\$ 140,718	\$ 361,171	\$ 139,068	\$ 4,686,874	\$ (4,758,133)
Noncash investing, capital, and financing activities							
Contributions of capital assets	329,287	337,094	-	-	-	666,381	-

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

Notes to Financial Statements

Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Prineville 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
Notes to Financial Statements

Year Ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

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

Major Proprietary funds are:

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

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

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

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

Additionally, the City reports the following:

Internal Service Funds

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

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

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

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

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

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

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

Non-major Funds

The City also reports the following non-major funds:

Non-major Governmental Funds

Special Revenue Funds

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

Non-major Proprietary Funds

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

Internal Service Fund

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

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

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

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

City of Prineville

Notes to Financial Statements

Year Ended June 30, 2022

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

Notes to Financial Statements

Year Ended June 30, 2022

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
Notes to Financial Statements

Year Ended June 30, 2022

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, 2022, no uncollectible amounts are anticipated or have been recognized by management.

Prepaid Expenses

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

Capital Assets

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

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

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

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

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.

Leased Assets and Lease Liabilities

Leased assets are assets which the District leases for a term of more than one year. The value of the leases is determined by the net present value of the leases at the government's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

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 assets 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 assets 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
Notes to Financial Statements

Year Ended June 30, 2022

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 a biennial 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
Notes to Financial Statements

Year Ended June 30, 2022

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
Notes to Financial Statements

Year Ended June 30, 2022

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. The General Fund shall maintain six (6) months working capital to allow the City to adequately fund operations until property taxes are received in November of each year without borrowing, and shall maintain a goal of twenty (20) percent reserve of its revenue budget. It is the intent of the City to limit the use of the General Fund reserves to non-recurring needs, to ensure the City has the flexibility to respond and mitigate short-term economic downturns, short-term volatility in revenues, and unforeseen emergency situations or circumstances, fund other capital needs or other such non-recurring needs. Additionally, the City will maintain a debt service reserve equal to the annual debt service payment for all debt paid by the general fund.

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

The City's Transportation fund shall maintain at a minimum working capital balance sufficient for sixty (60) days of operating expenses, together with an emergency reserve of five percent (5.0%) of current year revenue. Additionally, the City will set aside funds (capital projects reserve), as funding is available from existing resources, for scheduled capital maintenance programs, and one-time capital improvements that are identified in the master plan. The City commits to evaluate annually and utilize electrical franchise fees collected to fund additional capital contributions as needed for projects, and to retain and maintain the pavement condition index (PCI) at the level approved by the City Council.

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

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

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

The City's other operating funds shall maintain a minimum working capital balance sufficient for 45 days of operating expenses, for non-recurring capital projects the City will review annually the five year CIP, estimate the impact to the budgets and target an appropriate reserve amount to fund the projects or maintain a debt service

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

1. Summary of Significant Accounting Policies (continued)

payment should the project be too large to fund with current resources, and the City will commit funds and maintain a debt service reserve equal to the annual debt service payment for all debt within the funds.

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

Fair Value Inputs and Methodologies and Hierarchy

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

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

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

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

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

1. Cash and Investments

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

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

2. Cash and Investments (continued)

At June 30, 2022, the City's cash and investments were comprised of the following:

Cash on hand	\$	3,000
Demand checking accounts		2,924,338
Local government investment pool		13,433,360
	\$	<u>16,360,698</u>

	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 10,385,288	5,671,652	16,056,940
Restricted cash and investments	-	303,758	303,758
Total cash and investments	<u>10,385,288</u>	<u>5,975,410</u>	<u>16,360,698</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, 2022, the City had a total bank balance of \$3,180,452 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 Annual Comprehensive Financial Report may be obtained at <http://www.ost.state.or.us/>.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

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, 2022. 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 materially 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, 2022, the fair value of the position in the LGIP is 98.98 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, 2022, 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, 2022.

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, 2022, accounts receivable consisted of the following:

Accounts receivable-governmental activities	\$ 807,053
Accounts receivable- business type	1,219,365
	<hr/>
Total	\$ 2,026,418
	<hr/>

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

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, 2022 to pay debt service related to industrial park development, with the intent for the transfers to be repaid at a future date. However, repayment terms have not been established pending the railroad demonstrating the ability to generate sufficient positive cash flow to discontinue the transfers and repay the debt on a recurring basis. Accordingly, unearned revenue of \$771,851 has been recorded in the general fund.

4. Capital Assets

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

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

	<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

Governmental activities: Capital asset activity for governmental activities for the year ended June 30, 2022, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
	<u>June 30, 2021</u>			<u>June 30, 2022</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and Easements	\$ 2,389,830	\$ 349,612	\$ -	\$ 2,739,442
Work in progress	<u>1,280,417</u>	<u>-</u>	<u>(1,280,417)</u>	<u>-</u>
Total capital assets not being depreciated	3,670,247	349,612	(1,280,417)	2,739,442

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

4. Capital Assets (continued)

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets being depreciated:				
Buildings and improvements	\$ 8,663,534	\$ 15,723	\$ (70,920)	\$ 8,608,337
Vehicles and equipment	6,392,495	694,404	(1,353)	7,085,546
Infrastructure	33,536,131	4,138,802	-	37,674,933
Total capital assets being depreciated	48,592,160	4,848,929	(72,273)	53,368,816
Less accumulated depreciation for:				
Buildings and improvements	1,265,363	274,168	-	1,539,531
Vehicles and equipment	4,436,338	632,867	-	5,069,205
Infrastructure	17,667,711	814,794	-	18,482,505
Total accumulated depreciation	23,369,412	1,721,829	-	25,091,241
Total Capital Assets Net of Depreciation	\$ 28,892,995			\$ 31,017,017

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

Public safety	\$ 1,321,811
Highways and streets	136,382
General government	263,636
Total	\$ 1,721,829

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

4. Capital Assets (continued)

Business-type activities: Capital asset activity for business-type activities, by fund, for the year ended June 30, 2022, is as follows. In 2022, there were capital assets reclassified from Infrastructure to Buildings and Improvements but this did not have an effect on total capital asset balance and a prior period adjustment was not necessary:

	Balance June 30, 2021	Adjustments	Additions	Deletions	Balance June 30, 2022
Business-type activities:					
Capital assets not being depreciated:					
Land and Easements	\$ 1,309,131	\$ -	\$ -	\$ -	\$ 1,309,131
Work in progress	17,188,846		1,074,154	(17,188,845)	1,074,155
Total capital assets not being depreciated	18,497,977	-	1,074,154	(17,188,845)	2,383,286
Capital assets being depreciated:					
Buildings and improvements	15,660,488	15,255,798	17,643,954	-	48,560,240
Vehicles and equipment	5,124,339	-	599,480	(292,842)	5,430,977
Infrastructure	72,521,200	(15,255,798)	1,133,236	-	58,398,638
Total capital assets being depreciated	93,306,027	-	19,376,670	(292,842)	112,389,855
Less accumulated depreciation for:					
Buildings and improvements	6,818,783	10,868,305	1,021,675		18,708,763
Vehicles and equipment	4,594,641	-	165,457	(240,753)	4,519,345
Infrastructure	18,284,892	(10,868,305)	1,491,436		8,908,023
Total accumulated depreciation	29,698,316	-	2,678,568	(240,753)	32,136,131
Total capital assets net of depreciation	\$ 82,105,688				\$ 82,637,010

5. Debt

In the following schedules, long-term obligations information is presented separately with respect to governmental and business-type activities, including individual fund information for business-type activity. The schedules present current year changes in these obligations and the current portions, amount due within one year, for each issue. For the governmental activities, compensated absences are liquidated by the fund that pays for the employee costs associated with the services received. Compensated absences are due and payable on demand upon an employee's retirement or other separation from employment. There are two known employee retirements or separations as of June 30, 2022. The amount due to these employees including benefits, as of June 30, 2022, is presented as a current liability, with the balance of the compensated obligation shown as a non-current liability.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

5. Debt (continued)

	Amount of Original Issue	Interest Rates	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amount Due Within One Year
Governmental activities:							
Full faith and credit obligations							
Direct borrowings:							
Note payable - Barnes Butte Property 2017	\$ 720,000	3.14%	\$ 491,712	\$ -	\$ 33,560	\$ 458,152	\$ 34,627
Note payable - Pension Obligation - Refi 2017	2,549,000	3.70%	1,947,897	-	237,213	\$ 1,710,684	260,122
Note Payable - Police Vehicles 2018	433,000	2.93%	182,365	-	89,866	\$ 92,499	92,499
Note Payable - Police Building 2020	5,958,000	1.73%	5,684,000	-	282,000	\$ 5,402,000	299,000
USDA 2017 Refunding - City Hall	1,208,000	2.67%	975,000	-	975,000	\$ -	-
USDA 2022 Refunding - City Hall	986,811	1.21%	-	986,811	98,149	\$ 888,662	94,368
Note Payable - Street Sweeper 2022	184,940	2.84%	-	184,940	-	\$ 184,940	34,946
Long-term debt obligations	9,844,940		9,280,974	1,171,751	1,715,788	8,736,937	815,562
Compensated absences	-		889,929	419,250	544,384	764,795	764,795
Total governmental activities	<u>\$ 9,844,940</u>		<u>\$ 10,170,903</u>	<u>\$ 1,591,001</u>	<u>\$ 2,260,172</u>	<u>\$ 9,501,732</u>	<u>\$ 1,580,357</u>

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

5. Debt (continued)

	Amount of Original Issue	Interest Rates	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amount Due Within One Year
Business-Type Activities							
Bond:							
USDA 2018 - wastewater	\$ 4,000,000	2.75%	\$ 3,826,844	\$ -	\$ 60,922	\$ 3,765,922	\$ 62,597
Total bonds:	<u>4,000,000</u>		<u>3,826,844</u>	<u>-</u>	<u>60,922</u>	<u>3,765,922</u>	<u>62,597</u>
Direct borrowings							
State CWSRL - wastewater	8,876,287	2.94%	2,962,108	-	2,962,108	-	-
FFCO - Series 2017 refunding - water, golf, wastewater	5,315,000	2.67%	4,364,001	-	4,364,001	-	-
FFCO - Series 2022 refunding - water, golf, wastewater	7,472,555	1.21%	-	7,472,555	720,250	6,752,305	1,011,056
IFA - 2016 wastewater	750,000	1.00%	676,456	-	27,291	649,165	27,563
OBDD - water	<u>3,024,900</u>	1.30%	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>-</u>
Total direct borrowings:	<u>17,275,567</u>		<u>11,002,565</u>	<u>7,472,555</u>	<u>3,709,649</u>	<u>10,401,470</u>	<u>1,038,619</u>
Long-term debt obligations	21,275,567		14,829,409	7,472,555	3,770,571	14,167,392	1,101,216
Compensated absences	-		239,170	137,568	136,446	240,292	240,292
Total business type activities	<u>\$ 7,472,555</u>		<u>\$15,068,579</u>	<u>\$ 7,610,123</u>	<u>\$ 3,907,017</u>	<u>\$ 14,407,684</u>	<u>\$ 1,341,508</u>

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 and then again in 2021. The annual debt service requirement is \$105,844 including interest of 1.21 percent annually. The City reserved an amount of \$105,000 for future requirements on this debt. The note contains a provision stating that in the event of default the Lender may exercise any amount available at law or in equity. However, amounts due from the City are not subject to acceleration.

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

A \$433 thousand note payable entered into in 2018 was utilized to purchase police vehicles. The annual debt service requirement is \$95,209, including interest of 2.9 percent annually. The note contains a provision stating that in the event of default the Lender may exercise any amount available at law or in equity. However, amounts due from the City are not subject to acceleration.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

5. Debt (continued)

A \$5.96 million note payable entered into in 2020 was utilized to complete the police building project and refinance an existing loan balance of \$3.74 million, which was utilized for the first part of construction of a new police building. The annual debt service requirement varies from \$369,343 to \$558,498, including interest of 1.73 percent annually. The note contains a provision stating that in the event of default the Lender may increase the interest rate by 3.00 percent and exercise any amount available at law or in equity. However, amounts due from the City are not subject to acceleration.

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

A \$184,940 note payable entered into in 2022 was utilized to purchase a street sweeper. The annual debt service requirement is \$40,198, including interest of 2.84 percent annually. The note contains a provision stating that in the event of default the Lender may exercise any amount available at law or in equity, it may declare all or part of the indebtedness immediately due and payable, and may require all equipment to be returned.

Future maturities of governmental long term debt at June 30, 2022, are as follows:

Direct Borrowings:

Year	Note Payable Ironhorse		Pension Bonds		Street Sweeper	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 34,627	\$ 13,981	\$ 260,122	\$ 63,328	\$ 34,946	\$ 5,252
2024	35,727	12,881	277,643	53,699	35,938	4,260
2025	36,862	11,746	299,825	72,110	36,959	3,239
2026	38,033	10,574	326,592	63,328	38,009	2,190
2027	312,903	7,140	352,868	53,699	39,088	1,110
2028	-	-	193,634	103,145	-	-
Total	<u>\$ 458,152</u>	<u>\$ 56,322</u>	<u>\$ 1,710,684</u>	<u>\$ 409,309</u>	<u>\$ 184,940</u>	<u>\$ 16,051</u>

Direct Borrowings:

Year	Police Vehicles		Police Building		FFCO 2022 - City Hall	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 92,499	\$ 2,710	\$ 299,000	\$ 93,455	\$ 94,368	\$ 10,753
2024	-	-	316,000	88,282	95,133	9,611
2025	-	-	333,000	82,815	95,854	8,460
2026	-	-	351,000	77,054	97,531	7,300
2027	-	-	370,000	70,982	99,148	6,120
2028-2032	-	-	2,160,000	251,888	406,628	12,369
2033-2034	-	-	1,573,000	55,273	-	-
Totals	<u>\$ 92,499</u>	<u>\$ 2,710</u>	<u>\$ 5,402,000</u>	<u>\$ 719,749</u>	<u>\$ 888,662</u>	<u>\$ 54,613</u>

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

5. Debt (continued)

Business-type Activities

In addition to the schedule on the previous page, debt for each of the business-type activities for the year ended June 30, 2022, by the business activity responsible for the repayment of the debt obligation, are presented below. The City issued \$7.473 million in full faith and credit obligations to refinance four outstanding obligations totaling \$7.326 million (\$5.17 million wastewater related, \$2.06 million of water related debt, and \$264 thousand golf related debt). The full faith and credit obligations mature in fiscal year 2031 for water and wastewater, and 2026 for golf, and have effective interest rates of 1.21 percent. Sources of repayment include water utility, wastewater utility, and golf revenues. The obligations have a provision stating that at event of default, the Lender may increase the interest rate applicable to the outstanding balance by 3 percent and exercise any remedy available at law or equity. Amounts due are not subject to acceleration.

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

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

In 2019, the City finalized a finance agreement with USDA. The total amount received was \$4,000,000 at an interest rate of 2.75 percent. The 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. The City also keeps a short-lived asset replacement reserve account as restricted funds in the amount of \$191,595. USDA, at its option, may declare all or part of the indebtedness immediately due and payable.

In 2016, the City finalized a finance agreement with Oregon Infrastructure Authority. The City finished drawing down on the loan in 2019 for a total amount of \$750,000 at an interest rate of 1 percent. The loan becomes due in 2042 and the annual debt service is \$34,056. The note contains a provision stating that in the event of default, Oregon Infrastructure Authority, at its option, may declare all or part of the indebtedness immediately due and payable.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

5. Debt (continued)

The summary of wastewater outstanding obligations and their future maturities including principal and interest at June 30, 2022, are as follows:

<u>Wastewater</u>	<u>Balance June 30, 2021</u>	<u>New Issues</u>	<u>Principal Paid</u>	<u>Balance June 30, 2022</u>
Revenue Bond:				
USDA 2018	\$ 3,826,845	\$ -	\$ 60,922	\$ 3,765,923
Direct Borrowings:				
State CWSRL	2,962,108	-	2,962,108	-
Full Faith and Credit Obligations Refunding 2017	2,207,884	-	2,207,884	-
Full Faith and Credit Obligations Refunding 2022	-	4,961,475	446,270	4,515,205
IFA Loan 2016	676,456	-	27,291	649,165
Total Wastewater	<u>\$ 9,673,293</u>	<u>\$ 4,961,475</u>	<u>\$ 5,704,475</u>	<u>\$ 8,930,293</u>

Revenue Bond:

<u>Year</u>	<u>USDA 2018</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 62,597	\$ 103,563
2024	64,319	101,841
2025	66,087	100,073
2026	67,905	98,255
2027	69,772	96,388
2028-32	378,719	452,081
2033-37	433,737	397,064
2038-42	496,747	334,053
2043-47	568,911	261,889
2048-52	651,559	179,241
2053-57	746,213	84,587
2058-62	159,357	4,383
Total	<u>\$ 3,765,923</u>	<u>\$ 2,213,418</u>

Direct Borrowing

<u>Year</u>	<u>IFA Loan 2016</u>		<u>Full Faith 2022</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 27,563	\$ 6,492	\$ 732,468	\$ 54,634
2024	27,839	6,216	735,327	45,771
2025	28,117	5,938	744,178	36,874
2026	28,399	5,656	748,208	27,869
2027	28,683	5,372	501,613	18,816
2028-32	147,773	22,502	1,053,411	32,576
2033-37	155,311	14,964	-	-
2038-42	163,234	7,042	-	-
2042-47	42,246	423	-	-
Total	<u>\$ 649,165</u>	<u>\$ 74,605</u>	<u>\$ 4,515,205</u>	<u>\$ 216,540</u>

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

5. Debt (continued)

Water. The City entered into a loan agreement with Oregon Infrastructure Finance Authority of the Business Development Department (OBDD) to fund Aquifer Storage and Recovery. The total amount to be received is \$3,024,900 at an interest rate of 1.30 percent. At June 30, 2022 the City has drawn down \$3,000,000. No amortization schedule has been set yet and all of the balance is classified as due in more than one year. The OBDD loan contains a provision that all amounts outstanding become immediately due in the event of default.

A summary of outstanding debt payable from water system revenues including future maturities of water-related debt principal and interest, at June 30, 2022, are as follows:

<u>Water</u>	Balance June 30, 2021	New Issues	Principal Paid	Balance June 30, 2022
Full Faith and Credit Obligations 2017	\$ 1,892,116	\$ -	\$ 1,892,116	\$ -
Full Faith and Credit Obligations 2022	-	1,915,036	165,886	1,749,150
Total Debt	<u>\$ 2,227,116</u>	<u>\$ 1,915,036</u>	<u>\$ 2,393,002</u>	<u>\$ 1,749,150</u>

Direct Borrowing:

<u>Year</u>	<u>Full Faith 2022</u>	
	Principal	Interest
2023	\$ 160,194	\$ 21,165
2024	159,039	19,226
2025	163,383	17,302
2026	163,453	15,325
2027	200,381	13,347
2028-2032	<u>902,700</u>	<u>27,916</u>
Total	<u>\$ 1,749,150</u>	<u>\$ 114,281</u>

Golf. As described above, the City refinanced the outstanding note payable in 2017 and again in 2022. The term on the new note payable is five years maturing in 2026 with interest of 1.21 percent. The Golf Course's debt obligations, including future maturities of principal and interest at June 30, 2022, are as follows:

<u>Golf</u>	Balance June 30, 2021	New Issues	Principal Paid	Balance June 30, 2022
Direct Borrowings:				
Full Faith and Credit Obligations Refunding 2017	\$ 264,000	\$ -	\$ 264,000	\$ -
Full Faith and Credit Obligations Refunding 2022	-	596,044	108,095	487,949
Total Golf	<u>\$ 264,000</u>	<u>\$ 596,044</u>	<u>\$ 372,095</u>	<u>\$ 487,949</u>

Direct Borrowing

<u>Year</u>	<u>FFC Refunding 2022</u>	
	Principal	Interest
2023	\$ 118,394	\$ 5,904
2024	123,493	4,472
2025	123,518	2,977
2026	<u>122,544</u>	<u>1,483</u>
Total	<u>\$ 487,949</u>	<u>\$ 14,836</u>

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

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:

Fund	Transfers In	Transfers Out
General Fund	\$ 517,288	\$ 5,075,235
Transportation Fund	400,000	509,500
Emergency Dispatch Fund	314,300	195,500
Transportation SDC Fund	-	30,289
Pension Debt Service Fund	100,000	-
Water	1,399,557	1,969,686
Wastewater	710,828	2,150,032
Railroad	-	91,100
Golf	470,000	122,500
Airport Fund	50,000	183,600
Internal Service Funds	6,626,969	261,500
Total	\$ 10,588,942	\$ 10,588,942

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

7. Defined Benefit Pension Plan

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

7. Defined Benefit Pension Plan (continued)

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

- ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

7. Defined Benefit Pension Plan (continued)

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- 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.

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, 2019 actuarial valuation, which became effective July 1, 2021. 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, 2022 were \$814,907 excluding amounts to fund employer specific liabilities. In addition approximately \$302,841 in employee contributions were paid or picked up by the City in fiscal 2022. At June 30, 2022, the City reported a net pension liability of \$4,496,264 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2019. 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, 2021 and 2022, the City’s proportion was .032 percent and .038 percent, respectively. Pension expense for the year ended June 30, 2022 was \$95,681. The general fund has been used to liquidate the pension liability in previous years.

The rates in effect for the year ended June 30, 2020 were:

- (1) Tier 1/Tier 2 – 17.46%
- (2) OPSRP general services – 12.43%
- (3) OPSRP Police and Fire – 16.79%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 420,880	\$ -
Changes in assumptions	1,125,550	11,833
Net difference between projected and actual earnings on pension plan investments	-	3,328,550
Net changes in proportionate share	980,992	84,782
Differences between City contributions and proportionate share of contributions	398,647	412,124
Subtotal - Amortized Deferrals (below)	2,926,069	3,837,289
City contributions subsequent to measuring date	814,907	-
Deferred outflow (inflow) of resources	\$ 3,740,976	\$ 3,837,289

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

7. Defined Benefit Pension Plan (continued)

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ (17,127)
2024	(44,086)
2025	(300,646)
2026	(691,166)
2027	141,805
Thereafter	-
Total	<u>\$ (911,220)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 25, 2022. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

7. Defined Benefit Pension Plan (continued)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 3.50 percent)
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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 2018 Experience Study which is reviewed for the four-year period ending December 31, 2019.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternatives Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2021 PERS ACFR; p. 104)

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

7. Defined Benefit Pension Plan (continued)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
<i>Assumed Inflation - Mean</i>		2.40%

(Source: June 30, 2021 PERS ACFR; p. 104)

Discount Rate – – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. 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 6.90 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 one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

7. Defined Benefit Pension Plan (continued)

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$ 8,829,588	\$ 4,496,265	\$ 870,846

Changes Subsequent to the Measurement Date

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

There are no changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the City for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the City.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

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

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

7. Defined Benefit Pension Plan (continued)

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

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

Contributions:

Employees of the City pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$2,535 per month on January 1, 2021) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The City made \$302,841 optional contributions to member IAP accounts for the year ended June 30, 2022.

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

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

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 2020 to 2021. 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
Notes to Financial Statements

Year Ended June 30, 2022

8. Other Information

Deferred Compensation Plan

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

9. Fund Balances

Below is a schedule of fund balances as of June 30, 2022, 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	-	-	562,528	1,315,972	-	1,878,500
	-	-	562,528	1,315,972	-	1,878,500
<u>Committed to:</u>						
Public safety	-	722,240	-	-	-	722,240
Debt service	-	-	-	-	1,575,757	1,575,757
	-	722,240	-	-	1,575,757	2,297,997
<u>Assigned to: Other purposes</u>						
	194,341	-	-	-	-	194,341
<u>Unassigned:</u>						
	2,421,184	-	-	-	-	2,421,184
Total	\$ 2,615,525	\$ 722,240	\$ 562,528	\$ 1,315,972	\$ 1,575,757	\$ 6,792,022

10. Property Tax Abatements

As of June 30, 2022, 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.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

10. Property Tax Abatements (continued)

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, 2022, the City abated property taxes totaling \$12,665,591 and \$11,897 under the Enterprise Zone and Levy Exemption, respectively.

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, 2020 and the measurement date was June 30, 2021.

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, 2020 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, 2019. Election rate and lapse assumptions are based on experience implied by valuation data for this and other Oregon public employers.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

11. Other Post-Employment Benefits (continued)

Health Care Cost Trend Medical and vision:

Year	Pre-65 Trend
2020	3.75%
2021	5.75%
2022	5.25%
2023-2025	5.00%
2026-2040	4.75%
2041-2049	5.00%
2050-2064	4.75%
2065-2067	4.50%
2068-2071	4.25%
2072+	4.00%

Dental: -1.25% for 2020, 4.00% per year thereafter

Health care cost trend affects both the projected health care costs as well as the projected health care premiums.

General Inflation

2.50% per year, used to develop other economic assumptions

Annual Pay Increases

3.50% per year, based on general inflation and the likelihood of raises throughout participants' careers

Mortality

Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

Disability

Not used

Withdrawal

Based on Oregon PERS assumptions. Annual rates are based on employment classification, gender, and duration from hire date.

Retirement

Based on Oregon PERS assumptions. Annual rates are based on age, employment classification, gender, and duration from hire date.

Changes in the Net OPEB Liability

Total OPEB Liability at June 30, 2021	\$ 477,142
Changes for the year:	
Service cost	33,721
Interest	10,816
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	1,745
Benefit payments	(43,182)
Balance as of June 30, 2022	\$ 480,242

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

11. Other Post-Employment Benefits (continued)

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

The following analysis presents the net OPEB liability using a discount rate of 2.16 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 (1.16%) or one percentage point higher (3.16%) than the current rate, a similar sensitivity analysis is presented for the changes in the healthcare trend assumption:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 514,915	\$ 480,242	\$ 447,986

	1% Decrease Healthcare	Current Trend Rate Healthcare	1% Increase Healthcare
Total OPEB Liability	\$ 433,297	\$ 480,242	\$ 536,604

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

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -	\$ 136,224
Changes in assumptions or other input	(27,612)	7,812
Benefit Payments	-	48,890
Deferred outflow (inflow) of resources	\$ (27,612)	\$ 192,926

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

Year ending June 30,	Amount
2023	\$ 13,719
2024	13,719
2025	13,719
2026	13,719
2027	13,719
Thereafter	47,829
Total	\$ 116,424

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

11. Other Post-Employment Benefits (continued)

RHIA

Plan Description:

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

Funding Policy:

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

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently contributes 0.06 percent of annual covered OPERF payroll and 0.00 percent of OPSRP payroll under a contractual requirement in effect until June 30, 2022. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The City's contributions to RHIA for the years ended June 30, 2020, 2021 and 2022 were \$2,623, \$703, and \$806, respectively, which equaled the required contributions each year. The general fund has been used to liquidate the OPEB liability in previous years.

At June 30, 2022, 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.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

12. Leases

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On July 1, 2021, the City entered into a 38 month lease as Lessee for the use of Solutions Yes Kyocera TA. An initial lease liability was recorded in the amount of \$99,849. As of June 30, 2022, the value of the lease liability is \$68,560. The City is required to make monthly fixed payments of \$2,658. The lease has an interest rate of 0.7270 percent. The Equipment estimated useful life was 26 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$99,849 with accumulated amortization of \$30,802 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 53 month lease as Lessee for the use of Solutions Yes Kyocera TASK. An initial lease liability was recorded in the amount of \$13,204. As of June 30, 2022, the value of the lease liability is \$10,256. The City is required to make monthly fixed payments of \$254. The lease has an interest rate of 0.89 percent. The Equipment estimated useful life was 41 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$13,204 with accumulated amortization of \$2,962 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 51 month lease as Lessee for the use of Solutions Yes HP Design Jet. An initial lease liability was recorded in the amount of \$4,726. As of June 30, 2022, the value of the lease liability is \$4,240. The City is required to make monthly fixed payments of \$335. The lease has an interest rate of 0.89 percent. The Equipment estimated useful life was 39 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$4,726 with accumulated amortization of \$1,112 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 53 month lease as Lessee for the use of Solutions Yes Kyocera TASK alfa. An initial lease liability was recorded in the amount of \$8,085. As of June 30, 2022, the value of the lease liability is \$6,279.67. The City is required to make monthly fixed payments of \$156. The lease has an interest rate of 0.89 percent. The Equipment estimated useful life was 41 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$8,085 with accumulated amortization of \$1,816 is included with Equipment on the Lease Class activities table found below.

On July 1, 2021, the City entered into a 38 month lease as Lessee for the use of Boom and Trailer. An initial lease liability was recorded in the amount of \$42,907. As of June 30, 2022, the value of the lease liability is \$28,537. The City is required to make annual fixed payments of \$14,424. The lease has an interest rate of 0.7270 percent. The Equipment estimated useful life was 48 months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$42,907 with accumulated amortization of \$10,719 is included with Equipment on the Lease Class activities table found below. The City has the option to purchase the Equipment for \$1.00.

On July 1, 2021, the City entered into a 103 month lease as Lessor for the use of ESI Agreement. An initial lease receivable was recorded in the amount of \$289,766. As of June 30, 2022, the value of the lease receivable is \$257,603. The lessee is required to make monthly fixed payments of \$3,000. The lease has an interest rate of 1.53 percent. The Buildings estimated useful life was 102 months as of the contract commencement. The value of the

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

12. Leases (continued)

deferred inflow of resources as of June 30, 2022 was \$256,007, and The City recognized lease revenue of \$33,759 during the fiscal year.

On July 1, 2021, the City entered into a 151 month lease as Lessor for the use of Chamber of Commerce. An initial lease receivable was recorded in the amount of \$136,050. As of June 30, 2022, the value of the lease receivable is \$127,064. The lessee is required to make monthly fixed payments of \$982. Additionally, there are monthly other reasonably certain payments of \$100. The lease has an interest rate of 2.223 percent. The Buildings estimated useful life was 150 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$125,239, and the City recognized lease revenue of \$10,812 during the fiscal year. The lessee has 1 extension option, each for 60 months.

On July 1, 2021, the City entered into a 231 month lease as Lessor for the use of Solar Site Lease. An initial lease receivable was recorded in the amount of \$15,339. As of June 30, 2022, the value of the lease receivable is \$14,604. The lessee is required to make annual fixed payments of \$1,000. The lease has an interest rate of 2.30 percent. The Buildings estimated useful life was 230 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$14,543, and the City recognized lease revenue of \$797 during the fiscal year. The lessee had a termination period of 1 month as of the lease commencement. The lease has a lease termination penalty of \$100.

On July 1, 2021, the City entered into a 168 month lease as Lessor for the use of Krah Agreement. An initial lease receivable was recorded in the amount of \$2,354,699. As of June 30, 2022, the value of the lease receivable is \$2,228,165. The lessee is required to make monthly fixed payments of \$13,699. The lease has an interest rate of 1.913 percent. The Buildings estimated useful life was 167 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$2,186,506, and the City recognized lease revenue of \$168,193 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On July 1, 2021, the City entered into a 31 month lease as Lessor for the use of RCFC Restaurant. An initial lease receivable was recorded in the amount of \$40,622. As of June 30, 2022, the value of the lease receivable is \$23,855. The lessee is required to make monthly fixed payments of \$1,000.00. The lease has an interest rate of 0.727 percent. The Buildings estimated useful life was 30 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2022 was \$24,898, and the City recognized lease revenue of \$15,725 during the fiscal year. The lessee has 1 extension option, each for 24 months.

On July 1, 2021, the City entered into a 115 month lease as Lessor for the use of Superior Lease. An initial lease receivable was recorded in the amount of \$157,508. As of June 30, 2022, the value of the lease receivable is \$140,121. The lessee is required to make annual variable fixed in substance principal and interest payments of \$18,360. The lease has an interest rate of 1.059 percent. The value of the deferred inflow of resources as of June 30, 2022 was \$141,072, and the City recognized lease revenue of \$16,435.57 during the fiscal year. The lessee has 1 extension option, each for 60 months.

On July 1, 2021, the City entered into a 178 month lease as Lessor for the use of Verizon Tower Lease. An initial lease receivable was recorded in the amount of \$189,547. As of June 30, 2022, the value of the lease receivable is \$181,119. The lessee is required to make monthly fixed payments of \$968. The lease has an interest rate of 1.991 percent. The value of the deferred inflow of resources as of June 30, 2022 was \$176,769, and the City recognized lease revenue of \$12,778 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

12. Leases (continued)

On July 1, 2021, the City entered into a 122 month lease as Lessor for the use of US Cellular Tower Rent. An initial lease receivable was recorded in the amount of \$141,092. As of June 30, 2022, the value of the lease receivable is \$130,851. The lessee is required to make monthly fixed payments of \$1,031. The lease has an interest rate of 1.991 percent. The value of the deferred inflow of resources as of June 30, 2022 was \$127,214, and the City recognized lease revenue of \$13,878 during the fiscal year. The lessee has 1 extension option, each for 60 months.

Governmental Activities	Balance as of			Balance as of
Lease Liability	July 1, 2021	Additions	Reductions	June 30, 2022
Equipment				
Solutions Yes Kyocera TA	\$ 99,849	\$ -	\$ 31,289	\$ 68,560
Solutions Yes Kyocera TASK	13,204	-	2,948	10,256
Solutions Yes HP Design Jet	4,726	-	486	4,240
Solutions Yes Kyocera TASK alfa	8,085	-	1,806	6,279
Boom and Trailer	42,907	-	14,369	28,538
Total Equipment Lease Liability	168,771	-	50,898	117,873
 Total Lease Liability	168,771	\$ -	\$ 50,898	\$ 117,873

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

12. Leases (continued)

	Balance as of		Additions	Reductions	Balance as of
	July 1, 2021				June 30, 2022
Deferred Inflow of Resources					
Land					
Verizon Tower Lease	\$ 189,547	\$ -		\$ 12,778	\$ 176,769
US Cellular Tower Rent	141,092	-		13,878	127,214
Total Land Deferred Inflow of Resources	<u>330,639</u>	<u>-</u>		<u>26,656</u>	<u>303,983</u>
Total Deferred Inflow of Resources	<u>\$ 330,639</u>	<u>\$ -</u>		<u>\$ 26,656</u>	<u>\$ 303,983</u>
	Balance as of				Balance as of
	July 1, 2021		Additions	Reductions	June 30, 2022
Lease Receivable					
Land					
Verizon Tower Lease	\$ 189,547	\$ -		\$ 8,428	\$ 181,119
US Cellular Tower Rent	141,092	-		10,241	130,851
Total Land Lease Receivable	<u>330,639</u>	<u>-</u>		<u>18,669</u>	<u>311,970</u>
Total Lease Receivable	<u>\$ 330,639</u>	<u>\$ -</u>		<u>\$ 18,669</u>	<u>\$ 311,970</u>

Future payments expected to be received are as follows:

Year	Principal	Interest
2023	20,573	6,026
2024	21,923	5,603
2025	23,197	5,155
2026	24,521	4,682
2027	25,898	4,181
2028 - 2032	136,167	12,498
2033 - 2037	<u>59,691</u>	<u>2,356</u>
Total	<u>311,970</u>	<u>40,502</u>

City of Prineville
Notes to Financial Statements

Year Ended June 30, 2022

12. Leases (continued)

Business-Type Activities:	Balance as of			Balance as of
Deferred Inflow of Resources	July 1, 2021	Additions	Reductions	June 30, 2022
Buildings				
ESI Agreement	\$ 289,766	\$ -	\$ 33,759	\$ 256,007
Chamber of Commerce	136,051	-	10,812	125,239
Solar Site Lease	15,339	-	797	14,543
Krah Agreement	2,354,699	-	168,193	2,186,506
RCFC Restaurant	40,622	-	15,725	24,898
Total Building Deferred Inflow of Resources	2,836,478	-	229,286	2,607,193
Land				
Superior Lease	157,508	-	16,436	141,072
Total Land Deferred Inflow of Resources	157,508	-	16,436	141,072
Total Deferred Inflow of Resources	\$ 2,993,986	\$ -	\$ 245,721	\$ 2,748,265
Lease Receivable	Balance as of			Balance as of
	July 1, 2021	Additions	Reductions	June 30, 2022
Buildings				
ESI Agreement	\$ 289,766	\$ -	\$ 32,164	\$ 257,603
Chamber of Commerce	136,051	-	8,987	127,064
Solar Site Lease	15,339	-	735	14,604
Krah Agreement	2,354,699	-	126,534	2,228,165
RCFC Restaurant	40,622	-	16,767	23,855
Total Building Lease Receivable	2,836,478	-	185,187	2,651,291
Land				
Superior Lease	157,508	-	17,387	140,121
Total Land Lease Receivable	157,508	-	17,387	140,121
Total Lease Receivable	\$ 2,993,986	\$ -	\$ 202,574	\$ 2,791,412

Future payments expected to be received are as follows
:

Fiscal Year	Principal Payments	Interest Payments
2023	\$ 206,732	\$ 49,884
2024	203,966	46,319
2025	204,403	42,709
2026	211,723	38,978
2027	219,253	35,108
2028 - 2032	1,093,464	114,031
2033 - 2037	649,003	19,791
2038 - 2042	2,867	133
Total	\$ 2,791,412	\$ 346,952



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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
Schedule of Contributions and the Proportionate Share of Net Pension Liability
Proprietary Funds
Year Ended June 30, 2022

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
2022	0.03 %	\$ 4,496,265	\$ 5,174,833	86.9 %	87.6 %
2021	0.03 %	\$ 7,058,678	\$ 5,045,719	139.9 %	75.8 %
2020	0.03 %	\$ 5,156,670	\$ 4,770,384	108.1 %	80.2 %
2019	0.03 %	\$ 4,773,656	\$ 4,416,769	108.1 %	82.1 %
2018	0.03 %	\$ 4,179,097	\$ 4,060,780	102.9 %	83.1 %
2017	0.03 %	\$ 4,368,284	\$ 4,020,150	108.7 %	80.5 %
2016	0.05 %	\$ 2,939,113	\$ 3,748,420	78.4 %	91.9 %
2015	0.05 %	\$ (1,142,184)	\$ 3,895,646	(29.3) %	103.6 %
2014	0.05 %	\$ 2,571,446	\$ 3,404,867	75.5 %	92.0 %

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2022	\$ 814,907	\$ 814,907	\$ -	\$ 5,478,259	14.88 %
2021	\$ 522,707	\$ 522,707	\$ -	\$ 5,174,833	10.10 %
2020	\$ 480,766	\$ 480,766	\$ -	\$ 5,045,719	9.53 %
2019	\$ 361,228	\$ 361,228	\$ -	\$ 4,770,384	7.57 %
2018	\$ 334,346	\$ 334,346	\$ -	\$ 4,416,769	7.57 %
2017	\$ 434,885	\$ 434,885	\$ -	\$ 4,060,780	10.71 %
2016	\$ 444,858	\$ 444,858	\$ -	\$ 4,020,150	11.07 %
2015	\$ 317,320	\$ 317,320	\$ -	\$ 3,748,420	8.5 %
2014	\$ 318,177	\$ 318,177	\$ -	\$ 3,895,646	8.5 %

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date. These schedules are presented to illustrate the requirements to show information for 10 years. Until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available. There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension or OPEB plan

IMPLICIT RATE SUBSIDY - GASB 75:

	2022	2021	2020	2019	2018
Total Other Post Employment Benefits Liability, Beginning	\$ 477,142	\$ 299,227	\$ 276,551	\$ 285,912	\$ 285,356
Changes for the year:					
Service Cost	33,721	20,846	18,597	25,209	26,568
Interest	10,816	10,863	11,113	10,775	8,646
Differences between expected and actual experience	-	168,235	-	3,983	-
Changes in assumptions or other input	1,745	(2,439)	9,083	(28,890)	(17,461)
Employer Contributions	-	-	-	-	-
Benefit Payments	(43,182)	(19,590)	(16,117)	(20,438)	(17,197)
Net changes for the year	3,100	177,915	22,676	(9,361)	556
Total Other Post Employment Benefits Liability End of Year	\$ 480,242	\$ 477,142	\$ 299,227	\$ 276,551	\$ 285,912
Fiduciary Net Position - Beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employer	43,182	19,590	16,117	20,438	17,197
Contributions - Employee	-	-	-	-	-
Net Investment Income	-	-	-	-	-
Benefit Payments	(43,182)	(19,590)	(16,117)	(20,438)	(17,197)
Administrative Expense	-	-	-	-	-
Net changes for the year	-	-	-	-	-
Fiduciary Net Position - Ending	\$ -	\$ -	\$ -	\$ -	\$ -
Net Liability for Other Post Employment Benefits - End of Year	\$ 480,242	\$ 477,142	\$ 299,227	\$ 276,551	\$ 285,912

Fiduciary Net Position as a percentage of the total Single

Employer Pension Liability	0%	0%	0%	0%	0%
Covered Payroll	\$ 5,478,259	\$ 5,174,833	\$ 5,045,719	\$ 5,158,323	\$ 5,158,323
Net Single Employer Pension Plan as a Percentage of Covered Payroll	9%	9%	6%	5%	5%

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

General Fund

Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 5,160,000	\$ 5,160,000	\$ 2,563,020	\$ (2,596,980)
Transient room taxes	700,000	700,000	521,451	(178,549)
Franchise taxes	7,834,400	7,834,400	3,826,707	(4,007,693)
Licenses and permits	15,900	15,900	5,981	(9,919)
Intergovernmental	2,387,800	2,387,800	1,847,549	(540,251)
Charges for service	580,000	580,000	266,938	(313,062)
Interest	20,000	20,000	(125,318)	(145,318)
Miscellaneous	126,000	126,000	370,326	244,326
Total revenues	16,824,100	16,824,100	9,276,654	(7,547,446)
Expenditures				
Current				
Police	8,564,200	9,294,100 (1)	3,890,932	5,403,168
Non-departmental	1,018,600	2,253,300 (1)	743,295	1,510,005
Debt service				
Principal	190,800	190,800 (2)	89,866	100,934
Interest	-	- (2)	5,343	(5,343)
Contingency	2,352,079	387,479 (1)	-	387,479
Total expenditures	12,125,679	12,125,679	4,729,436	7,396,243
Excess of revenues over/ (under) expenditures	4,698,421	4,698,421	4,547,218	(151,203)
Other financing sources/(uses)				
Transfers in	280,000	280,000	130,000	(150,000)
Transfers out	(7,739,000)	(7,739,000) (1)	(4,945,935)	2,793,065
Total other financing sources (uses)	(7,459,000)	(7,459,000)	(4,815,935)	2,643,065
Net change in fund balance	(2,760,579)	(2,760,579)	(268,717)	2,491,862
Fund balance, July 1, 2021	2,760,579	2,760,579	2,689,901	(70,678)
Fund balance, June 30, 2022	\$ -	\$ -	2,421,184	\$ 2,421,184
Reconciliation to GAAP fund balance:				
Consolidation of community development fund balance			194,341	
Total fund balance			\$ 2,615,525	

(1) Appropriation level for the biennial period beginning July 1, 2021

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

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Transportation Fund

Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Franchise taxes	\$ 709,000	\$ 709,000	\$ 340,000	\$ (369,000)
Licenses and permits		-	10,270	10,270
Intergovernmental	2,116,700	2,116,700	1,216,757	(899,943)
Interest	2,000	2,000	3,236	1,236
Miscellaneous	38,000	38,000	18,869	(19,131)
Total revenues	2,865,700	2,865,700	1,589,132	(1,276,568)
Expenditures				
Current				
Personal services	526,300	526,300 (1)	293,476	232,824
Materials and services	606,300	606,300 (1)	236,971	369,329
Capital outlay	1,509,200	1,509,200 (1)	732,514	776,686
Contingency	298,092	298,092 (1)		298,092
Total expenditures	2,939,892	2,939,892	1,262,961	1,676,931
Excess of revenue over/ (under) expenditures	(74,192)	(74,192)	326,171	400,363
Other financing sources/(uses)				
Transfers in	800,000	800,000	400,000	(400,000)
Transfers out	(1,035,500)	(1,035,500) (1)	(509,500)	526,000
Total other financing sources (uses)	(235,500)	(235,500)	(109,500)	126,000
Net change in fund balance	(309,692)	(309,692)	216,671	526,363
Fund balance, July 1, 2021	309,692	309,692	345,857	36,165
Fund balance, June 30, 2022	\$ -	\$ -	\$ 562,528	\$ 562,528

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Emergency Dispatch Fund

Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 2,033,500	\$ 2,033,500	\$ 942,884	\$ (1,090,616)
Miscellaneous	8,000	8,000	6,574	(1,426)
Interest	12,000	12,000	4,243	(7,757)
Total revenues	2,053,500	2,053,500	953,701	(1,099,799)
Expenditures				
Current				
Personal services	2,713,400	2,565,700 (1)	971,851	1,593,849
Materials and services	575,300	630,000 (1)	299,937	330,063
Capital outlay	177,000	270,000 (1)	138,176	131,824
Contingency	336,626	336,626 (1)	-	336,626
Total expenditures	3,802,326	3,802,326	1,409,964	2,392,362
Excess of revenues over/ (under) expenditures	(1,748,826)	(1,748,826)	(456,263)	1,292,563
Other financing sources (uses)				
Transfers out	(401,000)	(401,000) (1)	(195,500)	205,500
Transfers in	1,070,400	1,070,400	314,300	(756,100)
Total other financing sources (uses)	669,400	669,400	118,800	(550,600)
Net change in fund balance	(1,079,426)	(1,079,426)	(337,463)	741,963
Fund balance, July 1, 2021	1,079,426	1,079,426	1,059,703	(19,723)
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722,240</u>	<u>\$ 722,240</u>

(1) Appropriation level for the biennial period beginning July 1, 2021

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
- Building Facilities Funds
- Public Works Support Services Fund

Other Financial Schedules

- Property Tax Collection
- Future Debt Service Requirements



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City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Community Development Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Licenses and permits	\$ 80,000	\$ 80,000	\$ 69,032	\$ (10,968)
Intergovernmental	10,200	10,200	2,003	(8,197)
Charges for services	55,400	55,400	15,100	(40,300)
Interest	2,000	2,000	1,121	(879)
Total revenues	147,600	147,600	87,256	(60,344)
Expenditures				
Current				
Personal services	546,900	546,900 (1)	271,181	275,719
Materials and services	88,600	88,600 (1)	15,227	73,373
Contingency	64,220	64,220 (1)	-	64,220
Total expenditures	699,720	699,720	286,408	413,312
Excess of revenues over/ (under) expenditures	(552,120)	(552,120)	(199,152)	352,968
Other financing sources (uses)				
Transfers out	(263,500)	(263,500) (1)	(129,300)	134,200
Transfers in	710,000	710,000	387,288	(322,712)
Total other financing sources (uses)	446,500	446,500	257,988	(188,512)
Net change in fund balance	(105,620)	(105,620)	58,836	164,456
Fund balance, July 1, 2021	105,620	105,620	135,505	29,885
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	194,341	<u>\$ 194,341</u>
Reconciliation to GAAP fund balance:				
Consolidation of fund balance with general fund			(194,341)	
Total fund balance			<u>\$ -</u>	

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Transportation SDC Fund

Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	\$ -	\$ 1,400,000	\$ 900,000	\$ (500,000)
Interest	8,000	8,000	3,869	(4,131)
System development charges	687,000	900,000	592,747	(307,253)
Other revenue	<u>300,000</u>	<u>300,000</u>	<u>50,000</u>	<u>(250,000)</u>
Total revenues	<u>995,000</u>	<u>2,608,000</u>	<u>1,546,616</u>	<u>(1,061,384)</u>
Expenditures				
Current				
Materials and services	20,000	20,000 (1)	2,234	17,766
Capital outlay	1,900,000	3,400,000 (1)	1,092,404	2,307,596
Contingency	<u>197,345</u>	<u>269,745 (1)</u>	<u>-</u>	<u>269,745</u>
Total expenditures	<u>2,117,345</u>	<u>3,689,745</u>	<u>1,094,638</u>	<u>2,595,107</u>
Excess of revenues over/ (under) expenditures	(1,122,345)	(1,081,745)	451,978	1,533,723
Other financing sources (uses)				
Transfers in	150,000	150,000	-	(150,000)
Transfers out	<u>(34,400)</u>	<u>(75,000) (1)</u>	<u>(30,289)</u>	<u>44,711</u>
Net change in fund balance	(1,006,745)	(1,006,745)	421,689	1,428,434
Fund balance, July 1, 2021	<u>1,006,745</u>	<u>1,006,745</u>	<u>894,283</u>	<u>(112,462)</u>
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,315,972</u>	<u>\$ 1,315,972</u>

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Pension Obligation Debt Service Fund

Year Ended June 30, 2022

	Original and Final Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for Services	\$ 815,200	\$ 815,200	\$ 400,100	\$ (415,100)
Interest	10,000	10,000	7,470	(2,530)
Miscellaneous	-	-	-	-
Total revenues	825,200	825,200	407,570	(417,630)
Expenditures				
Debt service				-
Principal	497,500	497,500 (2)	237,213	260,287
Interest	135,400	135,400 (2)	72,072	63,328
Contingency	1,768,318	1,768,318 (1)	-	1,768,318
Total expenditures	2,401,218	2,401,218	309,285	2,091,933
Excess of revenues over/ (under) expenditures	(1,576,018)	(1,576,018)	98,285	1,674,303
Other financing sources/(uses)				
Transfers in	200,000	200,000	100,000	(100,000)
Total other financing sources (uses)	200,000	200,000	100,000	(100,000)
Net change in fund balance	(1,376,018)	(1,376,018)	198,285	1,574,303
Fund balance, July 1, 2021	1,376,018	1,376,018	1,377,472	1,454
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,575,757</u>	<u>\$ 1,575,757</u>

(1) Appropriation level for the biennial period beginning July 1, 2021

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

City of Prineville
Combining Schedule of Net Position
Water Fund
June 30, 2022

	Water Fund	Water SDC Fund	Totals
Assets			
Current assets			
Cash and investments	\$ 1,388,541	\$ 347,867	\$ 1,736,408
Accounts receivable	550,570	-	550,570
Inventory	136,712	-	136,712
Total current assets	<u>2,075,823</u>	<u>347,867</u>	<u>2,423,690</u>
Non-current assets			
Capital assets:			
Non-depreciable	1,286,433	-	1,286,433
Other capital assets, Net of accumulated depreciation	34,617,256	-	34,617,256
Net non-current assets	<u>35,903,689</u>	<u>-</u>	<u>35,903,689</u>
Total assets	<u>\$ 37,979,512</u>	<u>\$ 347,867</u>	<u>\$ 38,327,379</u>
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 41,198	\$ 96,534	\$ 137,732
Deposits	24,370	-	24,370
Accrued interest	3,508	-	3,508
Notes payable, current portion	160,194	-	160,194
Total current liabilities	<u>229,270</u>	<u>96,534</u>	<u>325,804</u>
Long-term liabilities			
Notes payable, net of current portion	4,588,956	-	4,588,956
Total long-term liabilities	<u>4,588,956</u>	<u>-</u>	<u>4,588,956</u>
Total liabilities	<u>4,818,226</u>	<u>96,534</u>	<u>4,914,760</u>
Net position			
Net Investment in Capital Assets	31,154,539	-	31,154,539
Restricted	-	251,333	251,333
Unrestricted	2,006,747	-	2,006,747
Total net position	<u>33,161,286</u>	<u>251,333</u>	<u>33,412,619</u>
Total liabilities and net position	<u>\$ 37,979,512</u>	<u>\$ 347,867</u>	<u>\$ 38,327,379</u>

City of Prineville
Combining Schedule of Revenues, Expenses and Changes in Net Position
Water Fund
Year Ended June 30, 2022

	Water Fund	Water SDC Fund	Totals
Operating revenue			
Charges for services	\$ 3,359,587	\$ -	\$ 3,359,587
Other	68,549	41,781	110,330
Total operating revenue	<u>3,428,136</u>	<u>41,781</u>	<u>3,469,917</u>
Operating expenses			
Materials and services	868,662	-	868,662
Depreciation	926,505	-	926,505
Total operating expenses	<u>1,795,167</u>	<u>-</u>	<u>1,795,167</u>
Operating income (loss)	1,632,969	41,781	1,674,750
Non-operating revenues (expenses)			
Interest income	5,047	3,115	8,162
Interest expense	(51,590)	-	(51,590)
Transfers in	199,557	1,200,000	1,399,557
Transfers out	(1,506,300)	(463,386)	(1,969,686)
Total non-operating revenues (expenses)	<u>(1,353,286)</u>	<u>739,729</u>	<u>(613,557)</u>
Other non-operating items			
Contributed capital - system development charges	-	590,335	590,335
Contributed capital	(1,386,548)	1,715,835	329,287
Total non-operating items	<u>(1,386,548)</u>	<u>2,306,170</u>	<u>919,622</u>
Change in net position	(1,106,865)	3,087,680	1,980,815
Net position, July 1, 2021	<u>34,268,151</u>	<u>(2,836,347)</u>	<u>31,431,804</u>
Net position, June 30, 2022	<u>\$ 33,161,286</u>	<u>\$ 251,333</u>	<u>\$ 33,412,619</u>

City of Prineville
Combining Schedule of Cash Flows
Water Fund
Year Ended June 30, 2022

	Water Fund	Water SDC Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 3,532,398	\$ 41,781	\$ 3,574,179
Cash payments for goods and services	<u>(860,812)</u>	<u>(771,680)</u>	<u>(1,632,492)</u>
Net cash flows from operating activities	<u>2,671,586</u>	<u>(729,899)</u>	<u>1,941,687</u>
Cash flows from non-capital financing activities			
System development charges	-	590,335	590,335
Transfers out	(1,506,300)	(463,386)	(1,969,686)
Transfers in	199,557	1,200,000	1,399,557
Interfund loan repayments	<u>-</u>	<u>-</u>	<u>-</u>
Net cash flows from non-capital financing activities	<u>(1,306,743)</u>	<u>1,326,949</u>	<u>20,206</u>
Cash flows from capital financing activities			
Debt proceeds	1,915,036	-	1,915,036
Acquisition of capital assets	(147,267)	(1,284,165)	(1,431,432)
Debt reduction	(2,058,002)	-	(2,058,002)
Interest paid on debt	<u>(52,223)</u>	<u>-</u>	<u>(52,223)</u>
Net cash flows from capital financing activities	<u>(342,456)</u>	<u>(1,284,165)</u>	<u>(1,626,621)</u>
Cash flows from investing activities			
Interest earned	<u>5,047</u>	<u>3,115</u>	<u>8,162</u>
Net increase (decrease) in cash	1,027,434	(684,000)	343,434
Cash - July 1, 2021	<u>361,107</u>	<u>1,031,867</u>	<u>1,392,974</u>
Cash - June 30, 2022	<u>\$ 1,388,541</u>	<u>\$ 347,867</u>	<u>\$ 1,736,408</u>
Reconciliation of operating income to net cash flows from operations			
Operating income (loss)	\$ 1,632,969	\$ 41,781	\$ 1,674,750
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	926,505	-	926,505
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	(5,069)	(771,680)	(776,749)
Increase/(decrease) in deposits	(1,334)	-	(1,334)
Decrease/(increase) in inventory	12,919	-	12,919
Decrease/(increase) in accounts receivable	<u>105,596</u>	<u>-</u>	<u>105,596</u>
Total adjustments	<u>1,038,617</u>	<u>(771,680)</u>	<u>266,937</u>
Net cash from operating activities	<u>\$ 2,671,586</u>	<u>\$ (729,899)</u>	<u>\$ 1,941,687</u>
Noncash investing, capital, and financing activities			
Contributions of capital assets	(1,386,548)	1,715,835	329,287

City of Prineville
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Water Fund
 Year Ended June 30, 2022

	Original Budget	Final Amended Budget		Actual	Variance with Final Budget
Revenues					
Charges for service	\$ 6,035,000	\$ 6,035,000		\$ 3,359,587	\$ (2,675,413)
Interest	10,000	10,000		5,047	(4,953)
Other	1,000	1,000		68,549	67,549
	6,046,000	6,046,000		3,433,183	(2,612,817)
Total revenues					
Expenditures					
Materials and services	1,751,300	1,862,800 (1)		868,662	994,138
Capital outlay	1,000,000	1,055,000 (1)		147,267	907,733
Debt service					
Principal	438,000	2,362,700 (2)		2,058,002	304,698
Interest	231,300	184,800 (2)		51,590	133,210
Contingency	981,618	852,018 (1)		-	852,018
	4,402,218	6,317,318		3,125,521	3,191,797
Total expenditures					
Excess of revenues over/ (under) expenditures	1,643,782	(271,318)		307,662	578,980
Other financing sources (uses)					
Debt Proceeds	-	1,915,100 (2)		1,915,036	(64)
Transfers in	340,600	340,600		199,557	(141,043)
Transfers out	(3,036,000)	(3,036,000) (1)		(1,506,300)	1,529,700
	(2,695,400)	(780,300)		608,293	1,388,593
Total other financing sources (uses)					
Net change in fund balance	(1,051,618)	(1,051,618)		915,955	1,967,573
Fund balance, July 1, 2021	1,051,618	1,051,618		1,090,792	39,174
Fund balance, June 30, 2022	\$ -	\$ -		2,006,747	\$ 2,006,747
Reconciliation to net position - GAAP Basis:					
Adjustment for capital assets, net of accumulated depreciation				35,903,689	
Adjustment for note payable - due within one year				(160,194)	
Adjustment for note payable				(4,588,956)	
Net position - GAAP Basis				\$ 33,161,286	

(1) Appropriation level for the biennial period beginning July 1, 2021

(2) Appropriation level is Principal and Interest Combined

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Water SDC Fund

Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ 1,500,000	\$ -	\$ (1,500,000)
Interest	4,000	4,000	3,115	(885)
Miscellaneous	-	-	41,781	41,781
System development charges	730,000	1,300,000	590,335	(709,665)
Total revenues	734,000	2,804,000	635,231	(2,168,769)
Expenditures				
Capital outlay	1,200,000	3,145,000 (1)	1,284,165	1,860,835
Contingency	65,359	590,359 (1)	-	590,359
Total expenditures	1,265,359	3,735,359	1,284,165	2,451,194
Excess of revenues over/ (under) expenditures	(531,359)	(931,359)	(648,934)	282,425
Other financing sources (uses)				
Transfers in	700,000	1,200,000	1,200,000	-
Transfers out	(847,200)	(947,200) (1)	(463,386)	483,814
Total other financing sources (uses)	(147,200)	252,800	736,614	483,814
Net change in fund balance	(678,559)	(678,559)	87,680	766,239
Fund balance, July 1, 2021	678,559	678,559	163,653	(514,906)
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	251,333	<u>\$ 251,333</u>
Reconciliation to net position - GAAP Basis:			-	
Net position - GAAP Basis			<u>\$ 251,333</u>	

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville
Combining Schedule of Net Position
Wastewater Fund
June 30, 2022

	Wastewater Fund	Wastewater SDC Fund	Totals
Assets			
Current assets			
Cash and investments	\$ 1,644,245	\$ 227,959	\$ 1,872,204
Accounts receivable	585,294	-	585,294
Inventory	59,113	-	59,113
Lease receivable	14,604	-	14,604
Total current assets	<u>2,303,256</u>	<u>227,959</u>	<u>2,531,215</u>
Non-current assets			
Restricted cash and investments	303,758	-	303,758
Capital assets:			
Non-depreciable	950,719	-	950,719
Other capital assets, Net of accumulated depreciation	35,616,096	-	35,616,096
Net non-current assets	<u>36,870,573</u>	<u>-</u>	<u>36,870,573</u>
Total assets	<u>\$ 39,173,829</u>	<u>\$ 227,959</u>	<u>\$ 39,401,788</u>
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 63,134	\$ 9,549	\$ 72,683
Accrued interest	58,774	-	58,774
Deposits	52,575	-	52,575
Accrued compensated absenses	16,860	-	16,860
Notes payable, current portion	760,031	-	760,031
Bonds payable, current portion	62,597	-	62,597
Total current liabilities	<u>1,013,971</u>	<u>9,549</u>	<u>1,023,520</u>
Long-term liabilities			
Notes Payable	4,404,339	-	4,404,339
Bonds payable, net of current portion	3,703,326	-	3,703,326
Total long-term liabilities	<u>8,107,665</u>	<u>-</u>	<u>8,107,665</u>
Total liabilities	<u>9,121,636</u>	<u>9,549</u>	<u>9,131,185</u>
Deferred inflows of resources			
Leases	14,543	-	14,543
Net position			
Net Investment in Capital Assets	27,636,522	-	27,636,522
Restricted for debt service	598,405	-	598,405
Restricted for SLARRA	191,595	-	191,595
Restricted for capital projects	-	218,410	218,410
Unrestricted	1,611,128	-	1,611,128
Total net position	<u>30,037,650</u>	<u>218,410</u>	<u>30,256,060</u>
Total liabilities, deferred inflows, and net position	<u>\$ 39,173,829</u>	<u>\$ 227,959</u>	<u>\$ 39,401,788</u>

City of Prineville
Combining Schedule of Revenues, Expenses and Changes in Net Position
Wastewater Fund
Year Ended June 30, 2022

	Wastewater Fund	Wastewater SDC Fund	Totals
Operating revenue			
Charges for services	\$ 4,277,692	\$ -	\$ 4,277,692
Other	79,700	-	79,700
Total operating revenue	<u>4,357,392</u>	<u>-</u>	<u>4,357,392</u>
Operating expenses			
Salaries and fringe benefits	182,217	-	182,217
Materials and services	1,985,245	1,031	1,986,276
Depreciation	1,184,068	-	1,184,068
Total operating expenses	<u>3,351,530</u>	<u>1,031</u>	<u>3,352,561</u>
Operating income (loss)	1,005,862	(1,031)	1,004,831
Non-operating revenues (expenses)			
Interest income	11,218	1,178	12,396
Interest expense	(193,343)	-	(193,343)
Transfers in	710,828	-	710,828
Transfers out	(1,935,900)	(214,132)	(2,150,032)
Total non-operating revenues (expenses)	<u>(1,407,197)</u>	<u>(212,954)</u>	<u>(1,620,151)</u>
Other non-operating items			
Contributed capital - system development charges	-	306,815	306,815
Contributed capital	365,229	(28,135)	337,094
Change in net position	(36,106)	64,695	28,589
Net position, July 1, 2021	<u>30,073,756</u>	<u>153,715</u>	<u>30,227,471</u>
Net position, June 30, 2022	<u>\$ 30,037,650</u>	<u>\$ 218,410</u>	<u>\$ 30,256,060</u>

City of Prineville
Combining Schedule of Cash Flows
Wastewater Fund
Year Ended June 30, 2022

	Wastewater Fund	Wastewater SDC Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 4,368,000	\$ -	\$ 4,368,000
Cash payments for goods and services	(2,031,117)	(48,608)	(2,079,725)
Cash payments to employees	(184,045)	-	(184,045)
Net cash flows from operating activities	<u>2,152,838</u>	<u>(48,608)</u>	<u>2,104,230</u>
Cash flows from non-capital financing activities			
System development charges	-	306,815	306,815
Transfers out	(1,935,900)	(214,132)	(2,150,032)
Transfers in	710,828	-	710,828
Net cash flows from non-capital activities	<u>(1,225,072)</u>	<u>92,683</u>	<u>(1,132,389)</u>
Cash flows from capital financing activities			
Acquisition of capital assets	(492,208)	(28,135)	(520,343)
Debt proceeds	4,961,475	-	4,961,475
Debt reduction	(5,704,474)	-	(5,704,474)
Interest paid on debt	(193,283)	-	(193,283)
Net cash flows from capital financing activities	<u>(1,428,490)</u>	<u>(28,135)</u>	<u>(1,456,625)</u>
Cash flows from investing activities			
Interest earned	11,096	1,178	12,274
Net decrease in cash	(489,628)	17,118	(472,510)
Cash - July 1, 2021	2,437,631	210,841	2,648,472
Cash - June 30, 2022	<u>\$ 1,948,003</u>	<u>\$ 227,959</u>	<u>\$ 2,175,962</u>
Reconciliation of operating income to net cash flows from operations			
Operating income	\$ 1,005,862	\$ (1,031)	1,004,831
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	1,184,068	-	1,184,068
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	(66,410)	(47,577)	(113,987)
Increase/(decrease) in other liabilities	(18,688)	-	(18,688)
Increase/(decrease) in accrued expenses	16,860	-	16,860
Increase/(decrease) in deposits	(6,430)	-	(6,430)
Decrease/(increase) in accounts receivable	17,038	-	17,038
Decrease/(increase) in inventory	20,538	-	20,538
Total adjustments	<u>1,146,976</u>	<u>(47,577)</u>	<u>1,099,399</u>
Net cash from operating activities	<u>\$ 2,152,838</u>	<u>\$ (48,608)</u>	<u>\$ 2,104,230</u>
Noncash investing, capital, and financing activities			
Contributions of capital assets	365,229	(28,135)	337,094

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Wastewater Fund

Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 8,124,300	\$ 8,644,300	\$ 4,277,692	\$ (4,366,608)
Interest	20,000	20,000	11,157	(8,843)
Other	167,400	167,400	79,700	(87,700)
Total revenues	8,311,700	8,831,700	4,368,549	(4,463,151)
Expenditures				
Personal services	509,600	509,600 (1)	182,217	327,383
Materials and services	2,066,800	3,254,500 (1)	1,957,108	1,297,392
Capital outlay	972,000	1,256,600 (1)	520,346	736,254
Debt service				
Principal	1,543,700	6,417,000 (2)	5,704,474	712,526
Interest	487,700	487,700 (2)	193,343	294,357
Contingency	825,324	602,224 (1)	-	602,224
Total expenditures	6,405,124	12,527,624	8,557,488	3,970,136
Excess of revenues over/ (under) expenditures	1,906,576	(3,695,924)	(4,188,939)	(493,015)
Other financing sources (uses)				
Debt Proceeds	-	4,961,500	4,961,475	(25)
Transfers in	241,300	882,300	710,828	(171,472)
Transfers out	(3,911,900)	(3,911,900) (1)	(1,935,900)	1,976,000
Total other financing sources (uses)	(3,670,600)	1,931,900	3,736,403	1,804,503
Net change in fund balance	(1,764,024)	(1,764,024)	(452,536)	1,311,488
Fund balance, July 1, 2021	2,554,024	2,554,024	2,853,603	299,579
Fund balance, June 30, 2022	790,000	790,000	2,401,067	1,611,067
Other requirements				
Restricted for debt service	790,000	790,000	790,000	-
Ending unassigned, unrestricted fund balance	\$ -	\$ -	1,611,067	\$ 1,611,067
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			-	
Adjustment for current year change in accrued absences			16,860	
Fund balance - modified accrual budgetary basis			1,627,927	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			36,566,815	
Adjustment for deferred inflow of resources - lease			(14,543)	
Adjustment for lease receivable			14,604	
Adjustment for accrued compensated absences payable			(16,860)	
Adjustment for note payable and bonds payable - due within one year			(822,628)	
Adjustment for notes and bonds payable			(8,107,665)	
Net position - GAAP Basis			\$ 30,037,650	

(1) Appropriation level for the biennial period beginning July 1, 2021

(2) Appropriation level is Principal and Interest Combined

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

*Wastewater SDC Fund
Year Ended June 30, 2022*

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for Service	\$ -	\$ -	\$ -	\$ -
Interest	4,000	4,000	1,178	(2,822)
System development charges	370,000	640,000	306,815	(333,185)
Total revenues	374,000	644,000	307,993	(336,007)
Expenditures				
Material and services	20,000	20,000 (1)	1,031	18,969
Capital outlay	-	275,000 (1)	28,135	246,865
Contingency	205,460	13,660 (1)	-	13,660
Total expenditures	225,460	308,660	29,166	279,494
Excess of revenues over/ (under) expenditures	148,540	335,340	278,827	(56,513)
Other financing sources (uses)				
Transfers out	(257,200)	(444,000) (1)	(214,132)	229,868
Total other financing sources (uses)	(257,200)	(444,000)	(214,132)	229,868
Net change in fund balance	(108,660)	(108,660)	64,695	173,355
Fund balance, July 1, 2021	108,660	108,660	153,715	45,055
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,410</u>	<u>\$ 218,410</u>

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Railroad Fund

Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 1,785,600	\$ 1,785,600	\$ 831,469	\$ 954,131
Interest	-	-	5,107	(5,107)
Miscellaneous	215,000	215,000	171,443	43,557
Total revenues	2,000,600	2,000,600	1,008,019	992,581
Expenditures				
Personal services	885,800	885,800 (1)	435,766	450,034
Materials and services	584,100	584,100 (1)	255,414	328,686
Capital outlay	205,000	205,000 (1)	176,612	28,388
Contingency	1,328,560	1,328,560 (1)	-	1,328,560
Total expenditures	3,003,460	3,003,460	867,792	2,135,668
Excess of revenues over/ (under) expenditures	(1,002,860)	(1,002,860)	140,227	1,143,087
Other financing sources (uses)				
Sale of assets	-	-	10,000	10,000
Transfers out	(182,600)	(182,600) (1)	(91,100)	91,500
Total other financing sources (uses)	(182,600)	(182,600)	(81,100)	101,500
Net change in fund balance	(1,185,460)	(1,185,460)	59,127	1,244,587
Fund balance, July 1, 2021	1,185,460	1,185,460	1,166,597	(18,863)
Fund balance, June 30, 2022	\$ -	\$ -	1,225,724	\$ 1,225,724
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			83,654	
Adjustment for current year change in accrued absences			2,399	
Fund balance - modified accrual budgetary basis			1,311,777	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			7,196,737	
Adjustment for deferred inflow of resources - lease			(2,708,824)	
Adjustment for lease receivable			2,752,953	
Adjustment for accrued compensated absences payable			(86,053)	
Adjustment for amount due from general fund			(771,851)	
Net position - GAAP Basis			\$ 7,694,739	

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Airport Fund

Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 430,000	\$ 430,000	\$ 180,000	\$ (250,000)
Charges for services	1,154,000	1,874,000	887,244	(986,756)
Interest	1,000	1,000	212	(788)
Total revenues	1,585,000	2,305,000	1,067,456	(1,237,544)
Expenditures				
Personal services	297,100	329,000 (1)	169,721	159,279
Materials and services	1,028,000	1,678,000 (1)	754,067	923,933
Debt Service	50,000	50,000 (1)	-	50,000
Capital outlay	100	100 (1)	-	100
Contingency	56,036	94,136 (1)	-	94,136
Total expenditures	1,431,236	2,151,236	923,788	1,227,448
Excess of revenues over/ (under) expenditures	153,764	153,764	143,668	(10,096)
Other financing sources (uses)				
Transfers in	200,000	200,000	50,000	(150,000)
Transfers out	(389,200)	(389,200) (1)	(183,600)	205,600
Total other financing sources (uses)	(189,200)	(189,200)	(133,600)	55,600
Net change in fund balance	(35,436)	(35,436)	10,068	45,504
Fund balance, July 1, 2021	35,436	35,436	60,483	25,047
Fund balance, June 30, 2022	\$ -	\$ -	70,551	\$ 70,551
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			4,612	
Adjustment for current year change in accrued absences			18,369	
Fund balance - modified accrual budgetary basis			93,532	
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(22,981)	
Adjustment for capital assets, net of accumulated depreciation			30,714	
Net position - GAAP Basis			\$ 101,265	

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Golf Course Fund

Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 2,425,500	\$ 2,425,500	\$ 1,240,613	\$ (1,184,887)
Interest	12,000	12,000	4,159	(7,841)
Miscellaneous	19,900	19,900	7,864	(12,036)
Total revenues	2,457,400	2,457,400	1,252,636	(1,204,764)
Expenditures				
Waste disposal	1,012,500	1,128,700 (1)	530,175	598,525
Golf course	1,587,600	1,669,200 (1)	1,023,425	645,775
Restaurant	66,200	66,200 (1)	28,033	38,167
Debt service: Principal	222,800	480,220 (2)	372,095	108,125
Debt service: Interest	22,800	22,800 (2)	6,966	15,834
Contingency	658,625	203,405 (1)	-	203,405
Total expenditures	3,570,525	3,570,525	1,960,694	1,609,831
Excess of revenues over/ (under) expenditures	(1,113,125)	(1,113,125)	(708,058)	405,067
Other financing sources (uses)				
Debt proceeds	363,600	363,600	596,044	232,444
Transfers in	570,000	570,000	470,000	(100,000)
Transfers out	(240,500)	(240,500) (1)	(122,500)	118,000
Total other financing sources (uses)	693,100	693,100	943,544	250,444
Net change in fund balance	(420,025)	(420,025)	235,486	655,511
Fund balance, July 1, 2021	420,025	420,025	518,550	98,525
Fund balance, June 30, 2022	\$ -	\$ -	754,036	\$ 754,036
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			150,903	
Adjustment for current year change in accrued absences			(36,505)	
Fund balance - modified accrual budgetary basis			868,434	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			2,939,055	
Adjustment for accrued compensated absences payable			(114,398)	
Adjustment for deferred inflow of resources - lease			(24,898)	
Adjustment for lease receivable			23,855	
Adjustment for note payable			(487,949)	
Net position - GAAP Basis			\$ 3,204,099	

(1) Appropriation level for the biennial period beginning July 1, 2021

(2) Appropriation level is Principal and Interest Combined

City of Prineville
Combining Balance Sheet
Internal Service Funds
June 30, 2022

	Governmental Type Activities			
	Internal Services Funds			
	Administrative Services Fund	Building Facilities Funds	Public Works Support Services	Total
Assets				
Current assets				
Cash and investments	\$ 900,502	\$ 1,074,726	\$ 772,908	\$ 2,748,136
Accounts receivable	9,991	-	-	9,991
Inventory	-	-	30,028	30,028
Lease receivable	311,970	-	-	311,970
Capital asset - leased assets (net of amortization)	121,360	-	-	121,360
Total current assets	1,343,823	1,074,726	802,936	3,221,485
Capital Assets (net of accumulated depreciation)	235,170	1,164,811	957,715	2,357,696
Total assets	1,578,993	2,239,537	1,760,651	5,579,181
Deferred outflows of resources				
Pension related deferrals	689,127	-	689,127	1,378,254
Total assets and deferred outflows	2,268,120	2,239,537	2,449,778	6,957,435
Liabilities				
Current liabilities				
Accounts payable	182,347	6,503	77,188	266,038
Accrued interest payable	-	9,443	5,252	14,695
Accrued compensated absences payable	191,177	-	165,534	356,711
Current portion notes payable	-	393,368	34,946	428,314
Current portion lease liability	50,891	-	-	50,891
Proportionate share of net pension liability	828,259	-	828,259	1,656,518
Total current liabilities	1,252,674	409,314	1,111,179	2,773,167
Long-term liabilities				
Lease liability	66,982	-	-	66,982
Accrued compensated absences payable	-	-	-	-
Notes payable	-	5,897,294	149,994	6,047,288
Total long-term liabilities	66,982	5,897,294	149,994	6,114,270
Total liabilities	1,319,656	6,306,608	1,261,173	8,887,437
Deferred inflows of resources				
Leases	303,983	-	-	303,983
Pension related deferrals	706,869	-	706,869	1,413,738
Total deferred inflows of resources	1,010,852	-	706,869	1,717,721
Net Position				
Net investment in capital assets	235,170	1,164,811	772,775	2,172,756
Unrestricted				
Unassigned	(297,558)	(5,231,882)	(291,039)	(5,820,479)
Total net position	(62,388)	(4,067,071)	481,736	(3,647,723)
Total liabilities, deferred inflows and net position	\$ 2,268,120	\$ 2,239,537	\$ 2,449,778	\$ 6,957,435

City of Prineville

Combining Schedule of Revenues, Expenses and Changes in Net Position

*Internal Service Funds
Year Ended June 30, 2022*

	Governmental Type Activities			Totals
	Internal Services Funds			
	Administrative Services Fund	Building Facilities Funds	Public Works Support Services	
Operating revenue				
Intergovernmental	\$ 502	\$ 36,716	\$ 111,030	\$ 148,248
Charges for services	275,044	-	-	275,044
Other operating revenues	850	346,071	7,720	354,641
Total operating revenue	<u>276,396</u>	<u>382,787</u>	<u>118,750</u>	<u>777,933</u>
Operating expenses				
Salaries and fringe benefits	1,670,892	-	1,756,792	3,427,684
Materials and services	1,343,237	599,823	214,338	2,157,398
Depreciation	55,336	86,283	291,042	432,661
Lease amortization	47,410	-	-	47,410
Total operating expenses	<u>3,116,875</u>	<u>686,106</u>	<u>2,262,172</u>	<u>6,065,153</u>
Operating income (loss)	(2,840,479)	(303,319)	(2,143,422)	(5,287,220)
Non-operating revenues (expenses)				
Interest income	11,675	3,351	2,775	17,801
Interest expense	-	(128,162)	(5,252)	(133,414)
Transfer to other funds	(138,300)	(69,000)	(54,200)	(261,500)
Transfers from other funds	2,952,469	1,366,200	2,308,300	6,626,969
Total non-operating revenue (expense)	<u>2,825,844</u>	<u>1,172,389</u>	<u>2,251,623</u>	<u>6,249,856</u>
Change in net position	(14,635)	869,070	108,201	962,636
Net position, July 1, 2021	<u>(47,753)</u>	<u>(4,936,141)</u>	<u>373,535</u>	<u>(4,610,359)</u>
Net position, June 30, 2022	<u>\$ (62,388)</u>	<u>\$ (4,067,071)</u>	<u>\$ 481,736</u>	<u>\$ (3,647,723)</u>

City of Prineville
Combining Schedule of Cash Flows
Internal Service Funds
Year Ended June 30, 2022

	Governmental Type Activities			
	Internal Service Funds			
	Admin Services	Building Facilities Funds	Public Works Services	Totals
Cash flows from operating activities				
Cash received from customers	\$ 268,861	\$ 382,787	\$ 118,750	\$ 770,398
Cash payments for goods and services	(1,326,077)	(500,086)	(151,678)	(1,977,841)
Cash payments to employees	(1,751,095)	-	(1,799,595)	(3,550,690)
Net cash flows from operating activities	<u>(2,808,311)</u>	<u>(117,299)</u>	<u>(1,832,523)</u>	<u>(4,758,133)</u>
Cash flows from non-capital activities				
Transfers from other funds	2,952,469	1,366,200	2,308,300	6,626,969
Transfers to other funds	(138,300)	(69,000)	(54,200)	(261,500)
Net cash flows from non-capital activities	<u>2,814,169</u>	<u>1,297,200</u>	<u>2,254,100</u>	<u>6,365,469</u>
Cash flows from capital financing activities				
Acquisition of capital assets	(66,617)	-	(389,690)	(456,307)
Debt proceeds	-	986,811	184,940	1,171,751
Debt reduction	-	(1,355,149)	-	(1,355,149)
Interest paid on loans	-	(128,913)	(502)	(129,415)
Net cash flows from capital financing activities	<u>(66,617)</u>	<u>(497,251)</u>	<u>(205,252)</u>	<u>(769,120)</u>
Cash flows from investing activities				
Interest earned	3,688	3,351	2,775	9,814
Net increase (decrease) in cash	(57,071)	686,001	219,100	848,030
Cash - July 1, 2021	957,573	388,725	553,808	1,900,106
Cash - June 30, 2022	<u>\$ 900,502</u>	<u>\$ 1,074,726</u>	<u>\$ 772,908</u>	<u>\$ 2,748,136</u>
Reconciliation of operating income to net cash flows from operations				
Operating income (loss)	\$ (2,840,479)	\$ (303,319)	\$ (2,143,422)	\$ (5,287,220)
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	55,336	86,283	291,042	432,661
Amortization - leases	47,410	-	-	47,410
Changes in assets and liabilities				
Increase/(decrease) in accounts payable	68,057	(50,263)	62,961	80,755
Increase/(decrease) in leases payable	(50,897)	-	-	(50,897)
Decrease/(increase) in Net Pension Asset, Deferred Outflows	(48,927)	-	(118,514)	(167,441)
Increase/(decrease) in Net Pension Liabilities, Deferred Inflows	(70,612)	-	103,925	33,313
Decrease/(increase) in accounts receivable	(7,535)	-	-	(7,535)
Decrease/(increase) in prepaid expense	-	150,000	-	150,000
Decrease/(increase) in inventory	-	-	(301)	(301)
Increase (decrease) in accrued expenses	39,336	-	(28,214)	11,122
Net cash flows from operating activities	<u>\$ (2,808,311)</u>	<u>\$ (117,299)</u>	<u>\$ (1,832,523)</u>	<u>\$ (4,758,133)</u>

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Administrative Services Fund

Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 3,216,800	\$ 3,216,800	\$ 275,044	\$ (2,941,756)
Intergovernmental	100,000	100,000	502	(99,498)
Interest	5,000	5,000	3,688	(1,312)
Miscellaneous income	-	-	850	850
Total revenues	3,321,800	3,321,800	280,084	(3,041,716)
Expenditures				
City Council	92,600	92,600 (1)	22,868	69,732
Administration/team services	1,761,700	1,761,700 (1)	891,019	870,681
Financial services	2,086,400	2,086,400 (1)	973,017	1,113,383
Information technology	2,162,000	2,162,000 (1)	1,364,278	797,722
Contingency	460,049	460,049 (1)	-	460,049
Total expenditures	6,562,749	6,562,749	3,251,182	3,311,567
Excess of revenues over/ (under) expenditures	(3,240,949)	(3,240,949)	(2,971,098)	269,851
Other financing sources (uses)				
Transfers in	2,878,800	2,878,800	2,952,469	73,669
Transfers out	(280,800)	(280,800) (1)	(138,300)	142,500
Total other financing sources (uses)	2,598,000	2,598,000	2,814,169	216,169
Net change in fund balance	(642,949)	(642,949)	(156,929)	486,020
Fund balance, July 1, 2021	642,949	642,949	693,898	50,949
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 536,969</u>	<u>\$ 536,969</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			151,841	
Adjustment for current year change in accrued absences			39,336	
Fund balance - modified accrual budgetary basis			728,146	
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(191,177)	
Adjustment for proportionate share of net pension asset, deferred outflows			689,127	
Adjustment for proportionate share of net pension liability, deferred inflows			(1,535,128)	
Adjustment for deferred infow of resources, leases			(303,983)	
Adjustment for capital assets - leased assets, net of accumulated ammortization			121,360	
Adjustment for lease liability			(117,873)	
Adjustment for lease receivable			311,970	
Adjustment for capital assets, net of accumulated depreciation			235,170	
Net position - GAAP Basis			<u>\$ (62,388)</u>	

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville
Combining Balance Sheet
Building Facilities Funds
June 30, 2022

	Building Facilities	Plaza Maintenance	Total
Assets			
Current assets			
Cash and investments	\$ 1,042,163	\$ 32,563	\$ 1,074,726
Accounts Receivable	-	-	-
Prepaid Expense	-	-	-
Total current assets	<u>1,042,163</u>	<u>32,563</u>	<u>1,074,726</u>
Non-current assets			
Capital assets:			
Improvements	2,357,617	-	2,357,617
Accumulated depreciation	<u>(1,192,806)</u>	<u>-</u>	<u>(1,192,806)</u>
Net non-current assets	<u>1,164,811</u>	<u>-</u>	<u>1,164,811</u>
Total assets	<u>\$ 2,206,974</u>	<u>\$ 32,563</u>	<u>\$ 2,239,537</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 6,503	\$ -	\$ 6,503
Accrued interest payable	9,443	-	9,443
Notes payable, current portion	<u>393,368</u>	<u>-</u>	<u>393,368</u>
Total current liabilities	<u>409,314</u>	<u>-</u>	<u>409,314</u>
Long-term liabilities			
Notes payable, net of current portion	<u>5,897,294</u>	<u>-</u>	<u>5,897,294</u>
Total liabilities	<u>6,306,608</u>	<u>-</u>	<u>6,306,608</u>
Net position			
Net Investment in Capital Assets	1,164,811	-	1,164,811
Unrestricted			
Unreserved	<u>(5,264,445)</u>	<u>32,563</u>	<u>(5,231,882)</u>
Total net position	<u>(4,099,634)</u>	<u>32,563</u>	<u>(4,067,071)</u>
Total liabilities and net position	<u>\$ 2,206,974</u>	<u>\$ 32,563</u>	<u>\$ 2,239,537</u>

City of Prineville
Combining Schedule of Revenues, Expenses and Changes in Net Position
Building Facilities Funds
Year Ended June 30, 2022

	Building Facilities	Plaza Maintenance	Total
Operating revenue			
Intergovernmental	\$ 26,716	\$ 10,000	\$ 36,716
Other	346,071	-	346,071
Total operating revenue	<u>372,787</u>	<u>10,000</u>	<u>382,787</u>
Operating expenses			
Materials and services	590,888	8,935	599,823
Depreciation	86,283	-	86,283
Total operating expenses	<u>677,171</u>	<u>8,935</u>	<u>686,106</u>
Operating income (loss)	(304,384)	1,065	(303,319)
Non-operating revenues (expenses)			
Interest income	3,192	159	3,351
Interest expense	(128,162)	-	(128,162)
Transfers from other funds	1,356,200	10,000	1,366,200
Transfers to other funds	(67,000)	(2,000)	(69,000)
Total non-operating revenues (expenses)	<u>1,164,230</u>	<u>8,159</u>	<u>1,172,389</u>
Change in net position	859,846	9,224	869,070
Net position, July 1, 2021	<u>(4,959,480)</u>	<u>23,339</u>	<u>(4,936,141)</u>
Net position, June 30, 2022	<u>\$ (4,099,634)</u>	<u>\$ 32,563</u>	<u>\$ (4,067,071)</u>

City of Prineville
Combining Schedule of Cash Flows
Building Facilities Funds
Year Ended June 30, 2022

	Building Facilities	Plaza Maintenance	Total
Cash flows from operating activities			
Cash received from customers	\$ 372,787	\$ 10,000	\$ 382,787
Cash payments for goods and services	(491,151)	(8,935)	(500,086)
Net cash flows from operating activities	(118,364)	1,065	(117,299)
Cash flows from non-capital activities			
Transfers from other funds	1,356,200	10,000	1,366,200
Transfers to other funds	(67,000)	(2,000)	(69,000)
Net cash flows from non-capital activities	1,289,200	8,000	1,297,200
Cash flows from capital financing activities			
Debt proceeds	986,811	-	986,811
Debt reduction	(1,355,149)	-	(1,355,149)
Interest paid on loans	(128,913)	-	(128,913)
Net cash flows from capital financing activities	(497,251)	-	(497,251)
Cash flows from investing activities			
Interest earned	3,192	159	3,351
Net decrease in cash	676,777	9,224	686,001
Cash - July 1, 2021	365,386	23,339	388,725
Cash - June 30, 2022	\$ 1,042,163	\$ 32,563	\$ 1,074,726
Reconciliation of operating income to net cash flows from operations			
Operating income/(loss)	\$ (304,384)	\$ 1,065	\$ (303,319)
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	86,283	-	86,283
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	(50,263)	-	(50,263)
(Increase) in prepaid expense	150,000	-	150,000
Net cash flows from operating activities	\$ (118,364)	\$ 1,065	\$ (117,299)

City of Prineville
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Building Facility Fund
 Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 377,600	\$ 411,000	\$ 26,716	\$ (384,284)
Interest	10,000	10,000	3,192	(6,808)
Miscellaneous income	10,000	433,500	346,071	(87,429)
Total revenues	397,600	854,500	375,979	(478,521)
Expenditures				
City Hall Facilities	520,800	1,489,100 (1)	1,180,207	308,893
Police Facilities	1,142,800	1,046,000 (1)	589,989	456,011
Public Works Facilities	73,000	76,000 (1)	31,992	44,008
Barnes Butte Property	671,000	1,323,300 (1)	257,045	1,066,255
Senior Center	-	15,000 (1)	14,966	34
Debt service reserve	542,300	542,300 (1)	-	542,300
Contingency	119,928	21,828 (1)	-	21,828
Total expenditures	3,069,828	4,513,528	2,074,199	2,439,329
Excess of revenues over/ (under) expenditures	(2,672,228)	(3,659,028)	(1,698,220)	1,960,808
Other financing sources (uses)				
Debt Proceeds	-	986,800	986,811	11
Transfers out	(137,200)	(137,200) (1)	(67,000)	70,200
Transfers in	2,447,000	2,447,000	1,356,200	(1,090,800)
Total other financing sources (uses)	2,309,800	3,296,600	2,276,011	(1,020,589)
Net change in fund balance	(362,428)	(362,428)	577,791	940,219
Fund balance, July 1, 2021	362,428	362,428	448,426	85,998
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>1,026,217</u>	<u>\$ 1,026,217</u>
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			1,164,811	
Adjustment for note payable - due within one year			(393,368)	
Adjustment for note payable			(5,897,294)	
Net position - GAAP Basis			<u>\$ (4,099,634)</u>	

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Plaza Maintenance Fund

Year Ended June 30, 2022

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 10,000	\$ (10,000)
Interest	400	400	159	(241)
Total revenues	20,400	20,400	10,159	(10,241)
Expenditures				
Materials and services	43,000	43,000 (1)	8,935	34,065
Contingency	18,802	18,802 (1)	-	18,802
Total expenditures	61,802	61,802	8,935	52,867
Excess of revenues over/ (under) expenditures	(41,402)	(41,402)	1,224	42,626
Other financing sources (uses)				
Transfers out	(4,000)	(4,000) (1)	(2,000)	2,000
Transfers in	20,000	20,000	10,000	(10,000)
Total other financing sources (uses)	16,000	16,000	8,000	(8,000)
Net change in fund balance	(25,402)	(25,402)	9,224	34,626
Fund balance, July 1, 2021	25,402	25,402	23,339	(2,063)
Fund balance, June 30, 2022	\$ -	\$ -	\$ 32,563	\$ 32,563
Reconciliation to net position - GAAP Basis:				
No adjustment			-	
Net position - GAAP Basis			\$ 32,563	

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Public Works Support Services Fund

Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Interest	\$ 2,400	\$ 2,400	\$ 2,775	\$ 375
Intergovernmental	220,000	220,000	111,030	(108,970)
Other	14,000	14,000	7,720	(6,280)
Total revenues	<u>236,400</u>	<u>236,400</u>	<u>121,525</u>	<u>(114,875)</u>
Expenditures				
Public works support services	3,691,400	3,691,400 (1)	1,822,616	1,868,784
Public works fleet and vehicles	1,025,200	1,025,200 (1)	558,545	466,655
Contingency	438,738	438,738 (1)	-	438,738
Total expenditures	<u>5,155,338</u>	<u>5,155,338</u>	<u>2,381,161</u>	<u>2,774,177</u>
Excess of revenues over/ (under) expenditures	(4,918,938)	(4,918,938)	(2,259,636)	2,659,302
Other financing sources (uses)				
Debt Proceeds	183,300	183,300	184,940	1,640
Transfers out	(113,600)	(113,600) (1)	(54,200)	59,400
Transfers in	4,640,600	4,640,600	2,308,300	(2,332,300)
Total other financing sources (uses)	4,710,300	4,710,300	2,439,040	(2,271,260)
Net change in fund balance	(208,638)	(208,638)	179,404	388,042
Fund balance, July 1, 2021	<u>208,638</u>	<u>208,638</u>	<u>375,558</u>	<u>166,920</u>
Fund balance, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	554,962	<u>\$ 554,962</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			193,748	
Adjustment for current year change in accrued absences			(28,214)	
Fund balance - modified accrual budgetary basis			720,496	
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(165,534)	
Adjustment for note payable			(184,940)	
Adjustment for proportionate share of net pension asset, deferred outflows			689,127	
Adjustment for proportionate share of net pension liability, deferred inflows			(1,535,128)	
Adjustment for capital assets, net of accumulated depreciation			957,715	
Net position - GAAP Basis			<u>\$ 481,736</u>	

(1) Appropriation level for the biennial period beginning July 1, 2021

City of Prineville
 Schedule of Property Tax Transactions

Year Ended June 30, 2022

Tax Year	Beginning Balance and Current Levy	Adjustments	Interest (Discounts)	Turnovers from County Treasurer	Taxes Receivable June 30, 2022
2021-22	\$ 2,628,012	\$ (1,586)	\$ (66,928)	\$ 2,512,738	\$ 46,760
2020-21	49,177	(162)	1,559	29,111	21,463
2019-20	21,854	(175)	1,440	12,111	11,008
2018-19	12,905	(222)	2,189	12,020	2,852
2017-18	3,881	(220)	815	3,904	572
Prior	7,610	(306)	204	611	6,897
	<u>\$ 2,723,439</u>	<u>\$ (2,671)</u>	<u>\$ (60,721)</u>	2,570,495	<u>\$ 89,552</u>

Reconciliation to Revenue

Tax accrual

June 30, 2021

June 30, 2022

(15,021)

7,546

\$ 2,563,020



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Statistical Section

Financial Trends

- Net Position by Components – Last 10 Fiscal Years
- Changes in Net Position – Last 10 Fiscal Years
- Fund Balances of Governmental Funds – Last 10 Fiscal Years
- Changes in Fund Balances of Governmental Funds – Last 10 Fiscal Years
- Program Revenues by Function/Program – Last 10 Fiscal Years

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- Governmental Activities Tax Revenue by Source – Last 10 Fiscal Years
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- Property Tax Rates – Direct and Overlapping Governments – Last 10 Fiscal Years
- Principal Property Taxpayers – Current and Nine Years Ago
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- Ratios of Outstanding Debt by Type – Last 10 Fiscal Years
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- Legal Debt Margin Information – Last 10 Fiscal Years
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- Principal Employers – Current Year and Nine Years Ago

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



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City of Prineville

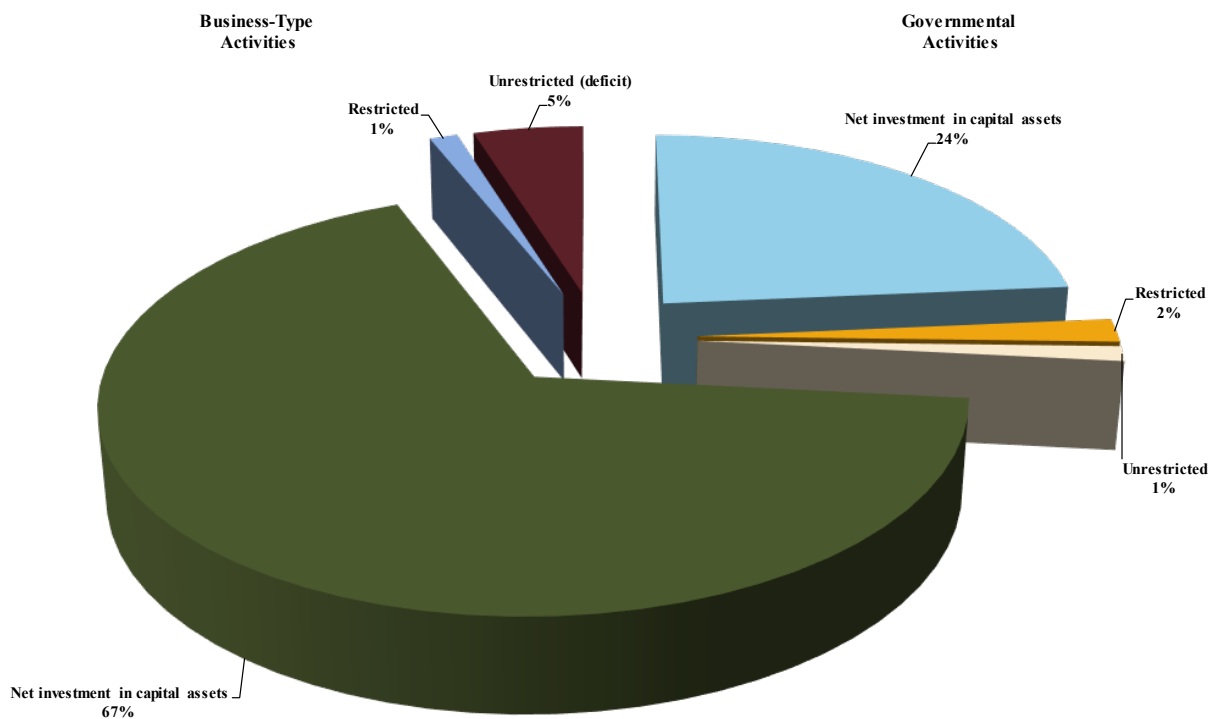
Net Position by Components

For the Last 10 Fiscal Years

	Fiscal year ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 10,486,118	\$ 7,344,752	\$ 9,892,711	\$ 11,345,910	\$ 13,042,818	\$ 14,763,230	\$ 14,105,369	\$ 16,368,057	\$ 19,915,918	\$ 23,994,251
Restricted	455,491	676,131	574,874	868,940	893,567	1,391,944	1,995,054	1,578,437	1,345,140	1,878,500
Unrestricted	3,327,657	2,945,908	2,234,187	(107,036)	(625,384)	(1,147,099)	852,715	2,836,615	1,891,458	1,197,658
Total governmental activities net position	\$ 14,269,266	\$ 10,966,791	\$ 12,701,772	\$ 12,107,814	\$ 13,311,001	\$ 15,008,075	\$ 16,953,138	\$ 20,783,109	\$ 23,152,516	\$ 27,070,409
Business-type activities										
Net investment in capital assets	\$ 26,084,499	\$ 29,806,882	\$ 30,067,137	\$ 31,448,889	\$ 37,382,458	\$ 43,578,856	\$ 55,548,911	\$ 60,554,604	\$ 67,276,279	\$ 68,469,618
Restricted	498,958	493,156	530,699	374,107	351,491	1,955,523	2,180,997	4,144,167	1,168,515	1,259,743
Unrestricted (deficit)	3,717,413	2,988,864	3,599,021	4,218,984	3,856,220	5,733,630	8,395,232	4,423,762	4,067,026	4,939,421
Total business-type activities net position	\$ 30,300,870	\$ 33,288,902	\$ 34,196,857	\$ 36,041,980	\$ 41,590,169	\$ 51,268,009	\$ 66,125,140	\$ 69,122,533	\$ 72,511,820	\$ 74,668,782
Primary government										
Net investment in capital assets	\$ 36,570,617	\$ 37,151,634	\$ 39,959,848	\$ 42,794,799	\$ 50,425,276	\$ 58,342,086	\$ 69,654,280	\$ 76,922,661	\$ 87,192,197	\$ 92,463,869
Restricted	954,449	1,169,287	1,105,573	1,243,047	1,245,058	3,347,467	4,176,051	5,722,604	2,513,655	3,138,243
Unrestricted (deficit)	7,045,070	5,934,772	5,833,208	4,111,948	3,230,836	4,586,531	9,247,947	7,260,377	5,958,484	6,137,079
Total primary government net position	\$ 44,570,136	\$ 44,255,693	\$ 46,898,629	\$ 48,149,794	\$ 54,901,170	\$ 66,276,084	\$ 83,078,278	\$ 89,905,642	\$ 95,664,336	\$ 101,739,191

Source: Annual financial statements of the City of Prineville

Net Position by Components FY 22



City of Prineville

Changes in Net Position

For the Last 10 Fiscal Years

	Fiscal year ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
General government	\$ 3,095,427	\$ 6,284,109	\$ 416,640	\$ 1,111,185	\$ 2,142,141	\$ 1,000,996	\$ 2,695,309	\$ 1,212,158	\$ 1,665,835	\$ 1,834,062
Public safety	3,307,976	3,450,549	2,921,115	7,639,414	6,412,132	7,961,382	8,113,155	9,014,325	9,531,868	9,195,610
Highways and streets	1,322,898	1,245,218	1,112,590	1,273,699	790,414	732,512	877,535	820,924	951,207	948,788
Interest on long-term debt	143,408	210,106	189,358	132,677	127,172	187,046	209,483	143,568	259,869	175,937
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	\$ 7,869,709	\$ 11,189,982	\$ 4,639,703	\$ 10,156,975	\$ 9,471,859	\$ 9,881,936	\$ 11,895,482	\$ 11,190,975	\$ 12,408,779	\$ 12,154,397
Business-type activities										
Railroad	\$ 755,747	\$ 813,586	\$ 797,044	\$ 906,269	\$ 990,133	\$ 1,014,557	\$ 838,289	\$ 959,900	\$ 1,187,241	\$ 950,640
Water	918,606	937,947	916,365	957,293	1,052,820	1,177,361	1,628,957	1,263,628	1,530,614	1,846,757
Wastewater	1,865,971	1,909,784	1,653,325	1,695,870	1,859,666	2,293,751	2,161,516	2,177,440	2,194,325	3,545,904
Golf and restaurant	1,263,133	1,317,873	1,305,927	1,361,170	1,285,732	1,367,914	1,231,167	1,000,895	1,075,416	1,418,212
Airport	533,317	711,440	685,166	699,764	716,900	745,602	771,943	1,274,742	709,452	935,499
Freight depot	310,926	194,071	-	-	-	-	-	-	-	-
Total business-type activities expenses	5,647,700	5,884,701	5,357,827	5,620,366	5,905,251	6,599,185	6,631,872	6,676,605	6,697,048	8,697,012
Total primary government expenses	\$ 13,517,409	\$ 17,074,683	\$ 9,997,530	\$ 15,777,341	\$ 15,377,110	\$ 16,481,121	\$ 18,527,354	\$ 17,867,580	\$ 19,105,827	\$ 20,851,409
Program revenues										
Governmental activities										
Charges for service										
General government	\$ 304,693	\$ 413,761	\$ 165,927	\$ 203,993	\$ 224,543	\$ 113,703	\$ 123,930	\$ 53,053	\$ 98,754	\$ 184,739
Public safety	-	-	37,884	33,671	-	-	21,694	242,979	194,223	195,606
Highways and streets	172,494	316,398	353,328	494,830	346,623	536,820	602,966	649,820	801,781	603,017
Operating grants and contributions	1,609,122	1,695,455	1,637,916	1,646,108	1,950,468	2,010,594	2,772,407	3,505,211	2,467,404	4,701,211
Capital grants and contributions	216,224	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	\$ 2,302,533	\$ 2,425,614	\$ 2,195,055	\$ 2,378,602	\$ 2,521,634	\$ 2,661,117	\$ 3,520,997	\$ 4,451,063	\$ 3,562,162	\$ 5,684,573
Business-type activities										
Charges for service										
Railroad	\$ 445,302	\$ 455,849	\$ 586,937	\$ 943,182	\$ 1,160,350	\$ 799,732	\$ 733,948	\$ 896,864	\$ 1,063,283	\$ 1,002,912
Water	2,001,024	2,001,548	2,183,160	2,554,213	2,597,543	6,537,222	8,522,709	8,796,006	3,547,702	3,469,917
Wastewater	3,269,055	3,164,486	3,208,361	3,952,199	5,850,679	9,251,289	11,757,992	3,823,007	4,126,595	4,357,392
Golf and restaurant	1,018,414	1,059,556	1,132,478	1,143,167	1,092,074	1,123,087	1,038,266	845,887	1,156,390	1,248,477
Airport	521,923	645,943	803,978	517,629	1,973,312	815,257	2,177,627	1,052,957	694,117	1,067,244
Freight depot	138,045	-	-	-	-	-	-	-	-	-
Other non-major	-	-	-	186,718	-	-	-	-	-	-
Operating grants and contributions	65,929	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,207,451	3,434,821	-	355,644	796,804	296,225	81,606	251,922	2,458,780	1,563,531
Total business-type activities program revenues	8,667,143	10,762,203	7,914,914	9,652,752	13,470,762	18,822,812	24,312,148	15,666,643	13,046,867	12,709,473
Total primary government program revenues	\$ 10,969,676	\$ 13,187,817	\$ 10,109,969	\$ 12,031,354	\$ 15,992,396	\$ 21,483,929	\$ 27,833,145	\$ 20,117,706	\$ 16,609,029	\$ 18,394,046
Net (expense) revenue										
Governmental activities	(5,567,176)	(8,764,368)	(2,444,648)	(7,778,373)	(6,950,225)	(7,220,819)	(8,374,485)	(6,739,912)	(8,846,617)	(6,469,824)
Business-type activities	3,019,443	4,877,502	2,557,087	4,032,386	7,565,511	12,223,627	17,680,276	8,990,038	6,349,819	4,012,461
Total primary government expenses	\$ (2,547,733)	\$ (3,886,866)	\$ 112,439	\$ (3,745,987)	\$ 615,286	\$ 5,002,808	\$ 9,305,791	\$ 2,250,126	\$ (2,496,798)	\$ (2,457,363)
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for										
General purposes	1,571,558	1,667,437	1,777,841	1,842,104	1,966,681	2,067,373	2,181,966	\$ 2,287,509	\$ 2,443,843	\$ 2,564,620
Debt service	-	-	-	-	-	-	-	-	-	-
Transient room taxes	206,988	191,015	253,174	315,677	329,514	339,003	432,343	312,000	400,036	521,451
Franchise fees	1,455,369	1,462,295	1,864,413	2,085,847	2,756,972	2,913,102	3,461,496	3,592,674	4,113,149	4,166,707
Earnings on investments	10,117	13,739	11,268	12,324	25,758	56,637	121,691	177,325	62,483	(87,578)
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Miscellaneous	220,782	225,107	375,864	811,036	908,805	1,039,410	1,011,071	1,260,373	1,185,012	1,335,984
Total governmental activities	\$ 3,464,814	\$ 3,559,593	\$ 4,282,560	\$ 5,066,988	\$ 5,987,730	\$ 6,415,525	\$ 7,208,567	\$ 7,629,881	\$ 8,204,523	\$ 8,501,184
Business-type activities										
Earnings on investments	14,144	14,535	13,812	18,290	29,878	104,594	287,836	\$ 182,193	\$ 50,969	\$ 73,122
Miscellaneous	10,248	10,247	487,394	(88,126)	118,482	137,343	-	(3,234,836)	-	(42,089)
Total business-type activities	24,392	24,782	501,206	(69,836)	148,360	241,937	287,836	(3,052,643)	50,969	31,033
Total primary government	\$ 3,489,206	\$ 3,584,375	\$ 4,783,766	\$ 4,997,152	\$ 6,136,090	\$ 6,657,462	\$ 7,496,403	\$ 4,577,238	\$ 8,255,492	\$ 8,532,217
Transfers										
Governmental activities										
Business-type activities	\$ 1,902,421	\$ 1,902,301	\$ 2,150,338	\$ 2,117,427	\$ 2,165,682	\$ 2,787,724	\$ 3,110,981	\$ 2,940,002	\$ 3,011,501	\$ 1,886,533
Total Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in net position										
Governmental activities	\$ (199,941)	\$ (3,302,474)	\$ 3,988,250	\$ (593,958)	\$ 1,203,187	\$ 1,982,430	\$ 1,945,063	\$ 3,829,971	\$ 2,369,407	\$ 3,917,893
Business-type activities	1,141,414	2,999,983	907,955	1,845,123	5,548,189	9,677,840	14,857,131	2,997,393	3,389,287	2,156,961
Total primary government	\$ 941,473	\$ (302,491)	\$ 4,896,205	\$ 1,251,165	\$ 6,751,376	\$ 11,660,270	\$ 16,802,194	\$ 6,827,364	\$ 5,758,694	\$ 6,074,854

Source: Annual financial statements of the City of Prineville

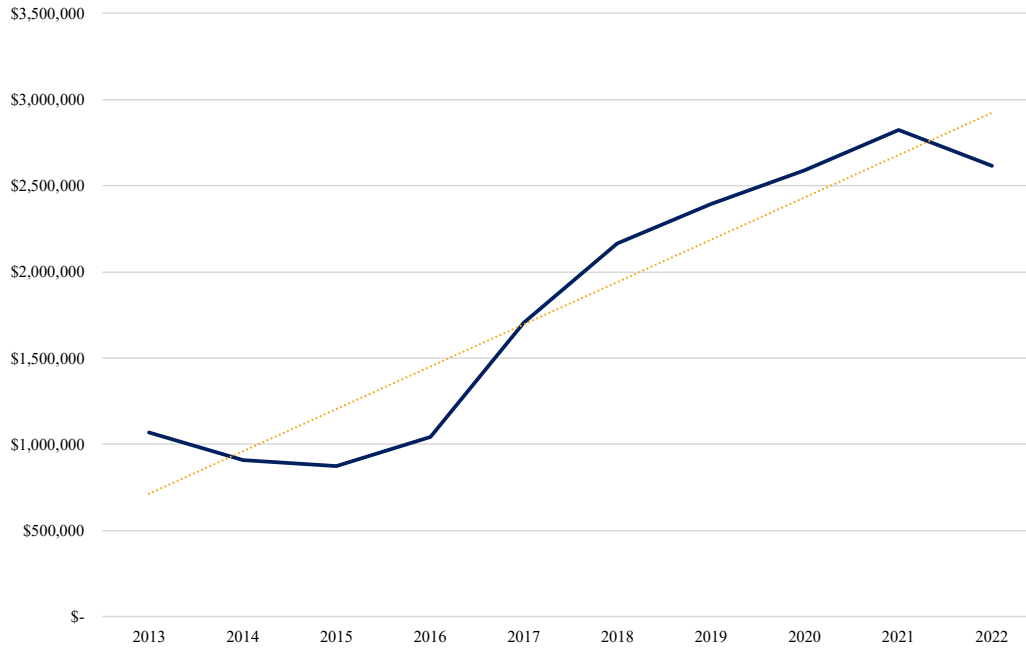
Purpose: Changes in net position is intended to provide the user with summary data to analyze changes in the activities.

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

	Fiscal year ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	76,363	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	94,069	87,672	78,380	78,021	121,280	248,158	241,205	90,723	135,505	194,341
Unassigned	973,273	820,598	797,059	963,851	1,583,740	1,918,886	2,153,326	2,500,771	2,613,538	2,421,184
Total General Fund	\$ 1,067,342	\$ 908,270	\$ 875,439	\$ 1,041,872	\$ 1,705,020	\$ 2,167,044	\$ 2,394,531	\$ 2,591,494	\$ 2,825,406	\$ 2,615,525
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	438,186	571,131	469,874	763,940	788,567	1,286,944	1,890,054	1,473,437	1,240,140	1,878,500
Committed	289,086	413,182	480,014	693,551	1,000,747	1,267,547	1,099,902	1,696,534	2,437,175	2,297,997
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 727,272	\$ 984,313	\$ 949,888	\$ 1,457,491	\$ 1,789,314	\$ 2,554,491	\$ 2,989,956	\$ 3,169,971	\$ 3,677,315	\$ 4,176,497
Total all funds	\$ 1,794,614	\$ 1,892,583	\$ 1,825,327	\$ 2,499,363	\$ 3,494,334	\$ 4,721,535	\$ 5,384,487	\$ 5,761,465	\$ 6,502,721	\$ 6,792,022

Source: Annual financial statements of the City of Prineville

Changes in Fund Balance General Fund



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

	Fiscal year ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue										
Taxes	\$ 1,822,448	\$ 1,867,531	\$ 2,046,911	\$ 2,159,083	\$ 2,292,563	\$ 2,410,508	\$ 2,626,451	\$ 2,609,494	\$ 2,865,315	\$ 3,084,471
Intergovernmental	1,609,122	1,685,455	1,785,004	1,803,827	2,105,618	2,198,466	2,921,110	3,859,787	2,643,329	4,909,193
Franchise fees	1,455,369	1,703,395	1,864,413	2,085,847	2,756,972	2,913,102	3,461,496	3,592,674	4,113,149	4,166,707
Licenses and permits	61,201	49,121	59,926	67,301	78,617	67,960	58,875	58,279	74,954	85,283
Charges for services	117,645	173,432	425,954	584,742	715,955	527,149	571,512	567,963	773,393	688,712
System development fees	172,494	75,298	328,922	486,025	334,548	525,075	593,125	633,346	783,401	592,747
Interest	7,494	9,917	11,268	12,324	25,758	56,637	121,691	102,958	43,262	(105,379)
Miscellaneous	238,424	260,794	205,938	223,159	1,349,845	381,877	387,446	416,213	472,097	439,195
Total revenue	\$ 5,484,197	\$ 5,824,943	\$ 6,728,336	\$ 7,422,308	\$ 9,659,876	\$ 9,080,774	\$ 10,741,706	\$ 11,840,714	\$ 11,768,900	\$ 13,860,929
Expenditures										
General government	\$ 357,061	\$ 3,335,032	\$ 432,270	\$ 509,906	\$ 1,228,918	\$ 594,601	\$ 1,477,154	\$ 649,169	\$ 835,351	\$ 1,029,703
Public safety	2,964,532	3,057,376	3,461,452	3,505,611	3,678,555	4,731,767	4,446,384	4,827,603	4,779,857	5,162,720
Highways and streets	525,241	369,670	392,512	584,481	453,450	435,361	480,930	439,644	476,993	532,681
Capital outlay	501,797	791,430	967,133	541,551	992,829	838,030	1,648,661	3,383,636	2,102,369	1,963,094
Total general expenditures	4,348,631	7,553,508	5,253,367	5,141,549	6,353,752	6,599,759	8,053,129	9,300,052	8,194,570	8,688,198
Debt service										
Principal	\$ 155,660	\$ 174,654	\$ 224,417	\$ 240,906	\$ 1,348,405	\$ 181,736	\$ 260,153	\$ 285,287	\$ 306,298	\$ 327,079
Interest	87,485	136,152	223,417	211,988	202,624	246,635	111,017	97,979	88,076	77,415
Total debt service expenditures	243,145	310,806	447,834	452,894	1,551,029	428,371	371,170	383,266	394,374	404,494
Total expenditures	\$ 4,591,776	\$ 7,864,314	\$ 5,701,201	\$ 5,594,443	\$ 7,904,781	\$ 7,028,130	\$ 8,424,299	\$ 9,683,318	\$ 8,588,944	\$ 9,092,692
Debt service as a percentage of noncapital expenditures	5.94%	4.39%	9.46%	8.96%	24.45%	9.50%	7.34%	8.03%	11.90%	7.09%
Excess of revenues over (under) expenditures	\$ 892,421	\$ (2,039,371)	\$ 1,027,135	\$ 1,827,865	\$ 1,755,095	\$ 2,052,644	\$ 2,317,407	\$ 2,157,396	\$ 3,179,956	\$ 4,768,237
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	647,587	941,840	671,453	652,670	719,278	1,579,796	1,640,602	1,292,280	1,648,100	1,331,588
Operating transfer out	(1,585,725)	(1,912,300)	(1,765,844)	(1,806,499)	(2,199,402)	(2,817,239)	(3,295,057)	(3,072,698)	(4,086,800)	(5,810,524)
Transfers to record as amount due General Fund	(125,900)	(100,900)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,064,038)	2,137,340	(1,094,391)	(1,153,829)	(760,124)	(825,443)	(1,654,455)	(1,780,418)	(2,438,700)	(4,478,936)
Net changes in fund balance	\$ (171,617)	\$ 97,969	\$ (67,256)	\$ 674,036	\$ 994,971	\$ 1,227,201	\$ 662,952	\$ 376,978	\$ 741,256	\$ 289,301

Source: Annual financial statements of the City of Prineville

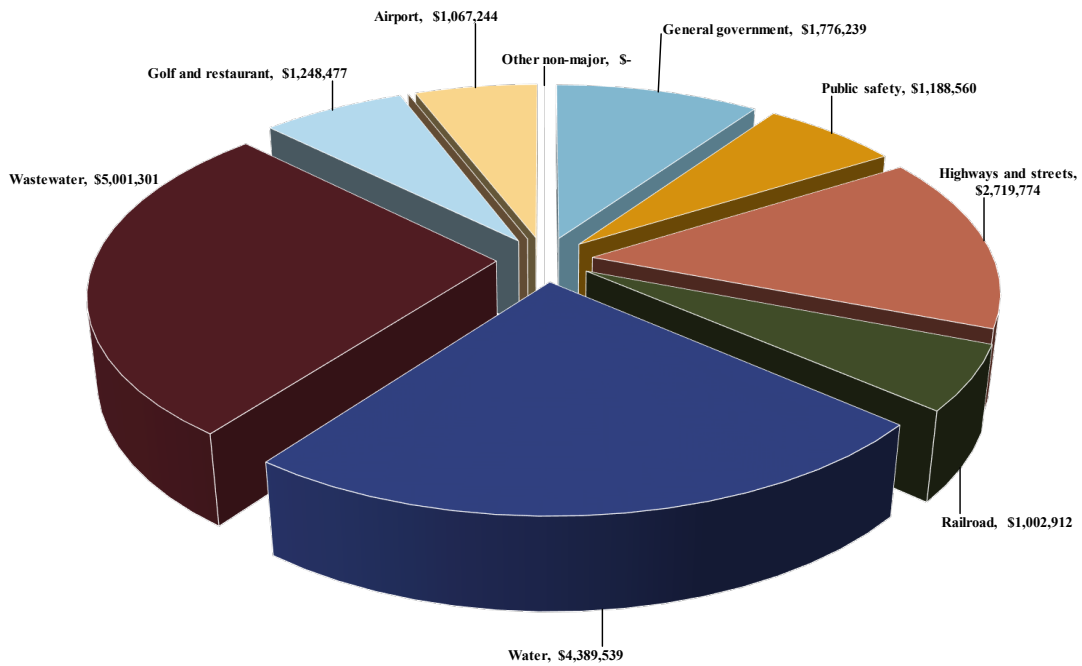
Proceeds from the issuance of debt are as follows: UAL Pension Obligation (OPERS 2014), Barnes Butte property purchase (Iron Horse Note Payable 2017) and Police Cars (Note Payable 2018).

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

	Fiscal year ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
General government	\$ 575,793	\$ 693,655	\$ 165,927	\$ 203,993	\$ 224,543	\$ 113,703	\$ 123,930	\$ 73,136	\$ 403,874	\$ 1,776,239
Public safety	645,333	598,721	807,171	811,367	997,562	1,042,513	1,201,413	1,259,384	1,369,205	1,188,560
Highways and streets	1,081,407	1,133,238	1,221,957	1,363,242	1,299,529	1,504,901	2,195,654	3,118,543	1,789,083	2,719,774
Total governmental activities	\$ 2,302,533	\$ 2,425,614	\$ 2,195,055	\$ 2,378,602	\$ 2,521,634	\$ 2,661,117	\$ 3,520,997	\$ 4,451,063	\$ 3,562,162	\$ 5,684,573
Business-type activities										
Railroad	\$ 1,167,833	\$ 1,073,395	\$ 586,937	\$ 943,182	\$ 1,160,350	\$ 799,732	\$ 733,948	\$ 896,864	\$ 1,063,283	\$ 1,002,912
Water	2,254,944	4,438,792	2,183,160	2,781,035	2,976,606	6,689,985	8,591,461	8,900,458	5,725,714	4,389,539
Wastewater	3,500,055	3,164,476	3,208,361	4,081,021	6,268,420	9,394,751	11,770,846	3,970,477	4,407,363	5,001,301
Golf and restaurant	1,018,414	1,059,556	1,132,478	1,143,167	1,092,074	1,123,087	1,038,266	845,887	1,156,390	1,248,477
Freight depot	138,045	-	-	-	-	-	-	-	-	-
Airport	587,852	1,025,974	803,978	704,347	1,973,312	815,257	2,177,627	1,052,957	694,117	1,067,244
Other non-major	-	-	-	-	-	-	-	-	-	-
Total business-type activities	\$ 8,667,143	\$ 10,762,193	\$ 7,914,914	\$ 9,652,752	\$ 13,470,762	\$ 18,822,812	\$ 24,312,148	\$ 15,666,643	\$ 13,046,867	\$ 12,709,473
Total primary government	\$ 10,969,676	\$ 13,187,807	\$ 10,109,969	\$ 12,031,354	\$ 15,992,396	\$ 21,483,929	\$ 27,833,145	\$ 20,117,706	\$ 16,609,029	\$ 18,394,046

Source: Annual financial statements of the City of Prineville
FY 09 - The Freight Depot was built, but it became part of the Railroad in 2014.

Program Revenues by Function / Program for FY 22



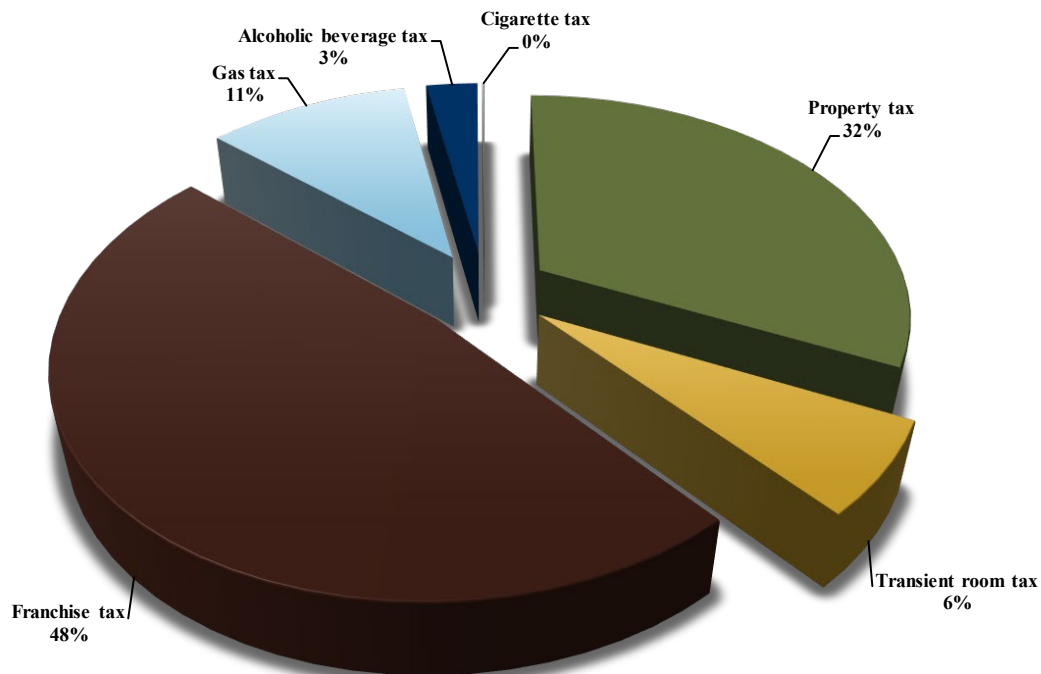
City of Prineville
Governmental Activities Tax Revenue by Source
Unaudited (Modified Accrual Basis of Accounting)
For the Last 10 Fiscal Years

Fiscal year	Property tax	Transient room tax	Franchise tax	Gas tax	Alcoholic beverage tax	Cigarette tax	Total
2013	1,615,461	206,988	1,234,268	500,897	123,257	13,146	\$ 3,694,017
2014	1,676,516	191,015	1,703,395	529,069	129,692	12,457	\$ 4,242,144
2015	1,793,737	253,174	1,864,413	539,215	134,370	12,449	\$ 4,597,357
2016	1,843,406	315,677	2,085,847	557,424	135,430	12,430	\$ 4,950,215
2017	1,963,049	329,514	2,479,972	572,260	146,868	12,132	\$ 5,503,796
2018	2,071,555	339,003	2,740,102	624,833	156,046	12,033	\$ 5,943,572
2019	2,194,108	432,343	3,031,496	721,924	165,904	11,432	\$ 6,557,206
2020	2,297,494	312,000	3,265,674	686,113	180,434	10,999	\$ 6,752,713
2021	2,465,279	400,036	3,775,149	758,319	184,786	9,860	\$ 7,593,430
2022	2,563,020	521,451	3,826,707	853,487	217,842	8,693	\$ 7,991,200

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. A portion is then allocated to the City based upon population.

FY 22 Governmental Activities Tax Revenues by Source



City of Prineville

Assessed Value and Actual Value of Taxable Property

*Unaudited
For the Last 10 Fiscal Years*

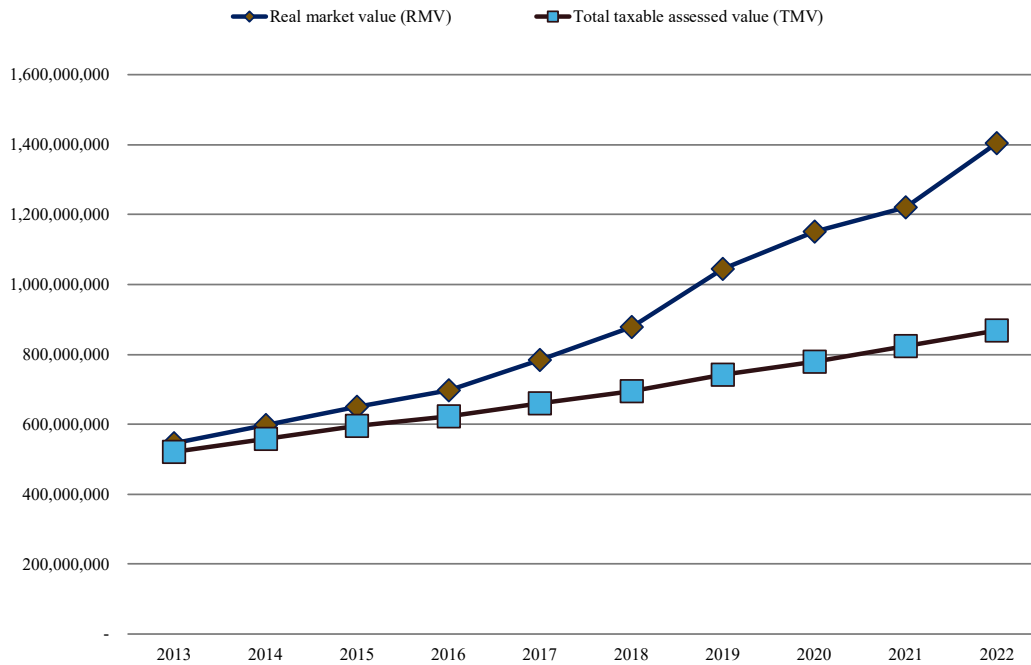
Fiscal year	Real property	Personal property	Manufactured property	Utility property	Total taxable assessed value (TMV)	Total direct tax rate	Real market value (RMV)	Assessed value as a % of real market value (RMV)
2013	-	-	-	-	522,014,110	3.0225	546,110,980	95.588%
2014	518,961,634	21,252,864	2,553,230	14,563,600	557,331,328	3.0225	596,659,061	93.409%
2015	552,573,421	21,488,831	2,999,145	17,852,000	594,913,397	3.0225	651,077,035	91.374%
2016	573,856,718	22,761,299	2,983,543	21,811,200	621,412,760	3.0225	698,143,446	89.009%
2017	609,351,601	25,730,561	3,669,789	20,968,800	659,720,751	3.0225	784,464,701	84.098%
2018	641,938,478	25,452,991	4,036,980	22,496,618	693,925,067	3.0225	877,909,589	79.043%
2019	686,225,060	27,945,603	5,116,303	23,106,200	742,393,166	3.0225	1,045,480,783	71.010%
2020	716,274,861	35,215,826	5,151,601	22,691,100	779,333,388	3.0225	1,152,433,106	67.625%
2021	753,435,303	33,579,676	5,601,395	29,856,100	822,472,474	3.0225	1,221,416,506	67.338%
2022	798,729,809	32,773,787	6,022,661	30,660,900	868,187,157	3.0225	1,403,649,949	61.852%

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

The cost associated with breaking down the past information is not feasible. The assessor began 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 tax rate. The City did not have an additional tax levy in FY 13 through FY 22.



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

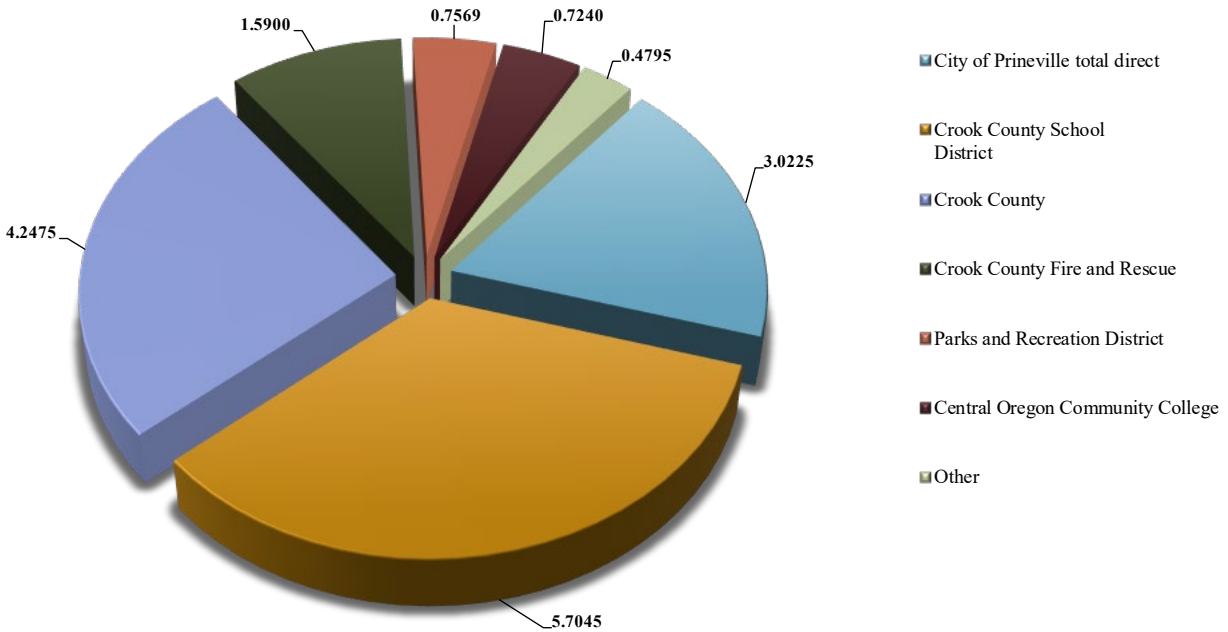
Fiscal year	City direct rates			Overlapping rates (b)						Total direct and overlapping rate
	Permanent tax rate	Bond debt tax rate(a)	City of Prineville total direct	Crook County School District	Crook County	Crook County Fire and Rescue	Parks and Recreation District	Central Oregon Community College	Other	
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	0.4751	16.4694
2018	3.0225	0.0000	3.0225	5.7262	4.3765	1.5900	0.7569	0.7410	0.5035	16.7166
2019	3.0225	0.0000	3.0225	5.6630	4.2692	1.5900	0.7569	0.7318	0.4766	16.5100
2020	3.0225	0.0000	3.0225	5.6293	4.2551	1.5900	0.7569	0.7297	0.4853	16.4688
2021	3.0225	0.0000	3.0225	5.7045	4.2475	1.5900	0.7569	0.7240	0.4795	16.5249
2022	3.0225	0.0000	3.0225	5.7045	4.2475	1.5900	0.7569	0.7240	0.4795	16.5249

Source: Crook County Assessor's Office

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) 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 FY 22



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

Taxpayer	FY 2022			FY 2013		
	Taxable assessed value*	Rank	Percentage of total city taxable assessed value**	Taxable assessed value*	Rank	Percentage of total city taxable assessed value**
LS Propdrop LLC (Les Schwab)	\$ 18,658,730	1	2.149%	\$ 8,501,229	2	1.629%
Property & Revenue Tax Manager (Pacifcorp)	14,293,000	2	1.646%			
Apple Inc.	9,779,920	3	1.126%	9,569,600	4	1.833%
Vitesse LLC	7,721,830	4	0.889%			
ET 101 LLC (formally Contact Industries)	7,277,750	5	0.838%			
Harrison Industries LLC	6,504,500	6	0.749%			
Les Schwab Warehouse Center Inc	5,683,710	7	0.655%			
Lumen Technologies (formerly CenturyLink)	5,574,000	8	0.642%			
Colony Capital - Healthcare	5,263,220	9	0.606%			
Secure Storage of Prineville LLC	4,721,930	10	0.544%			
Clear Pine Moulding Inc				10,426,900	1	1.997%
WG Prineville LLC				5,087,337	3	0.975%
A HC Reit II Prineville OR ALF LLC				3,772,364	5	0.723%
New Systems Venture				3,688,013	6	0.706%
Amity Mtn. Development LLC				3,108,560	7	0.595%
South Valley Bank & Trust				2,504,848	8	0.480%
Barney Brian and Laura				2,358,828	9	0.452%
Stafford G W LLC				2,383,127	10	0.457%
Total	\$ 85,478,590		9.846%	\$ 51,400,806		9.847%
City assessed value	<u>\$ 868,187,157</u>			<u>\$ 522,014,110</u>		

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

*Taxable assessed values only include property taxes with the City of Prineville city limits and are estimates based on records provided by Crook County and research through the property assessment taxation website at <http://apps.lanecounty.org/PropertyAssessmentTaxationSearch/crook>

**Percentage of total city taxable assessed value = taxable assessed value / city assessed value

City of Prineville
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)
2013	1,577,563	1,476,165	94%	68,448	1,544,613	98%
2014	1,684,361	1,593,602	95%	55,086	1,648,689	98%
2015	1,803,653	1,713,778	95%	67,308	1,781,086	99%
2016	1,880,116	1,783,248	95%	72,376	1,855,624	99%
2017	2,009,479	1,900,706	95%	74,369	1,975,075	98%
2018	2,106,576	2,006,116	95%	74,850	2,080,966	99%
2019	2,234,192	2,131,765	95%	68,729	2,200,494	98%
2020	2,358,978	2,239,654	95%	72,455	2,312,109	98%
2021	2,486,305	2,369,264	95%	29,111	2,398,375	96%
2022	2,624,096	2,512,738	96%	-	2,512,738	96%

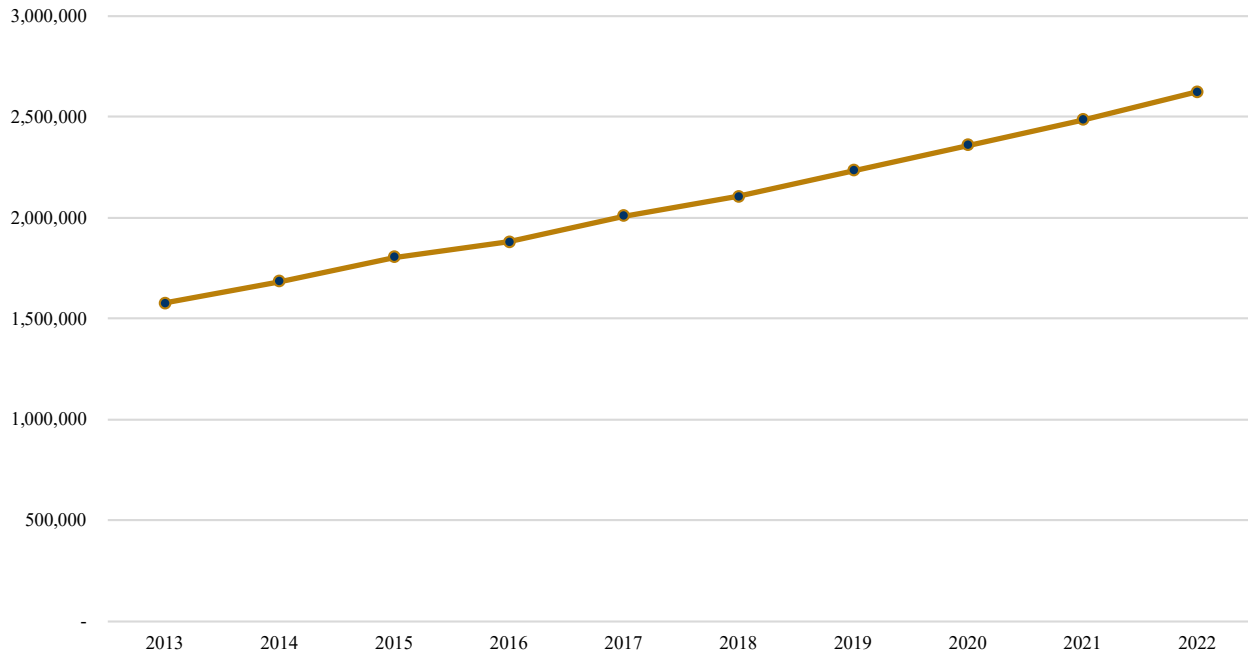
Source: Annual financial statements of the City of Prineville and Crook County Assessor

(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.

Taxes Levied



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

Governmental activities

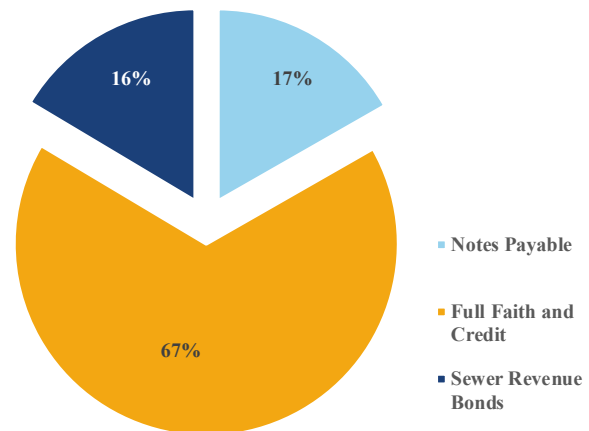
Fiscal year	General obligation bonds	Special assessment bonds	Capital leases	State agencies	Notes payable	Full faith and credit obligations	Total governmental activities
2013	-	-	-	-	258,700	2,924,780	3,183,480
2014	-	-	-	-	209,007	5,709,527	5,918,534
2015	-	-	-	-	158,311	5,491,382	5,649,693
2016	-	-	-	-	129,824	5,257,078	5,386,902
2017	-	-	-	-	98,555	4,632,720	4,731,275
2018	-	-	-	-	66,508	4,775,466	4,841,974
2019	-	-	-	-	33,663	8,160,953	8,194,616
2020	-	-	-	-	-	9,977,799	9,977,799
2021	-	-	-	-	-	9,280,974	9,280,974
2022	-	-	-	-	184,940	8,551,997	8,736,937

Business-type activities

Fiscal year	Water revenue bonds	Sewer revenue bonds	Full faith and credit obligations	State agencies	Notes payable	Capital leases	Total business-type activities
2013	505,000	6,504,435	8,085,000	-	480,220	-	15,574,655
2014	465,000	6,105,534	7,915,000	-	349,860	-	14,835,394
2015	425,000	5,694,820	7,882,841	-	390,869	-	14,393,530
2016	380,000	5,271,942	7,672,589	-	228,406	-	13,552,937
2017	335,000	4,836,541	7,392,342	-	4,827,208	-	17,391,091
2018	-	4,388,244	5,315,000	-	4,857,331	-	14,560,575
2019	-	3,943,840	5,054,000	-	4,738,987	-	13,736,827
2020	-	3,886,136	4,713,000	-	4,211,116	-	12,810,252
2021	-	3,826,844	4,364,001	-	6,638,564	-	14,829,409
2022	-	3,765,923	6,752,304	-	3,649,165	-	14,167,391

Total primary government

Fiscal year	Total primary government	Percentage of income	Per capita
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	6.12%	1,938
2019	21,931,443	6.46%	2,146
2020	22,788,051	6.35%	2,201
2021	24,110,383	6.09%	2,184
2022	22,904,328	4.70%	1,989



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, the Notes to the Financial Statements, and the Other Financial Schedules sections of the report.

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

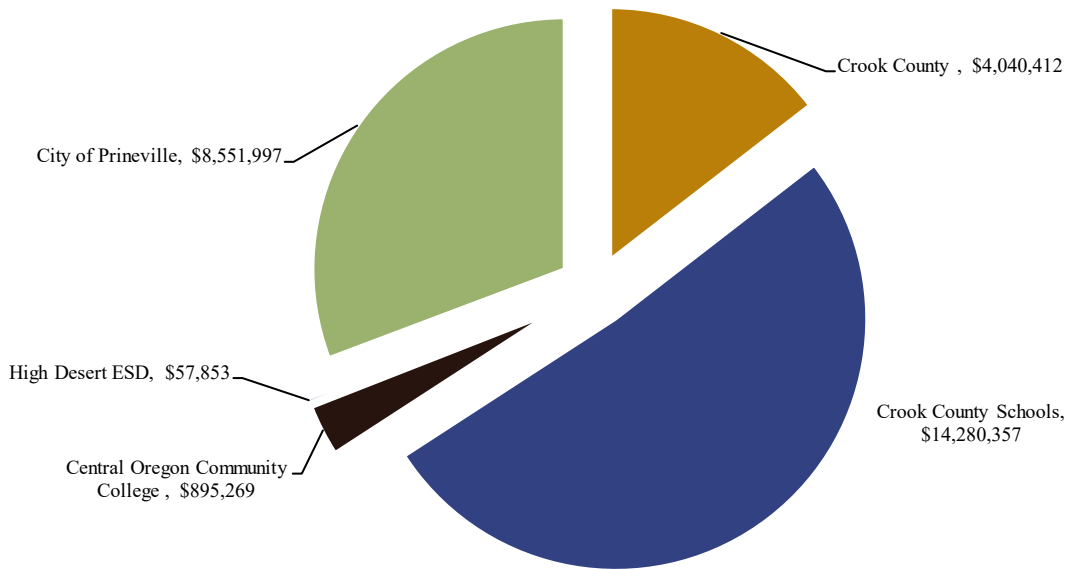
Fiscal year	General bonded debt outstanding			Amounts restricted for debt service	Net general bonded debt outstanding	Assessed value	Ratio of bonded debt to assessed value	Population	General bonded debt per capita	
	Full faith and credit obligation bonds	General obligations	Limited tax improvement bonds							Total
2013	11,009,780	-	-	11,009,780	105,000	10,904,780	522,014,110	2.11%	9,270	1,187.68
2014	13,624,527	-	-	13,624,527	105,000	13,519,527	557,331,328	2.44%	9,385	1,451.73
2015	13,374,223	-	-	13,374,223	105,000	13,269,223	594,913,397	2.25%	9,385	1,425.06
2016	12,929,667	-	-	12,929,667	105,000	12,824,667	621,412,760	2.08%	9,645	1,340.56
2017	12,025,062	-	-	12,025,062	105,000	11,920,062	659,720,751	1.82%	9,928	1,211.23
2018	10,090,466	-	-	10,090,466	105,000	9,985,466	693,925,067	1.45%	10,010	1,008.04
2019	13,214,953	-	-	13,214,953	105,000	13,109,953	742,393,166	1.78%	10,220	1,293.05
2020	14,690,799	-	-	14,690,799	105,000	14,585,799	779,333,388	1.89%	10,335	1,421.46
2021	13,644,975	-	-	13,644,975	105,000	13,539,975	822,472,474	1.66%	11,042	1,235.73
2022	15,304,301	-	-	15,304,301	-	15,304,301	<u>\$ 868,187,157</u>	1.76%	11,513	1,329.31

City of Prineville
Direct and Overlapping Debt
Unaudited
As of June 30, 2022

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	\$ 4,544,574,618	\$ 13,080,000	30.89%	\$ 4,040,412
Crook County Schools	4,578,149,172	46,576,508	30.66%	14,280,357
Central Oregon Community College	65,710,001,434	41,835,000	2.14%	895,269
High Desert ESD	61,366,934,600	2,526,324	2.29%	57,853
Crook County Fire and Rescue	4,273,461,108	809,200	32.85%	265,822
Subtotal Overlapping Debt	\$ 140,473,120,932	\$ 104,827,032		19,539,713
Direct debt outstanding:				
City of Prineville	1,403,649,949	8,551,997	100.00%	8,551,997
Total direct and overlapping debt				\$ 28,091,710

Source: Oregon State Treasury Overlapping Debt report for the City of Prineville as of June 30, 2022 and annual financial statements from the City of Prineville

Direct and Overlapping Debt Applicable to the City of Prineville



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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 16,383,329	\$ 17,899,772	\$ 19,532,311	\$ 20,944,303	\$ 23,533,941	\$ 26,337,288	\$ 31,364,423	\$ 34,572,993	\$ 36,642,495	\$ 42,109,498
Total net debt applicable to limit	-	2,889,882	2,695,000	3,993,207	3,409,649	4,610,167	4,569,069	22,683,049	6,533,654	3,834,105
Debt margin	\$ 16,383,329	\$ 15,009,890	\$ 16,837,311	\$ 16,951,096	\$ 20,124,292	\$ 21,727,121	\$ 26,795,354	\$ 11,889,944	\$ 30,108,841	\$ 38,275,393
Total net debt applicable to the limit as a percentage of debt limit	0.0%	16.1%	13.8%	19.1%	14.5%	17.5%	14.6%	65.6%	17.8%	9.1%

Legal Debt Margin Calculation for Fiscal Year 2022

Total real market value of real estate within Prineville	\$1,403,649,949
Debt limitation - 3% of total real market value	3.0%
Legal debt limit	\$ 42,109,498
Amount of debt applicable to debt limit	\$ 22,904,328
Less debt excluded from debt limit:	
Full faith and credit obligations	\$ (15,304,301)
Revenue bonds	\$ (3,765,923)
Total general obligation bonded debt	\$ 3,834,105
Less: amount held for repayment of principal	\$ -
Net amount of debt applicable to debt limit	\$ 3,834,105
Legal debt margin	\$ 38,275,393

- (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
Pledged Revenue Coverage
Unaudited
For the Last 10 Fiscal Years

Fiscal year ended June 30,	Gross revenues	Less direct operating expenses	Net revenue available for debt service	Debt service requirements			Coverage
				Principal	Interest	Total	
Wastewater							
2013	3,269,055	2,068,006	1,201,049	407,500	407,200	814,700	1.47
2014	3,164,486	1,518,412	1,646,074	458,900	395,314	854,214	1.93
2015	3,208,361	1,663,175	1,545,186	490,714	385,642	876,356	1.76
2016	3,952,199	1,731,903	2,220,296	507,878	358,767	866,645	2.56
2017	5,850,679	1,938,683	3,911,996	560,401	352,063	912,464	4.29
2018	9,251,289	2,035,973	7,215,316	6,709,395	380,877	7,090,272	1.02
2019	11,757,992	2,327,502	9,430,490	656,516	313,514	970,030	9.72
2020	3,823,007	2,639,268	1,183,739	719,100	290,572	1,009,672	1.17
2021	4,126,595	2,749,272	1,377,323	739,336	270,253	1,009,589	1.36
2022	4,357,392	4,058,261	299,131	5,704,474	193,343	5,897,817	0.05

Source: Annual financial statements of the City of Prineville

Fiscal year ended June 30,	Gross revenues	Direct operating expenses	Net revenue available for debt service	Debt service requirements			Coverage
				Principal	Interest	Total	
Water							
2013	1,833,269	1,339,991	493,278	140,000	139,241	279,241	1.77
2014	2,001,548	1,262,506	739,042	140,000	135,541	275,541	2.68
2015	2,183,160	1,423,363	759,797	140,000	135,541	275,541	2.76
2016	2,554,213	1,491,150	1,063,063	150,000	124,243	274,243	3.88
2017	2,597,543	1,645,144	952,399	160,000	118,676	278,676	3.42
2018	6,537,222	1,672,498	4,864,724	500,408	87,862	588,270	8.27
2019	8,522,709	2,367,439	6,155,270	101,990	60,818	162,808	37.81
2020	8,796,006	1,958,414	6,837,592	136,602	57,614	194,215	35.21
2021	3,547,702	2,231,162	1,316,540	140,293	53,958	194,251	6.78
2022	3,469,917	2,702,467	767,450	2,058,002	51,590	2,109,592	0.36

Source: Annual financial statements of the City of Prineville

City of Prineville

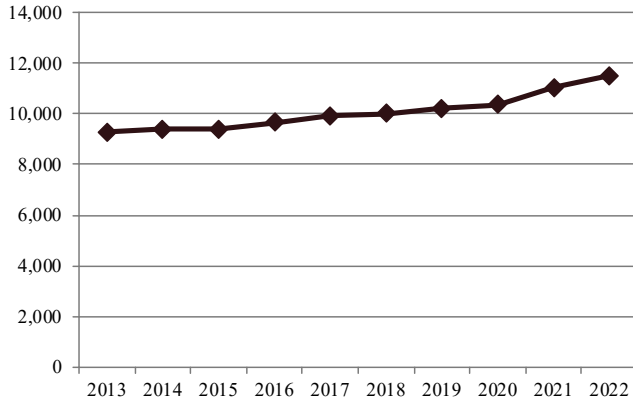
Demographic and Economic Statistics

*Unaudited
For the Last 10 Fiscal Years*

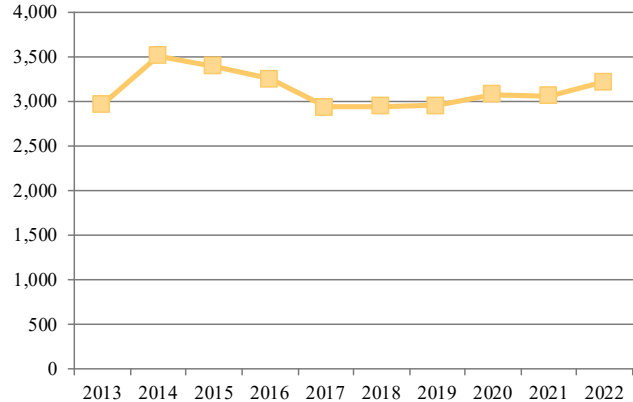
Fiscal year	Population	Total RMV	Median household income	School enrollment	Unemployment rate
2013	9,270	546,110,980	29,959	2,964	12.60%
2014	9,385	596,659,061	29,249	3,508	8.40%
2015	9,385	651,077,035	30,291	3,391	8.20%
2016	9,645	698,143,446	31,669	3,250	7.10%
2017	9,928	784,464,701	30,291	2,936	5.50%
2018	10,010	877,909,589	31,669	2,942	5.40%
2019	10,220	1,045,480,783	33,195	2,946	4.00%
2020	10,355	1,152,433,106	34,630	3,071	13.30%
2021	11,042	1,221,416,506	35,871	3,060	7.40%
2022	11,513	1,403,660,999	42,298	3,216	4.70%

Source: Crook County Assessor, Economic Development of Central Oregon, Portland State University Population Research Center, State of Oregon Department of Education, State of Oregon, Employment Department and the United States Census Bureau

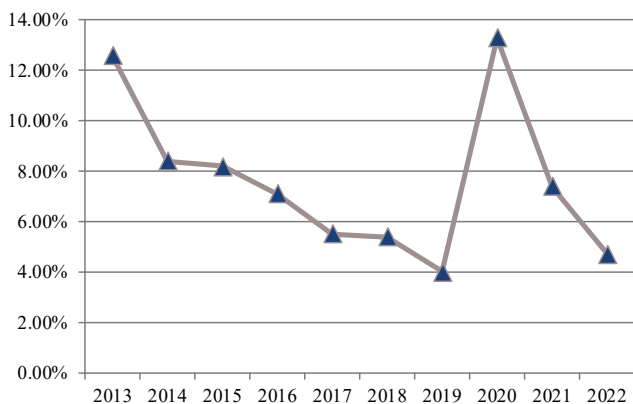
Population Statistics



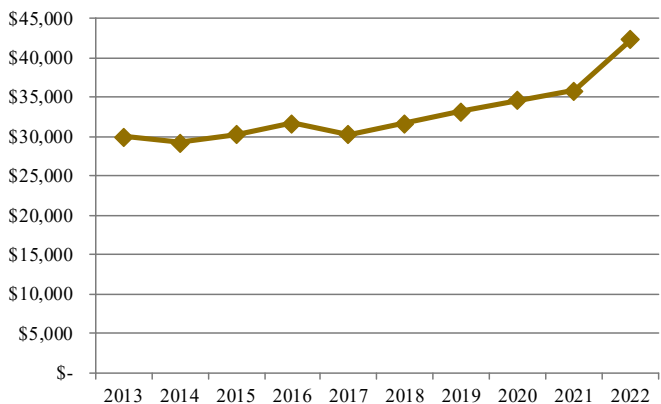
School Enrollment



Unemployment Rate Statistics



Median Household Income



City of Prineville
Principal Employers
Unaudited
Current and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Les Schwab Prineville Operations	444	1	9.29%	403	1	*
Rosendin Electric Inc.	415	2	8.68%			
Crook County School District	408	3	8.53%	335	2	*
Meta Platforms, Inc. - Facebook Data Center	350	4	7.32%			
Crook County	234	5	4.89%	170	7	*
Ochoco National Forest	219	6	4.58%	180	6	*
St. Charles Health System	217	7	4.54%			
Endura Products (formerly Contact Industries)	206	8	4.31%	180	5	*
Bureau of Land Management	182	9	3.81%	137	8	*
Western Heavy Haul & SMAF	171	10	3.58%			
Brasada Ranch				111	9	*
Pioneer Memorial Hospital				219	4	*
Woodgrain Millwork				236	3	*
GFP Emergency Services				96	10	*
Total	2,846		59.53%	2,067		*

Source: Economic Development of Central Oregon

*Information not available

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

Function / Program	Fiscal year ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Police	18.16	18.73	18.73	19.07	19.41	19.41	21.41	21.16	22.70	23.00
Dispatch	9.08	9.08	9.08	10.40	11.06	10.75	10.75	10.84	11.30	11.30
Planning	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public works										
Streets	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Water	-	-	-	-	-	-	-	-	-	-
Sewer	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
PW administration	10.25	10.25	10.25	12.00	12.00	12.00	13.00	14.00	14.00	14.00
Railroad	3.00	2.00	3.00	3.00	3.00	4.00	3.00	4.00	4.00	4.00
Freight depot	1.00	1.00	-	-	-	-	-	-	-	-
Airport	1.00	1.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
Golf	6.00	6.00	7.00	7.00	5.00	5.00	5.00	3.00	3.00	3.00
General government										
Administration	11.00	11.50	11.50	11.50	12.00	12.00	11.00	12.00	13.00	14.00
Total FTEs	65.49	65.56	67.56	69.97	69.47	70.16	70.16	71.00	74.00	76.30
City Population	9,270	9,385	9,385	9,645	9,928	10,010	10,220	10,355	11,042	11,513
FTEs per 1,000 of Popul	7.06	6.99	7.20	7.25	7.00	7.01	6.86	6.86	6.70	6.63

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

FY 13 - Utility workers non-specific to a certain PW department were moved to PW administration in order to track time more efficiently.

FY 17 - The golf course did an employee restructuring.

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

Function / Program	Fiscal year ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Public safety*										
Seatbelt	50	15	23	11	4	8	11	29	32	14
Speeding	42	40	33	17	26	20	36	13	11	34
Motor vehicle accidents/accidents	207	241	270	203	186	162	126	49	9	8
Community development										
Residential applications	34	51	54	76	134	119	129	109	138	152
Commercial applications	40	34	44	27	43	33	33	18	31	41
SDC fees collected	\$ 360,041	\$ 254,850	\$ 592,466	\$ 843,658	\$ 652,333	\$ 8,679,175	\$ 11,439,765	\$ 6,556,939	\$ 2,863,827	\$ 1,489,897
Business-type activities:										
Water										
Service connections	3,470	3,504	3,506	3,556	3,665	3,758	3,806	3,947	4,069	4,243
Average monthly consumption (units)	52,238	51,977	54,211	65,674	58,807	61,044	64,523	63,576	77,760	76,200
Water rates	\$ 15.77	\$ 16.24	\$ 17.21	\$ 17.73	\$ 18.26	\$ 18.81	\$ 17.87	\$ 18.23	\$ 19.15	\$ 20.12
Sanitary sewer										
Service connections	3,592	3,592	3,615	3,653	3,718	3,791	3,863	3,878	4,019	4,035
Average daily sewage treatment	947,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,167,118
Sewer rates	\$ 46.84	\$ 48.25	\$ 49.70	\$ 51.81	\$ 53.73	\$ 55.72	\$ 52.93	\$ 52.93	\$ 52.93	\$ 55.61
Golf										
Rounds of play	26,707	27,900	28,044	27,135	23,313	23,564	23,682	25,920	32,253	33,591
Pro shop sales	\$ 72,650	\$ 85,177	\$ 98,716	\$ 94,638	\$ 90,725	\$ 95,080	\$ 110,868	\$ 112,303	\$ 165,224	\$ 183,445
Railroad										
Freight revenue	\$ 278,673	\$ 212,167	\$ 236,040	\$ 339,255	\$ 336,765	\$ 306,355	\$ 261,990	\$ 262,037	\$ 274,330	\$ 268,447
Airport**										
Fuel sales	\$ 455,949	\$ 566,868	\$ 507,296	\$ 519,490	\$ 427,078	\$ 403,692	\$ 488,283	\$ 313,846	\$ 468,630	\$ 752,006

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

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

*Public Safety records are based on a calendar year. The information for each FY reflects records for the previous calendar year (Jan 1 - Dec 31).

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

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

Activities	Fiscal year ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	12	15	15	15	17	23	20	20	20	21
Streets										
Street (center lane miles)	55.6	56.9	56.9	56.9	56.9	57.7	57.7	57.7	57.7	58.9
Sidewalks	30.0	31.5	33.4	35.8	35.8	36.6	36.6	36.6	36.6	38.6
Water										
Lineal miles of system	43	43	48	48	48	48	48	48	48	80
Water capacity (MGD)	4.50	4.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
ASR Treatment capacity (MGD)*****									2.88	2.88
Sewer										
Lineal miles of system	40	44	44	44	44	44	44	48	48	65
Treatment capacity (MGD)	1.67	1.67	1.67	1.67	1.67	2.37	2.37	2.37	2.37	2.60
Railroad										
Diesel locomotives	3	4	4	4	4	4	4	4	4	3
Steam locomotives**	1	1	1	1	1	1	1	1	1	1
Cars	9	9	8	8	8	8	8	8	8	8
Main track (miles)	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01
Yard track (miles)	2.46	2.46	2.46	2.46	2.46	2.46	2.46	2.46	2.46	2.46
Industrial track (miles)	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45	2.45
Transload facilities***	2	2	2	2	2	2	2	2	2	2
Public team track (acres)	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Airport****										
Runways	2	2	2	2	2	2	2	2	2	2
Terminal	1	1	1	1	1	1	1	1	1	1
Golf										
Club house	1	1	1	1	1	1	1	1	1	1
18 hole course	1	1	1	1	1	1	1	1	1	1

Source: Capital asset information provided by City of Prineville department heads.

**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.

***** The ASR Treatment plant was put into service March, 2021

Compliance Section

Independent Auditors' Report Required by State of Oregon Regulations

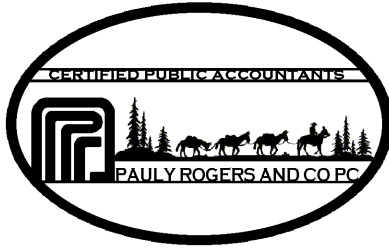


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City of Prineville

Independent Auditors' Report Required by State of Oregon Regulations

Year Ended June 30, 2022



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

January 13, 2023

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, 2022, and have issued our report thereon dated January 13, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

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).**
- **Programs funded from outside sources**

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.

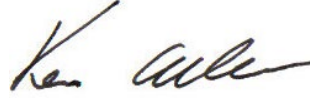
City of Prineville

Independent Auditors' Report Required by State of Oregon Regulations

Year Ended June 30, 2022

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.

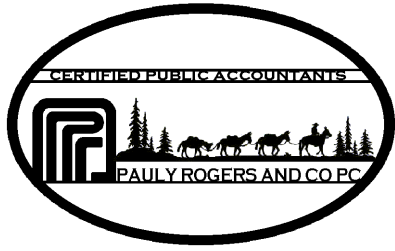
City of Prineville
Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

PROGRAM TITLE:	PASS THROUGH ORGANIZATION	FEDERAL ASSISTANCE NUMBER	IDENTIFYING NUMBER	PERIOD COVERED	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
US DEPARTMENT OF AGRICULTURE						
Wood Utilization Assistance	Direct	10.674	20-DG-11062765-734	7/1/21-6/30/22	\$ <u>120,610</u> \$	-
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
Community Development Block Grant - Regional Housing	Oregon Business Development Department	14.228	B-19-DC-41-0001	1/24/20-6/30/22	192,460	-
Community Development Block Grant - Senior Center	Oregon Business Development Department	14.228	B-19-DC-41-0001	7/1/19-6/30/22	<u>13,432</u>	-
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>205,892</u>	<u>-</u>
US DEPARTMENT OF THE TREASURY						
Coronavirus State and Local Fiscal Recovery Funds (covid)	Oregon Department of Administrative Services	21.027	NA	7/1/21-6/30/22	2,384,182	-
Coronavirus State and Local Fiscal Recovery Funds (covid)	Oregon Department of Administrative Services	21.027	SLFRP4454	7/1/21-6/30/22	<u>19,120</u>	-
TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>2,403,302</u>	<u>-</u>
US DEPARTMENT OF TRANSPORTATION						
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs (covid)	Crook County	20.106	92-03, 92-04	1/1/22-6/30/22	<u>32,000</u>	-
					<u>\$ 2,761,804</u> \$	<u>-</u>



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www.paulyrogersandcocpas.com

January 13, 2023

To the City Council
City of Prineville, Oregon

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Prineville as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated January 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis.

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

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

Report on Compliance and Other Matters

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

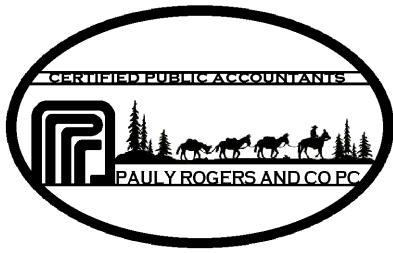
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance.

This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



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January 13, 2023

To the City Council
City of Prineville, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Prineville's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Prineville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Prineville and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other

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

City of Prineville
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reported in accordance with section 515(d)(2) of the Uniform Guidance? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance? yes no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER **NAME OF FEDERAL PROGRAM CLUSTER**

21.027 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and B programs \$750,000

Auditee qualified as low-risk auditee? yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance.

3. FEDERAL LOAN PROGRAMS

The federal loan programs listed subsequently are administered directly by the entity and balances and transactions relating to the programs are included in the entity’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding as of June 30, 2022 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at 6/30/2022</u>
10.760	Water and Waste Disposal Systems for Rural Communities	\$ 3,765,922



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