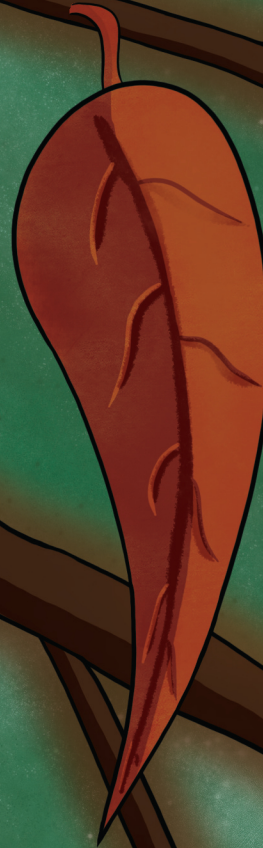


City of Prineville, Oregon
Comprehensive Annual Financial Report
Year Ended June 30, 2015



**City of Prineville, Oregon
Comprehensive Annual Financial Report
Year Ended June 30, 2015**



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**City of Prineville, Oregon
Comprehensive Annual Financial Report
Year Ended June 30, 2015**

Prepared by:
Finance Department
City of Prineville, Oregon

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



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Introductory Section

**Letter of Transmittal
Elected and Appointed Officials
Organization Chart**



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December 21, 2015

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

We hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Prineville, Oregon (the “City”) for the fiscal year ended June 30, 2015.

This report presents the financial position of the City as of June 30, 2015 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, 2015. The independent auditor’s opinion is located at page 11 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 13, immediately following the independent auditor’s report.

Prineville and Its Services

Prineville is a community where citizens, civic organizations, businesses and city government work together to ensure that the community retains its hometown identity, high quality of life, and its natural beauty. The City incorporated in 1880, and today serves a population of 9,385. It is close to the region’s business core and more urban amenities, with Bend approximately thirty miles to the southwest and the regional airport in Redmond approximately twenty miles west. The City provides a small-town atmosphere with its historic county courthouse building, other pioneer-era buildings and residential dwellings, and the contemporary architecture of newer homes. Prineville is the gateway to recreation in the Ochoco National Forest and Prineville Reservoir.

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

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

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

Local Economy

The City's economy is linked with that of the entire Central Oregon region. Recently, Facebook and Apple constructed major data centers in Prineville, which help to diversify the economy. Prineville serves as a hub-community for residents of Crook County, with significant commercial and industrial development. The largest employers in Prineville include Les Schwab Distribution Facility, Crook County School District, Contact Industries, St. Charles Hospital, Ochoco National Forest, Facebook Data Center, Bureau of Land Management, Western Heavy Haul, SMAF, and Pioneer Cut Stock. Additionally, agriculture plays a significant cultural and economic role in Prineville.

Long-term Financial Planning

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

Along with the adoption of the fiscal year 2016 budget, certain utility rate fee increases were approved by the City Council with the support of the Citizens' Budget Committee and the Finance Committee. Effective July 1, 2015, rate increases of 3 percent for water and 4.25 percent for wastewater were approved. Similar annual incremental, not to exceed cost-of-living increases are anticipated in the future.

In regards to the City's long-term debt obligations, the City had a total of \$19.9 million in long-term debt obligations including \$13.8 million in full faith and credit obligations, including \$1.2 million in special assessment debt, and \$6.1 million in revenue bonds as of June 30, 2015.

City's Credit Ratings

In August 2014 Standard and Poor's rating services affirmed the City's "A+" long term rating, their rationale was cited as the City has "strong financial management, very strong budgetary flexibility, very strong liquidity, strong budgetary performance, adequate debt and contingent liabilities, and a strong institutional framework".

Major Initiatives

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

In preparing the budget for fiscal year 2016, 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: locating a police station site, urban and growth management, utility infrastructure, finances, urban renewal, recreation and culture, and partnerships with other agencies. Additionally, the City's Finance Committee, consisting of Councilors Steve Uffelman, Gail Merritt and Jack Seley, continue their focus on long-range financial stability, sustainability and audit oversight, and improving all finance processes.

Awards

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

Distinguished Budget Presentation Award. The City received the *Distinguished Budget Presentation Award* for its fiscal year 2014-15 budget document from the GFOA, making it the tenth consecutive City budget document to receive this award. The award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a governmental entity, its financial staff, and its management. This international award program was first established in 1984 to encourage exemplary budgetary practices and to provide peer recognition for government finance officers who prepare budget documents. Budget proficiency is rated in four major categories: as a policy document, an operations guide, a financial plan, and a communications device.

Acknowledgements

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

Respectfully submitted,

Steve Forrester
City Manager

Liz Schuette
Finance Director

Elected Officials	Term Expires
Betty Roppe, Mayor	December 31, 2016
Gail Merritt, Councilor	December 31, 2016
Jeff Papke, Councilor	December 31, 2019
Jason Carr, Councilor	December 31, 2016
Jason Beebe, Councilor	December 31, 2016
Jack Seley, Councilor	December 31, 2019
Steve Uffelman, Councilor	December 31, 2019

Appointed Officials	Position
Steve Forrester	City Manager
Carl Dutli	City Attorney

Management Team	Position
Les Stiles	Police Chief
Kelly Coffelt	Airport Manager
James Wilson	IT Director
Phil Stenbeck	Planning Director
Eric Klann, P.E.	Public Works Director/City Engineer
Zach Lampert	Head Golf Professional/Facility Manager
Mary Puddy	Team Services Director
Liz Schuette	Finance Director
Matt Wiederholt	Railroad and Freight Depot Manager

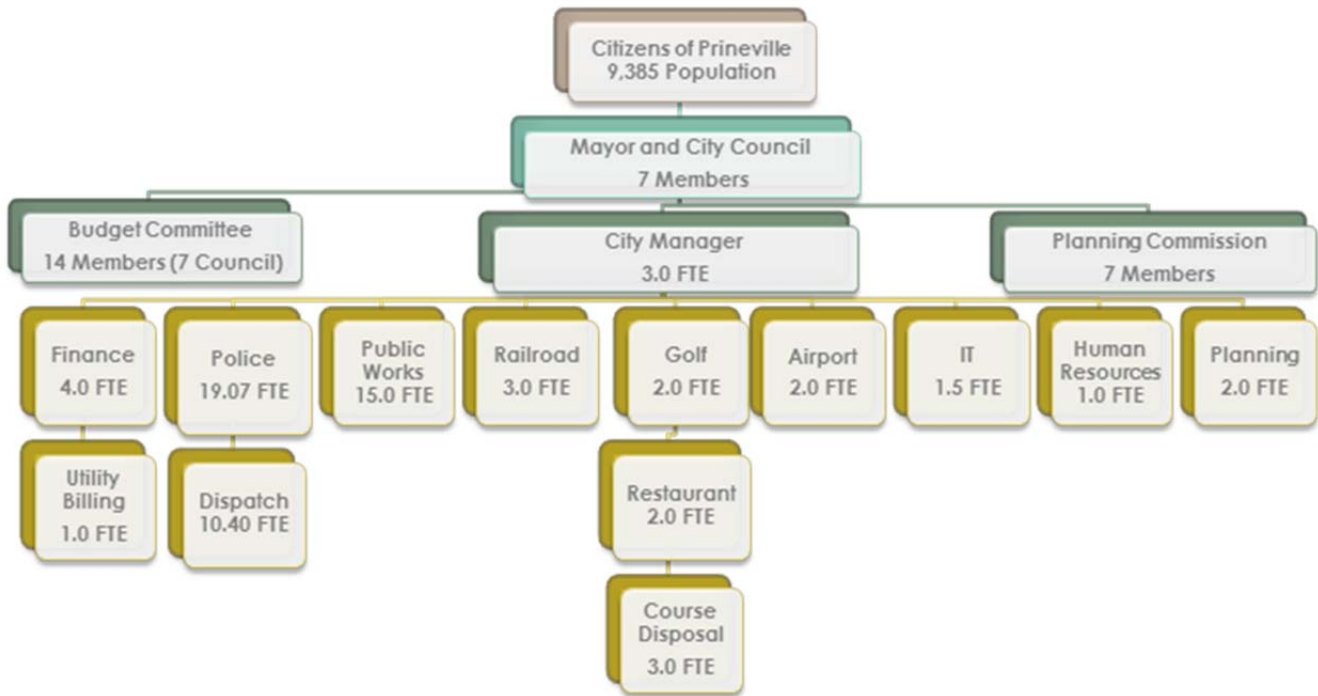
City Hall

387 NE Third St.
 Prineville, Oregon 97754
 (541) 447-5627

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City of Prineville, Oregon Organization Chart

Year Ended June 30, 2015





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Financial Section

Independent Auditor's Report Management's Discussion and Analysis



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PAULY, ROGERS, AND Co., P.C.
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(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 21, 2015

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prineville as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prineville, as of June 30, 2015, 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.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 68, Accounting and Reporting for Pensions, as well as the provisions of GASB Statement No. 71, Pensions Transition for Contributions Made Subsequent to the Measurement Date, for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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

Other Information

The listing of council members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2015, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

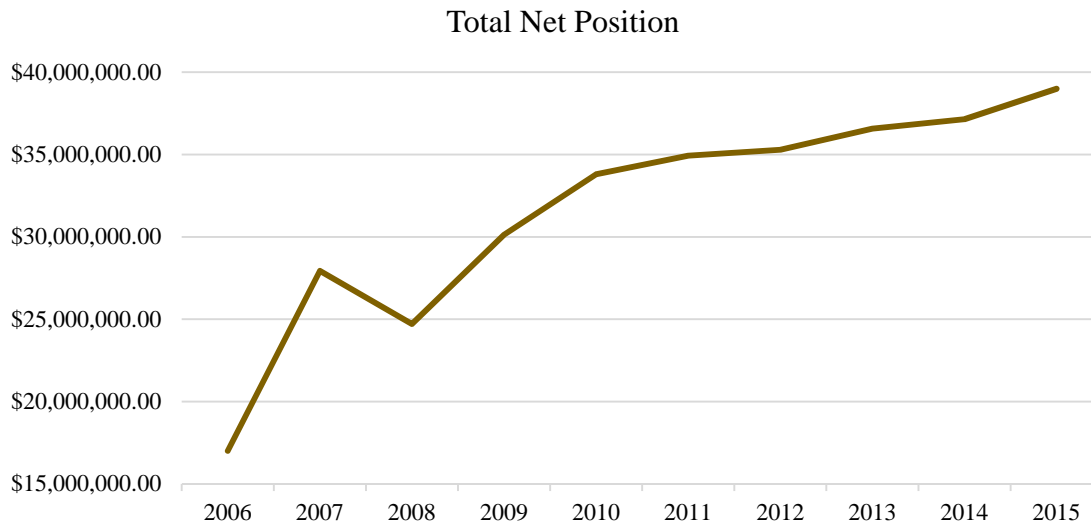
City of Prineville, Oregon
Management’s Discussion and Analysis

Year Ended June 30, 2015

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, 2015. 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 assets of the City of Prineville exceeded its liabilities on June 30, 2015 by \$46.9 million. Of this amount, \$5.8 million is unrestricted and may be used to meet the City’s ongoing obligations to citizens and creditors.
- Total net position increased by \$4,896,205, roughly 11 percent (11.5%) during fiscal year 2015. Unrestricted net assets decreased \$101,564 or approximately 1 percent (1.7%) from June 30, 2014.
- As of June 30, 2015, the unassigned fund balance in the general fund was \$797,059, a decrease of \$23,539 (-2.9%) and approximately 29 percent (29.5%) of total general fund 2014-15 expenditures.
- The City of Prineville’s total debt decreased \$868,546, roughly 4 percent (4.2%), during the fiscal year ended June 30, 2015. The City issued a \$176,725 debt obligation for the acquisition of golf carts during the fiscal year, while paying principal of \$1,045,271 of previously issued debt.
- Debt per capita decreased from \$2,216 to \$2,136 (-3.7%), with a City population of 9,385.



Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City of Prineville’s basic financial statements. These basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2015

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 and liabilities, with the difference between the two reported as *net position*. Over time increases or decreases in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the fiscal year ended June 30, 2015. 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, city planning, and public streets. The business-type activities include railroad/freight depot, golf, airport, and public works, including water and wastewater.

The City's government-wide financial statements begin on page 24 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 evaluation 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 seven individual governmental funds and three internal service funds performing governmental activities during the fiscal year ended June 30, 2015. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* for the general fund and the City's other major funds (emergency dispatch, transportation, transportation system development charges, local improvement district debt service, and pension obligation debt service). Data from all other governmental funds are combined into a single, aggregated presentation. Individual data for each of these non-major

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2015

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 26-30 of this report.

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

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

The "Basic Proprietary Funds Financial Statements" can be found beginning on page 31.

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 38.

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.

Government-wide Financial Analysis

Due to the implementation of GASB Statements 68 and 71, beginning net position was restated as of July 1, 2014 to account for the net pension liability and pension related deferred inflows and outflows as of the beginning of the year based on the actuarial data provided by Oregon Public Employees Retirement System (OPERS) for the prior measurement date. Because the prior measurement valuation only provides data for restatement of the beginning of the current fiscal year (2014-15), and no prior measurement data was provided by the actuaries related to the fiscal year ended June 30, 2013, there is no way to restate the prior year (2013-14) data for the purposes of the comparison in the MD&A. Therefore, the 2013-14 information has been presented in the same manner as it was in last year's report. Pension expense was allocated to the functions in 2014-15, which created significant unusual variances. Comparative data will be provided in the MD&A in future years.

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 exceed liabilities by \$46.9 million at June 30, 2015.

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, \$39.0 million, 83 percent (83.1%) of total net assets. The City's net investment in capital assets in water and wastewater utilities represent approx. 53 percent (52.8%) of total capital assets.

- The net position of the governmental funds equaled \$12.7 million, an increase of \$3.98 million, or 46 percent (45.7%) over the prior year-end balance.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2015

- The net position in the water utility totaled \$9.6 million, an increase of \$229,000 or approximately 2 percent (2.4%) over the prior year-end balance.
- The net position in the wastewater utility totaled \$14.5 million, an increase of \$864,500 or roughly 6 percent (6.3%) over the prior year-end balance.
- The net position in the railroad totaled \$8.4 million, a decrease of \$269,824 over prior year, or roughly 3 percent (-3.2%) from the prior year-end balance.
- The net position in the golf course fund totaled \$1.13 million, an increase of \$10,138 or less than 1 percent (.90%) from the prior year-end balance.

Overall the City increased its net position by \$2,642,936 during fiscal year 2015 while also continuing to make investments in capital infrastructure, reduce its other outstanding debt obligations, and control operational spending.

The City's net position includes approximately \$1.1 million (2.4%) that is restricted, debt service \$409,000, transportation operations \$469,874, and capital projects \$226,699. The remaining net assets \$6.8 million may be used to meet the City's ongoing obligations to citizens and creditors.

As of June 30, 2015, the City reports positive balances in all three categories of net position (invested in capital assets net of related debt, restricted, and unrestricted) for the government as a whole and for the business-type activities.

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 6,431,455	\$ 5,164,105	\$ 5,096,744	\$ 4,457,740	\$11,528,199	\$ 9,621,845
Non-current assets	105,000	600,613	304,000	304,000	409,000	904,613
Capital assets	13,064,048	12,978,139	44,460,667	44,810,362	57,524,715	57,788,501
Total assets	<u>\$19,600,503</u>	<u>\$18,742,857</u>	<u>\$49,861,411</u>	<u>\$49,572,102</u>	<u>\$69,461,914</u>	<u>\$68,314,959</u>
Current Liabilities	\$ 1,573,532	\$ 1,677,384	\$ 1,326,591	\$ 1,817,135	\$ 2,900,123	\$ 3,494,519
Long-term debt-net of current portion	5,946,929	6,098,682	13,716,233	14,466,065	19,663,162	20,564,747
Total liabilities	<u>\$ 7,520,461</u>	<u>\$ 7,776,066</u>	<u>\$15,042,824</u>	<u>\$16,283,200</u>	<u>\$22,563,285</u>	<u>\$24,059,266</u>
Net position						
Net investment in capital assets	\$ 9,892,711	\$ 7,344,752	\$30,067,137	\$29,806,882	\$39,959,848	\$37,151,634
Restricted	574,874	676,131	530,699	493,156	1,105,573	1,169,287
Unrestricted	2,234,187	2,945,908	3,599,021	2,988,864	5,833,208	5,934,772
Total net position	<u>\$12,701,772</u>	<u>\$10,966,791</u>	<u>\$34,196,857</u>	<u>\$33,288,902</u>	<u>\$46,898,629</u>	<u>\$44,255,693</u>

Governmental activities increased Prineville's net position by \$3.98 million during fiscal year ended June 30, 2015. Approximately \$2.2 million of this increase is related to the implementation of GASB Statements 68 and 71 as stated earlier in this discussion. The City's governmental funds made capital investments of \$967,133, and incurred depreciation in governmental activities of \$1.2 million, resulting in a net reduction in capital, net of depreciation of \$265,581.

Business-type activities increased the City of Prineville's net position by \$907,955. Individual fund net position performance included an increase in the water fund of \$229,107 (2.4%), an increase in the wastewater fund of \$864,499 (6.3%) this largely due to the sale of assets of \$566,200, an increase in the golf course of \$10,138, (.9%), a decrease in the railroad of \$269,824 (-3.2%) and an increase in the airport of \$74,035 (14.2%).

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2015

	Governmental Activities		Business-type Activities		Total		
	2015	2014	2015	2014	2015	2014	Change
Revenue							
Property taxes	\$ 1,777,841	\$ 1,667,437	\$ -	\$ -	\$ 1,777,841	\$ 1,667,437	\$ 110,404
Transient room taxes	253,174	191,015	-	-	253,174	191,015	62,159
Franchise fees	1,864,413	1,703,395	-	-	1,864,413	1,703,395	161,018
Intergovernmental	1,637,916	1,695,455	-	3,434,821	1,637,916	5,130,276	(3,492,360)
Charges for services	557,139	489,059	7,914,914	7,327,382	8,472,053	7,816,441	655,612
Interest	11,268	13,739	13,812	14,535	25,080	28,274	(3,194)
Capital contributions	-	-	-	-	-	-	-
Miscellaneous	425,264	225,107	487,394	10,247	863,258	235,354	627,904
Total revenue	6,527,015	5,985,207	8,416,120	10,786,985	14,893,735	16,772,192	(1,878,457)
Expenses							
General government	416,640	6,284,109	-	-	416,640	6,284,109	(5,867,469)
Public safety	2,921,115	3,450,549	-	-	2,921,115	3,450,549	(529,434)
Streets and highways	1,112,590	1,245,218	-	-	1,112,590	1,245,218	(132,628)
Interest	189,358	210,106	-	-	189,358	210,106	(20,748)
Depreciation	-	-	-	-	-	-	-
Railroad	-	-	797,044	813,586	797,044	813,586	(16,542)
Water	-	-	916,365	937,947	916,365	937,947	(21,582)
Wastewater	-	-	1,662,325	1,909,784	1,653,325	1,909,784	(256,459)
Golf and restaurant	-	-	1,340,327	1,317,873	1,305,927	1,317,873	(11,946)
Freight depot	-	-	-	194,071	-	194,071	(194,071)
Other non-major	-	-	691,166	711,440	685,166	711,440	(26,274)
	4,639,703	11,189,982	5,407,227	5,884,701	9,997,530	17,074,683	(7,077,153)
Increase (decrease) in net position before transfers	1,887,312	(5,204,775)	3,008,893	4,902,284	4,896,205	(302,491)	5,198,696
Transfers in (out)	2,100,938	1,902,301	(2,100,938)	(1,902,301)	-	-	-
Increase (decrease) in net position	3,988,250	(3,302,474)	907,955	2,999,983	4,896,205	(302,491)	5,198,696
Net position, July 1 restated	8,713,522	14,269,265	33,288,902	30,288,919	42,002,424	44,558,184	(2,555,760)
Net position, June 30	\$ 12,701,772	\$10,966,791	\$ 34,196,857	\$33,288,902	\$ 46,898,629	\$ 44,255,693	\$2,642,936

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 financing requirements. In particular, unreserved 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.

City of Prineville, Oregon
Management's Discussion and Analysis

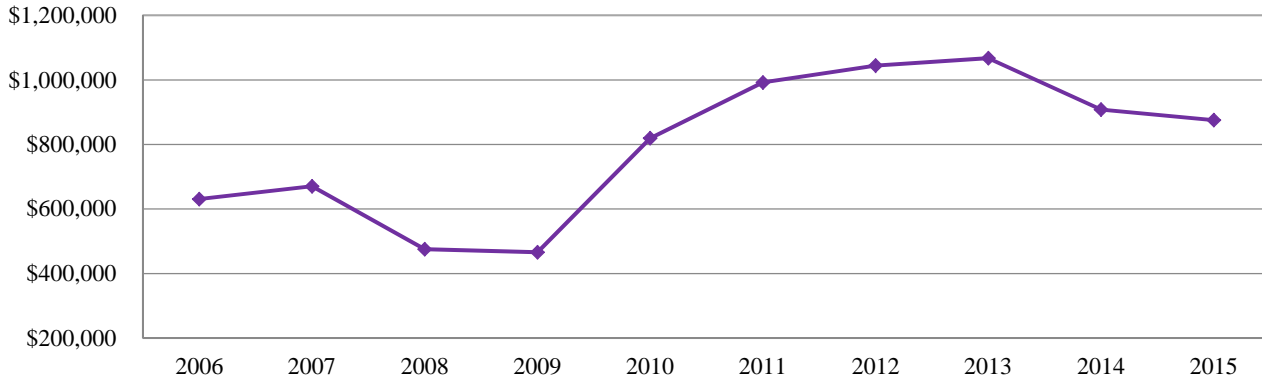
Year Ended June 30, 2015

As of June 30, 2015, \$1.825 million is the reported combined ending fund balance for the City of Prineville's governmental funds, a decrease of \$67,256 or 4 percent (-3.6%) from June 30, 2014. The decrease is primarily the result of budgeted capital improvements and net decreases in fund balance as follows:

General Fund/Community Development	\$32,831	-3.4%
Transportation fund	\$30,019	-11.4%
Transportation SDC fund	\$71,238	-22.8%

As of June 30, 2015, the fund balance of the City of Prineville's general fund is \$797,059, a decrease of \$23,539, (-2.9%). The June 30, 2015 fund balance is approximately 29 percent (29.5%) of the total general fund fiscal year 2014-15 expenditures.

Changes in Fund Balance General Fund



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, 2015, the City realized a change in net position of \$907,955 for the combined performance of all proprietary funds. Operating income from combined funds increased \$587,532, 7 percent (7.4%) over fiscal year 2014. The increase is attributable to the City's water operation realizing an increase of \$182,000, wastewater realized an increase in operating revenue of \$43,875, golf \$73,000, and railroad \$131,000. Wastewater fund realized non-operating income from the sale of assets totaling \$566,200.

Water and wastewater funds operating increase was due to the 3 percent rate increase and increased activity with system development charges. Golf realized additional play and restaurant activity, the airport realized increased activity, and the freight depot and railroad also realized an increase in activity over the prior year.

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.

General Fund Budgetary Highlights

General fund actual current year resources were more than budgeted by \$150,231. Positive variances in property taxes of \$63,737, transient room tax of \$43,174, and franchise fees of \$64,413. Beginning fund balance was \$55,347 less than budgeted. A budget adjustment was made to accommodate the personnel changes at the police department and an

City of Prineville, Oregon
Management's Discussion and Analysis

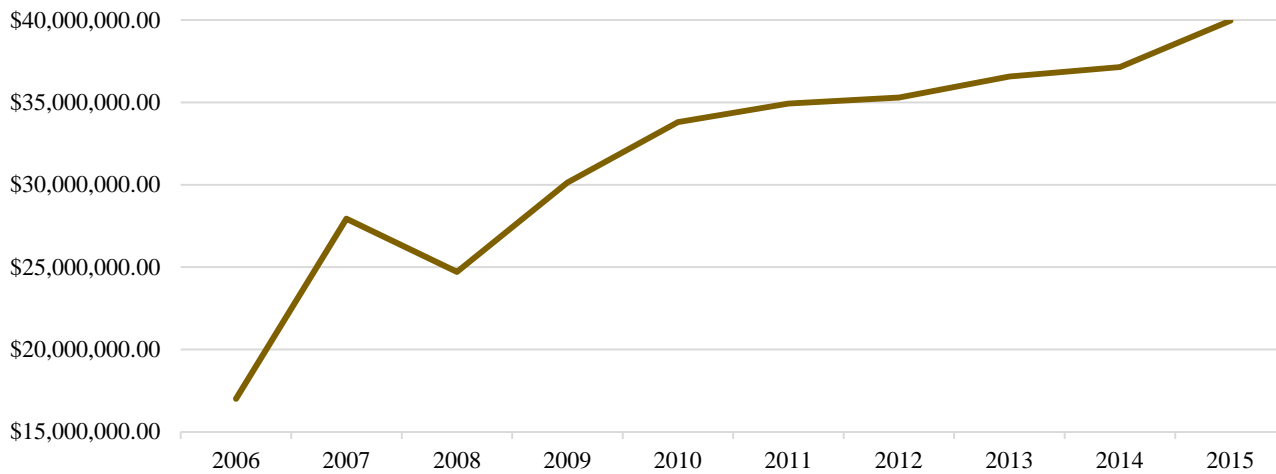
Year Ended June 30, 2015

additional expense in non-departmental totaling \$263,000. Total actual expenditures were \$120,570 over the original budget, with police spending \$92,621 less than anticipated and non-departmental spending \$42,820 less than the amended budget. The expense anticipated in non-departmental will occur in FY 16.

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, 2015 is \$40 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, 2015 was \$2,808,214 (7.6 percent).

Net Investment in Capital Assets



Additional information on capital assets is included in “Note 4” to the financial statements of this report on pages 49-51.

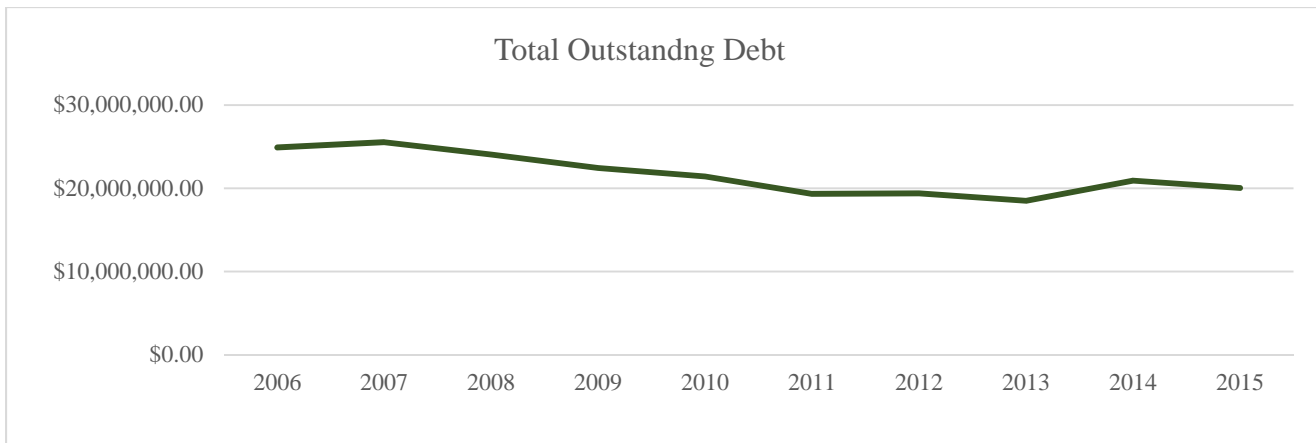
Long-term debt. As of June 30, 2015, the City's outstanding bonded debt was \$20.04 million, \$878,791 less than at June 30, 2014. Of this, \$11.9 million is backed by the full faith and credit of the City including \$7.7 million for obligations repaid with water, wastewater and golf revenues, \$2.8 million for pension obligation repaid from all funds with employees subject Oregon Public Employees Retirement System (OPERS) retirement payments, \$1.4 million of federal debt issued to construct city hall, \$1.2 million of special assessment debt repaid from assessments, and \$214,144 for notes payable repaid from various dedicated revenues. The City is liable for special assessment debt in the event of default by the property owners subject to assessment, and 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, 2015 and June 30, 2014

	Governmental activities		Business-like activities		Totals	
	2015	2014	2015	2014	2015	2014
Full faith and credit obligation:	\$ 4,243,787	\$ 4,385,792	\$ 7,725,000	\$ 7,915,000	\$ 11,968,787	\$ 12,300,792
Special assessment debt	1,247,595	1,323,735	-	-	1,247,595	1,323,735
Revenue bonds	-	-	6,119,820	6,570,534	6,119,820	6,570,534
Notes payable	158,311	209,007	390,869	349,860	549,180	558,867
Plus: Bond issuance premium	-	-	157,841	168,086	157,841	168,086
Totals	\$ 5,649,693	\$ 5,918,534	\$ 14,393,530	\$ 15,003,480	\$ 20,043,223	\$ 20,922,014

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2015



Additional information on the City's long-term debt is included in "Note 5" to the financial statements on pages 52-57.

Key Economic Factors and Budget Information for the Future

- **Unemployment and real estate** – Oregon's unemployment rate decreased slightly during fiscal year 2015, as did the rate in Crook County. Real estate demand and housing development both showed improvement during the fiscal year. Various indicators and projections indicate the Central Oregon real estate market is in a recovery. However, it is anticipated the recovery in the local area may take longer than other areas of the country.
- **Apple** – In October 2012, Apple initiated construction of a 338,000 square foot iCloud data center. Future plans include a second similar size building currently under construction. Total investment is estimated at more than \$250 million.
- **Facebook** – In January 2010, Facebook chose to locate their first company-owned data center in Prineville. The 334,000 square foot facility provides data storage and technical services for the international firm. Facebook created 35 jobs when the facility opened in early 2011. A second 334,000 square foot facility was completed in fiscal year 2014, and an application for a third, although smaller facility was filed. Current direct data center job employment is at approximately 125 full time employees.
- **Commercial and residential development** – The construction of a new \$30 million, 62,000 square foot hospital in Prineville was initiated in early 2014, with completion projected in 2015. Additionally, several developers have acquired significant sized parcels throughout the Prineville area. Although development activity has been reduced to a few projects during the past several years, in the long-term, preliminary plans discussed with the City indicate over 7,500 residential lots are planned with development over the next 20 years. When these plans come to fruition the resulting growth in the area is anticipated to be at a significantly greater pace than at any time in Prineville's history.
- **OPERS** – OPERS costs, related legislation and market volatility has increased the variability of costs passed through to OPERS employers, including the City of Prineville. The City has an unfunded actuarial liability (UAL) of \$1.151 million as of December 31, 2014, which reflects a reduction of \$2.2 million from December 31, 2011. During the 2013 Oregon legislative session SB822 was passed that reduced certain benefits resulting in a reduction in the contribution rate effective July 1, 2013 of 3 percent. Additionally, the legislature held a special session in early October 2013 that resulted in further benefit cuts. Moro filed a suit challenging the benefit cuts,

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2015

the suit was referred directly to the Oregon Supreme Court which ruled the Moro decision unconstitutional on April 30, 2015

Effective July 1, 2015, the City's OPERS contribution rate is 14.57%, which includes the 3 percent reduction noted above. However, if not for rate collars the City's contribution rate would be approximately 21 percent to fully fund retirement costs and the unfunded liability.

Historically, OPERS contribution rates have fluctuated based upon earnings, the amount of the City's UAL, and the percentage of the UAL to covered payroll. Generally, OPERS rates have decreased as the City approached or exceeded full funding, only to have market conditions change, leading to an increase in the UAL.

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 OPERS in a side account, which will result in reduced OPERS contribution rates beginning in fiscal year 2016. The actuarial report shows rates reduced by -6% and indicates rates for FY 17 thru FY 19 decrease to 11.94% or 2.63%.

See "Note 7" on pages 58-60 in the financial statements for additional discussion related to OPERS.

Requests for Information

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

Financial Section

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Governmental Funds



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City of Prineville, Oregon

Statement of Net Position

June 30, 2015

Assets	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 3,614,338	\$ 3,475,194	\$ 7,089,532
Receivables (net of allowances for uncollectibles)			
Property taxes	118,670	-	118,670
Accounts	257,574	970,434	1,228,008
Assessments	1,279,681	-	1,279,681
Notes	-	158,311	158,311
Inventory	19,008	490,105	509,113
Prepaid expenses	-	2,700	2,700
Internal balances	621,730	(621,730)	-
Proportionate Share of Net Pension Asset	1,142,184		1,142,184
Restricted cash and investments	105,000	304,000	409,000
Capital assets:			
Non-depreciable	1,360,178	1,309,131	2,669,309
Other (net of accumulated depreciation)	11,377,226	43,151,536	54,528,762
<i>Total assets</i>	\$ 19,895,589	\$ 49,239,681	\$ 69,135,270
Deferred Outflows of Resources			
Net Deferred Pension Asset	\$ 326,644	\$ -	\$ 326,644
Liabilities and net position			
Liabilities			
Accounts payable	\$ 489,073	\$ 209,124	\$ 698,197
Accrued payroll and taxes payable	159,369	32,665	192,034
Accrued interest	74,624	100,322	174,946
Deposits payable	1,500	85,729	87,229
Accrued compensated absences	140,000	-	140,000
Other liabilities	422,943	58,162	481,105
Non-current liabilities:			
Due within one year			
Bonds payable	110,000	678,126	788,126
Notes payable	176,023	162,463	338,486
Due in more than one year:			
Bonds payable	2,695,000	13,324,530	16,019,530
Notes payable	2,668,670	228,411	2,897,081
Accrued compensated absences	583,259	163,292	746,551
<i>Total liabilities</i>	7,520,461	15,042,824	22,563,285
Net position			
Net Investment in Capital Assets	9,892,711	30,067,137	39,959,848
Restricted for:			
Streets and highways	469,874	-	469,874
Debt service	105,000	304,000	409,000
Capital projects	-	226,699	226,699
Unrestricted	2,234,187	3,599,021	5,833,208
<i>Total net position</i>	\$ 12,701,772	\$ 34,196,857	\$ 46,898,629

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

City of Prineville, Oregon
Statement of Activities
For the Year Ended June 30, 2015

Function / program	Expenses	Program revenues			Net (expense) revenue and changes in net position		Total
		Fees and charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	
Governmental activities							
General government	\$ 416,640	165,927	\$ -	\$ -	\$ (250,713)		\$ (250,713)
Public safety	2,921,115	37,884	769,287	-	(2,113,944)		(2,113,944)
Highways and streets	1,112,590	353,328	868,629	-	109,367		109,367
Interest on long-term debt	189,358	-	-	-	(189,358)		(189,358)
Total governmental activities	4,639,703	557,139	1,637,916	-	(2,444,648)		(2,444,648)
Business-type activities							
Railroad	797,044	586,937	-	-	-	\$ (210,107)	(210,107)
Water	916,365	2,183,160	-	-	-	1,266,795	1,266,795
Wastewater	1,662,325	3,208,361	-	-	-	1,546,036	1,546,036
Golf and restaurant	1,340,327	1,132,478	-	-	-	(207,849)	(207,849)
Airport	691,166	617,260	186,718	-	-	112,812	112,812
Total business-type activities	5,407,227	7,728,196	186,718	-	-	2,507,687	2,507,687
Total activities	\$ 10,046,930	\$ 8,285,335	\$ 1,824,634	\$ -	(2,444,648)	2,507,687	63,039
General revenues							
Taxes:							
Property taxes, levied for general purposes					1,777,841	-	1,777,841
Transient room taxes					253,174	-	253,174
Franchise fees					1,864,413	-	1,864,413
Earnings on investments					11,268	13,812	25,080
Miscellaneous					425,264	487,394	912,658
Total general revenues					4,331,960	501,206	4,833,166
Transfers					2,100,938	(2,100,938)	-
Changes in net position					3,988,250	907,955	4,896,205
Net position, July 1, 2014, Restated					8,713,522	33,288,902	42,002,424
Net position, June 30, 2015					\$ 12,701,772	\$ 34,196,857	\$ 46,898,629

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

City of Prineville, Oregon

Balance Sheet

Governmental Funds

June 30, 2015

	Emergency			Pension		Total	
	General Fund	Dispatch Fund	Transportation Fund	Transportation SDC Fund	Debt Service Fund	LID Debt Service Fund	Governmental Funds
Assets							
Cash and investments	\$ 1,049,366	\$ 385,640	\$ 433,393	\$ 400,377	\$ 64,142	\$ 88,675	\$ 2,421,593
Receivables:							
Property taxes	118,670	-	-	-	-	-	118,670
Accounts	181,334	-	72,637	-	-	-	253,971
Assessments	-	-	-	-	-	1,279,681	1,279,681
Due from other funds	621,730	-	-	-	-	-	621,730
Total assets	\$ 1,971,100	\$ 385,640	\$ 506,030	\$ 400,377	\$ 64,142	\$ 1,368,356	\$ 4,695,645
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 128,747	\$ 30,764	\$ 12,432	\$ 160,251	\$ -	\$ -	\$ 332,194
Accrued salaries and payroll taxes	78,613	27,679	5,555	-	-	-	111,847
Other liabilities	164,648	-	254,463	3,832	-	-	422,943
Unearned revenue	621,730	-	-	-	-	-	621,730
Total liabilities	993,738	58,443	272,450	164,083	-	-	1,488,714
Deferred inflows of resources							
Unavailable revenue - property taxes	101,923	-	-	-	-	-	101,923
Unavailable revenue - special assessments	-	-	-	-	-	1,279,681	1,279,681
Total deferred inflows of resources	101,923	-	-	-	-	1,279,681	1,381,604
Fund balance							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	233,580	236,294	-	-	469,874
Committed	-	327,197	-	-	64,142	88,675	480,014
Assigned to:							
Other purposes	78,380	-	-	-	-	-	78,380
Unassigned	797,059	-	-	-	-	-	797,059
Total fund balances	875,439	327,197	233,580	236,294	64,142	88,675	1,825,327
Total liabilities, deferred inflows of resources and fund balances	\$ 1,971,100	\$ 385,640	\$ 506,030	\$ 400,377	\$ 64,142	\$ 1,368,356	\$ 4,695,645

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

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

Year Ended June 30, 2015

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

Fund balance - total governmental funds	\$ 1,825,327
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in funds.	10,632,699
Unavailable revenues are deferred on the budgetary financial statements, but in the government wide state they are considered revenues.	2,003,334
Due from other funds are not available to pay for current-period expenditures and therefore, are deferred in the funds	
Long-term notes receivable are not available to pay for current-period expenditures and therefore, are deferred in the funds.	
The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	2,149,112
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	872,356
Long-term liabilities, including bonds payable, capital leases and accrued vacation, are not due and payable in the current period, and therefore, are not reported in the funds.	(4,739,555)
Bond interest is not accrued as a liability in the government funds.	<u>(41,501)</u>
Net position of governmental activities	<u><u>\$ 12,701,772</u></u>

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

City of Pringle, Oregon
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2015

	General	Emergency	Transportation	Transportation	Pension	LID Debt	Total
	Fund	Dispatch	Fund	SDC Fund	Debt	Service Fund	Governmental
		Fund			Service Fund	Service Fund	Funds
Revenues							
Taxes	\$ 2,046,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,046,911
Intergovernmental	255,480	660,895	868,629	-	-	-	1,785,004
Franchise fees	1,619,413	-	245,000	-	-	-	1,864,413
Licenses and permits	35,520	-	24,406	-	-	-	59,926
Charges for services	130,407	3,547	-	-	292,000	-	425,954
Systems development charges	-	-	-	328,922	-	-	328,922
Interest	4,572	1,632	1,256	2,950	531	327	11,268
Miscellaneous	58,273	-	12,632	-	-	135,033	205,938
Total revenues	4,150,576	666,074	1,151,923	331,872	292,531	135,360	6,728,336
Expenditures							
Current:							
General government	432,270	-	-	-	-	-	432,270
Public safety	2,527,177	934,275	-	-	-	-	3,461,452
Highways and streets	-	-	387,298	5,214	-	-	392,512
Capital outlay	-	4,137	571,144	391,852	-	-	967,133
Debt service:							
Principal	50,696	-	-	-	100,000	73,721	224,417
Interest	3,717	-	-	-	143,507	76,193	223,417
Total expenditures	3,013,860	938,412	958,442	397,066	243,507	149,914	5,701,201
Excess (deficiency) of							
Revenues over expenditures	1,136,716	(272,338)	193,481	(65,194)	49,024	(14,554)	1,027,135
Other financing sources (uses)							
Transfers in	48,653	476,800	146,000	-	-	-	671,453
Transfers out	(1,218,200)	(172,100)	(369,500)	(6,044)	-	-	(1,765,844)
Total other financing sources (uses)	(1,169,547)	304,700	(223,500)	(6,044)	-	-	(1,094,391)
Net change in fund balances	(32,831)	32,362	(30,019)	(71,238)	49,024	(14,554)	(67,256)
Fund balance, July 1, 2014	908,270	294,835	263,599	307,532	15,118	103,229	1,892,583
Fund balance, June 30, 2015	\$ 875,439	\$ 327,197	\$ 233,580	\$ 236,294	\$ 64,142	\$ 88,675	\$ 1,825,327

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

City of Prineville, Oregon
Reconciliation of Statement of Revenue
Expenditures, and Changes in Fund Balance, Governmental
Funds to Statement of Activities
Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds	\$	(67,256)
--	----	----------

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 than depreciation.

Capital outlay	967,133	
Depreciation	(1,232,714)	(265,581)

Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenue in the fund statements:		41,279
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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.		1,810,728
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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:		226,837
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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.		2,210,603
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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 compensated absences	30,444	
Accrued interest payable	1,196	31,640

Change in net position of governmental activities	\$	3,988,250
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The accompanying notes are an integral part of these financial statements.

Financial Section

Basic Financial Statements

Fund Financial Statements

Proprietary Funds

Enterprise Funds

Railroad

Water

Wastewater

Golf and Restaurant

Internal Service Funds



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City of Prineville, Oregon

Statement of Net Position

Proprietary Funds

June 30, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Water	Wastewater	Golf Course	Railroad	Non-major Funds	Total	
Assets							
Current assets							
Cash and investments	\$ 1,004,296	\$ 1,283,066	\$ 736,570	\$ 410,033	\$ 41,229	\$ 3,475,194	\$ 1,192,745
Accounts receivable, net	346,328	447,794	31,537	81,301	63,474	970,434	3,603
Proportionate Share of Net Pension Asset	-	-	-	-	-	-	463,826
Inventory	214,656	42,849	17,433	167,737	47,430	490,105	19,008
Prepaid expenses	-	-	2,700	-	-	2,700	-
Total current assets	1,565,280	1,773,709	788,240	659,071	152,133	4,938,433	1,679,182
Non-current assets							
Restricted cash and investments	-	304,000	-	-	-	304,000	105,000
Note receivable	158,311	-	-	-	-	158,311	-
Capital assets:							
Non-depreciable	274,708	888,290	-	146,133	-	1,309,131	-
Capital assets (net of accumulated depreciation)	10,677,083	22,276,950	1,310,125	8,365,815	521,563	43,151,536	2,104,705
Total non-current assets	11,110,102	23,469,240	1,310,125	8,511,948	521,563	44,922,978	2,209,705
Total assets	\$ 12,675,382	\$ 25,242,949	\$ 2,098,365	\$ 9,171,019	\$ 673,696	\$ 49,861,411	\$ 3,888,887
Deferred Outflows of Resources							
Net Deferred Pension Asset	-	-	-	-	-	-	132,646
Total assets & Deferred Outflows	\$ 12,675,382	\$ 25,242,949	\$ 2,098,365	\$ 9,171,019	\$ 673,696	\$ 49,861,411	\$ 4,021,533
Liabilities and net position							
Current liabilities:							
Accounts payable	\$ 51,836	\$ 49,481	\$ 43,539	\$ 2,527	\$ 61,741	\$ 209,124	\$ 156,880
Accrued payroll and taxes payable	-	2,802	21,454	5,144	3,265	32,665	47,522
Accrued interest payable	17,680	76,934	2,727	2,981	-	100,322	33,122
Deposits payable	28,242	57,487	-	-	-	85,729	1,500
Other liabilities	-	-	46,195	1,353	10,614	58,162	-
Bonds payable, current portion	155,000	513,126	10,000	-	-	678,126	-
Notes payable, current portion	-	-	66,652	95,811	-	162,463	43,790
Total current liabilities	252,758	699,830	190,567	107,816	75,620	1,326,591	282,814
Non-current liabilities							
Accrued compensated absences	-	14,848	131,663	13,217	3,564	163,292	194,610
Due to general fund	-	-	-	621,730	-	621,730	-
Bonds payable, net of current portion	2,821,935	10,044,121	458,474	-	-	13,324,530	-
Notes payable, net of current portion	-	-	179,070	49,341	-	228,411	1,394,997
Total non-current liabilities	2,821,935	10,058,969	769,207	684,288	3,564	14,337,963	1,589,607
Total liabilities	3,074,693	10,758,799	959,774	792,104	79,184	15,664,554	1,872,421
Net position							
Net Investment in Capital Assets	7,974,856	12,607,993	595,929	8,366,796	521,563	30,067,137	709,708
Restricted							
Debt service	-	304,000	-	-	-	304,000	105,000
Capital projects	117,092	109,607	-	-	-	226,699	-
Unrestricted	1,508,741	1,462,550	542,662	12,119	72,949	3,599,021	1,334,404
Total net position	9,600,689	14,484,150	1,138,591	8,378,915	594,512	34,196,857	2,149,112
Total liabilities and net position	\$ 12,675,382	\$ 25,242,949	\$ 2,098,365	\$ 9,171,019	\$ 673,696	\$ 49,861,411	\$ 4,021,533

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

City of Prineville, Oregon
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds						Governmental
	Water	Wastewater	Golf Course	Railroad	Non-major Funds	Total	Activities Internal Service Funds
Operating revenues							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 186,718	\$ 186,718	\$ 10,000
Charges for services	2,178,562	3,147,354	1,124,597	518,132	617,260	7,585,905	106,869
Other operating revenues	4,598	61,007	7,881	68,805	-	142,291	64,059
Total operating revenues	2,183,160	3,208,361	1,132,478	586,937	803,978	7,914,914	180,928
Operating expenses							
Salaries and wages	-	105,550	740,165	266,229	138,253	1,250,197	502,046
Materials and supplies	493,625	702,679	519,682	248,988	526,779	2,491,753	882,750
Depreciation	293,338	472,546	57,952	276,796	26,134	1,126,766	129,414
Total operating expenses	786,963	1,280,775	1,317,799	792,013	691,166	4,868,716	1,514,210
Operating income (loss)	1,396,197	1,927,586	(185,321)	(205,076)	112,812	3,046,198	(1,333,282)
Non-operating income (expense)							
Miscellaneous	-	-	-	(89,055)	-	(89,055)	-
Interest income	4,940	4,949	2,262	1,538	123	13,812	4,510
Interest expense	(129,402)	(381,550)	(22,528)	(5,031)	-	(538,511)	(61,966)
Bond premium amortization	3,872	5,152	1,225	-	-	10,249	-
Sale of assets	-	566,200	-	-	-	566,200	6,137
Total non-operating income (expense)	(120,590)	194,751	(19,041)	(92,548)	123	(37,305)	(51,319)
Transfers in	72,000	21,815	350,000	100,900	50,000	594,715	3,313,029
Transfers out	(1,118,500)	(1,279,653)	(135,500)	(73,100)	(88,900)	(2,695,653)	(117,700)
Change in net position	229,107	864,499	10,138	(269,824)	74,035	907,955	1,810,728
Net position, July 1, 2014, restated	9,371,582	13,619,651	1,128,453	8,648,739	520,477	33,288,902	338,384
Net position, June 30, 2015	\$ 9,600,689	\$ 14,484,150	\$ 1,138,591	\$ 8,378,915	\$ 594,512	\$ 34,196,857	\$ 2,149,112

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

City of Prineville, Oregon

Proprietary Funds

Statement of Cash Flows

Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds						Governmental
	Water	Wastewater	Golf Course	Railroad	Non-major Funds	Total	Activities Internal Service Funds
Cash flow from operating activities							
Cash received for services	\$ 3,311,006	\$ 3,240,978	\$ 1,110,794	\$ 538,536	\$ 834,038	\$ 9,035,352	\$ 212,671
Cash paid to suppliers for goods and services	(916,541)	(791,521)	(525,496)	(266,046)	(510,156)	(3,009,760)	(851,714)
Cash paid to employees for services	-	(188,898)	(728,792)	(261,207)	(136,718)	(1,315,615)	(1,992,836)
Net cash from operating activities	<u>2,394,465</u>	<u>2,260,559</u>	<u>(143,494)</u>	<u>11,283</u>	<u>187,164</u>	<u>4,709,977</u>	<u>(2,631,879)</u>
Cash flow from non-capital activities							
Transfers in	72,000	21,815	350,000	(73,100)	50,000	420,715	3,313,029
Transfers out	(1,118,500)	(1,279,653)	(135,500)	-	(88,900)	(2,622,553)	(117,700)
Net cash from non-capital activities	<u>(1,046,500)</u>	<u>(1,257,838)</u>	<u>214,500</u>	<u>(73,100)</u>	<u>(38,900)</u>	<u>(2,201,838)</u>	<u>3,195,329</u>
Cash flow from capital and related financing activities							
Debt proceeds	-	-	176,725	-	-	176,725	-
Bond/Debt principal paid	(140,000)	(490,714)	(53,729)	(80,146)	-	(764,589)	(42,004)
Interest paid	(130,502)	(385,642)	(23,274)	(6,917)	-	(546,335)	(62,934)
Acquisition of capital assets	(321,315)	(243,249)	(50,896)	-	(161,611)	(777,071)	(154,260)
Interfund loan repayments	50,696	-	-	-	-	50,696	-
Sale of assets	-	566,200	-	-	-	566,200	6,137
Net cash from capital and related financing activities	<u>(541,121)</u>	<u>(553,405)</u>	<u>48,826</u>	<u>(87,063)</u>	<u>(161,611)</u>	<u>(1,294,374)</u>	<u>(253,061)</u>
Cash flow from investing activities							
Loans to other funds	-	-	-	100,900	-	100,900	-
Interest earnings	4,940	4,949	2,262	1,538	123	13,812	4,510
Net cash from investing activities	<u>4,940</u>	<u>4,949</u>	<u>2,262</u>	<u>102,438</u>	<u>123</u>	<u>114,712</u>	<u>4,510</u>
Net change in cash and investments	811,784	454,265	122,094	(46,442)	(13,224)	1,328,477	314,899
Cash and investments, July 1, 2014	192,512	1,132,801	614,476	456,475	54,453	2,450,717	982,846
Cash and investments, June 30, 2015	<u>\$ 1,004,296</u>	<u>\$ 1,587,066</u>	<u>\$ 736,570</u>	<u>\$ 410,033</u>	<u>\$ 41,229</u>	<u>\$ 3,779,194</u>	<u>\$ 1,297,745</u>
Reconciliation of operating income (loss) to net cash from operating activities							
Operating income/(loss)	\$ 1,396,197	\$ 1,927,586	\$ (185,321)	\$ (205,076)	\$ 112,812	\$ 3,046,198	\$ (1,333,282)
Adjustments to reconcile operating income/ (loss) to net cash from operating activities:							
Depreciation	293,338	472,546	57,952	276,796	26,134	1,126,766	129,414
Change in assets and liabilities:							
Accounts receivable	1,130,746	35,078	(21,684)	(48,401)	30,060	1,125,799	31,565
Inventory	(31,084)	13,163	6,335	(2,155)	48,049	34,308	1,693
Prepaid expenses	-	-	(500)	-	-	(500)	-
Deposits payable	(2,900)	(2,461)	-	-	-	(5,361)	-
Net Pension Asset, Deferred Inflows	-	-	-	-	-	-	(1,511,494)
Accounts payable	(391,832)	(102,005)	(5,031)	(3,438)	(33,205)	(535,511)	29,521
Accrued payroll and taxes payable	-	(641)	5,070	875	1,050	6,354	13,079
Other accrued expenses	-	(82,707)	(6,618)	4,147	485	(84,693)	7,625
Other liabilities	-	-	6,303	(11,465)	1,779	(3,383)	-
Total adjustments	<u>998,268</u>	<u>332,973</u>	<u>41,827</u>	<u>216,359</u>	<u>74,352</u>	<u>1,663,779</u>	<u>(1,298,597)</u>
Net cash from operating activities	<u>\$ 2,394,465</u>	<u>\$ 2,260,559</u>	<u>\$ (143,494)</u>	<u>\$ 11,283</u>	<u>\$ 187,164</u>	<u>\$ 4,709,977</u>	<u>\$ (2,631,879)</u>

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



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Financial Section

Notes to Financial Statements



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City of Prineville, Oregon

Notes to Financial Statements

Year Ended June 30, 2015

1. Summary of Significant Accounting Policies

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

The City reports the following major governmental funds:

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

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

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

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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

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

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

Major Proprietary funds are:

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

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

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

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

Additionally the City reports the following:

Internal Service Funds

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

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

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

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

City hall fund – Accounts for the operations, maintenance, debt service and replacement costs of the city hall building. The principal source of revenue is rent. The Plaza Maintenance sub-fund is combined with the city hall fund 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 city hall maintenance fund.

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

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

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

City of Prineville, Oregon

Notes to Financial Statements

Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's primary ongoing operations. The primary operating revenues of the water fund, wastewater fund, railroad fund, golf and restaurant fund, and airport fund are charges to customers for sales and services. The primary revenue of the City's internal service funds are charges for services to other City funds, received in the form of transfers.

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

Measurement Focus and Basis of Accounting

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

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

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

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative overhead, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

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

Assets Liabilities and Net Position

Cash and Investments

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

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

Inventory

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

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

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, 2015, no uncollectible amounts are anticipated or have been recognized by management.

Prepaid Expenses

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

Capital Assets

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

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

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

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

Accrued Compensated Absences

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

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund-type *Statement of Net Position*. Prepaid assets, and deferred amounts on refunding, if significant, are deferred and amortized over the life of the bond using straight-line amortization. Bond premiums and discounts are amortized using the straight-line method. In the fund financial statements, governmental fund-types recognize bond premiums, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the *Statement of Net Position* will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City's statement of net position shows a Net Deferred Outflow this amount is equal to the difference between actuarially projected investment earnings and actual investment earnings, less contributions that the City paid to PERS during 2014-2015.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which qualifies for reporting in this category. Unavailable revenue is in the governmental funds balance sheet for property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Prineville, Oregon

Notes to Financial Statements

Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

Fund Equity

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

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

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

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

Pension Plan

Substantially all of the City's employees, except for Railroad Fund employees, are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

Interfund Transfers

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

Budget

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

City of Prineville, Oregon

Notes to Financial Statements

Year Ended June 30, 2015

1. Summary of Significant Accounting Policies (continued)

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

The City maintains budgetary controls to ensure compliance with legal provisions of the City's annual appropriations resolution adopted by the City Council as part of the budget process. The legal level of budgetary control, by City Council resolution, is by department within the general fund and administrative services internal service fund, by program within the golf and restaurant fund and the public works support services internal service fund and by major function, i.e., personal services, material and services, capital outlay, transfers, debt service and other requirements in the remaining funds. The City cannot legally exceed appropriations at these respective levels. Departments may transfer appropriations within a department. All such transfers are reviewed by finance department staff for appropriateness with approval by the city manager as appropriate.

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

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

All expenditures were within authorized appropriations.

Net Position Flow Assumptions

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

Fund Balance Flow Assumptions

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

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

2. Cash and Investments

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

At June 30, 2015, the City's cash and investments were comprised of the following:

Cash on hand		\$	2,800
Demand checking accounts			1,800,061
Demand money market accounts			100,026
Local government investment pool			5,346,830
Escrow account			248,815
		<u>\$</u>	<u>7,498,532</u>
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Restricted cash and investments	\$ 105,000	\$ 304,000	\$ 409,000
Cash and investments	3,614,338	3,475,194	7,089,532
Total cash and investments	<u>\$ 3,719,338</u>	<u>\$ 3,779,194</u>	<u>\$ 7,498,532</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, 2015, the City had a total bank balance of \$2,034,348, of which \$520,365 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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

2. Cash and Investments

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

Investments

The City investments are deposits with the LGIP. The LGIP is not rated or registered with the U.S. Securities and Exchange Commission. The Oregon Revised Statutes and the Oregon Investment Council govern the LGIP's investment policies. The Oregon State Treasurer is the investment officer for the LGIP, and is responsible for funds in the LGIP. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-term Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's office audits the LGIP annually. Investments are valued at fair value as required by GASB Statement No. 31. As of June 30, 2015, the fair value of the position in the LGIP is 100.71 percent of the value of the pool shares, as reported in the Oregon Short-term Fund audited financial statements.

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, 2015, 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, 2015.

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, 2015, accounts receivable consisted of the following:

Accounts receivable - governmental activities	\$ 1,655,925
Accounts receivable - business-type activities	<u>970,434</u>
Total	<u><u>\$ 2,626,359</u></u>

City of Prineville, Oregon

Notes to Financial Statements

Year Ended June 30, 2015

3. Receivables (continued)

Assessments Receivable

The City has two assessments receivable from property owners for public infrastructure improvements that benefitted the property owners' property. The assessments include repayment over terms of 10 or 20 years plus interest. The City utilized Bancroft financings to pay for the associated improvements. Thus the City has placed liens on the associated properties to secure the assessments for the local improvement costs assessed to property owners. Past write-off experience is insignificant to the balance of assessment receivable, therefore no allowance for doubtful accounts has been recorded. Additionally, the portion of the assessment receivable balance that has not been paid within 60 days of year-end is recorded as unavailable revenue.

Special assessment notes receivable	\$ 1,279,681
Allowance for uncollectible accounts	<u>-</u>
Total	<u>\$ 1,279,681</u>
Unavailable revenue	<u>\$ 1,279,681</u>

Amounts Due from Other Funds

An amount due the general fund from the railroad fund in the amount of \$621,730, including an increase in the fiscal year ended June 30, 2015 of \$100,900 is recorded. The amount due is the result of transfers from the general fund to the freight depot fund through June 30, 2015 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 \$621,730 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 or contributed capital assets are recorded at their estimated fair value at the time of donation or contribution. Infrastructure (roads, water, wastewater, sidewalks and other similar improvements) acquired during the year are recorded at cost or fair value if contributed by developers. The City defines capital assets as assets with an initial cost of more than \$10,000 and an estimated useful life of more than one year. The cost of normal maintenance and repairs that do not add value of the asset or materially extend the assets' useful lives are not capitalized.

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

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

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

4. Capital Assets (continued)

Governmental activities: Capital asset activity for governmental activities for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Transfers	Increases	Decreases	Balance June 30, 2015
Governmental activities:					
Capital assets not being depreciated:					
Land and easements	\$ 1,360,178	\$ -	\$ -	\$ -	\$ 1,360,178
Work in progress	-	-	-	-	-
Total capital assets not being depreciated	1,360,178	-	-	-	1,360,178
Capital assets being depreciated:					
Buildings and improvements	2,455,558	-	-	-	2,455,558
Vehicles and equipment	3,275,539	-	249,769	-	3,525,308
Infrastructure	23,764,562	-	871,624	-	24,636,186
Total capital assets being depreciated	29,495,660	-	1,121,393	-	30,617,053
Less accumulated depreciation for:					
Buildings and improvements	583,769	-	81,852	-	665,621
Vehicles and equipment	2,907,452	-	443,196	-	3,350,648
Infrastructure	14,386,478	-	837,080	-	15,223,558
Total accumulated depreciation	17,877,699	-	1,362,128	-	19,239,827
Total capital assets, net of depreciation	\$12,978,139	\$ -	\$(240,735)	\$ -	\$ 12,737,404

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

Public Safety	\$ 364,672
Highways and Streets	899,867
General Government	97,588
	\$ 1,362,128

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

4. Capital Assets (continued)

Business-type activities: Capital asset activity for business-type activities, by fund, for the year ended June 30, 2015, is as follows:

	Balance July 1, 2014	Transfers	Increases	Decreases	Balance June 30, 2015
Business-type activities:					
Capital assets not being depreciated:					
Land and easements	\$ 1,309,131	\$ -	\$ -	\$ -	\$ 1,309,131
Work in progress	-	-	-	-	-
Total capital assets not being depreciated	1,309,131	-	-	-	1,309,131
Capital assets being depreciated:					
Buildings and improvements	9,443,864	-	-	-	9,443,864
Vehicles and equipment	4,387,722	-	64,394	-	4,452,116
Infrastructure	49,025,599	-	712,677	-	49,738,276
Total capital assets being depreciated	62,857,185	-	777,071	-	63,634,256
Less accumulated depreciation for:					
Buildings and improvements	2,010,839	-	220,596	-	2,231,435
Vehicles and equipment	3,723,473	-	83,849	-	3,807,322
Infrastructure	13,621,642	-	822,321	-	14,443,963
Total accumulated depreciation	19,355,954	-	1,126,766	-	20,482,720
Total depreciable assets, net of depreciation	43,501,231	-	(349,695)	-	43,151,536
Total capital assets, net of depreciation	<u>\$ 44,810,362</u>	<u>\$ -</u>	<u>\$ (349,695)</u>	<u>\$ -</u>	<u>\$ 44,460,667</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

5. Long-term Debt

In the following schedules, long-term debt information is presented separately with respect to governmental and business-type activities, including individual fund information for business-type activity. The schedules present current year changes in these obligations and the current portions, amount due within one year, for each issue. For the governmental activities, compensated absences are liquidated by the fund that pays for the employee costs associated with the services received. Compensated absences are due and payable on demand upon an employee's retirement or other separation from employment. There are two known employee retirements or separations as of June 30, 2015. The amount due these employees, including benefits, as of June 30, 2015, are presented as a current liability, with the balance of the compensated obligation shown as a non-current liability.

	Amount of Original Issue	Interest Rates	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amount Due Within One Year
Governmental activities:							
Full faith and credit obligations							
Note payable - Ironhorse LID	1,750,000	5.50%	\$ 1,323,735	\$ -	\$ 76,140	\$ 1,247,595	\$ 80,514
USDA 2006 - City Hall	1,760,700	4.25%	1,480,792	-	42,005	1,438,787	43,790
Note payable - Pension							
Obligation	2,950,000	4.94%	2,905,000	-	100,000	2,805,000	110,000
Note payable - Water Fund	258,700	2.00%	209,007	-	50,696	158,311	51,719
Long-term debt obligations	<u>6,719,400</u>		<u>5,918,534</u>	<u>-</u>	<u>268,841</u>	<u>5,649,693</u>	<u>286,023</u>
Compensated absences	<u>-</u>		<u>746,078</u>	<u>357,307</u>	<u>380,126</u>	<u>723,259</u>	<u>140,000</u>
Total governmental activities	<u>\$ 6,719,400</u>		<u>\$ 6,664,612</u>	<u>\$357,307</u>	<u>\$ 648,967</u>	<u>\$ 6,372,952</u>	<u>\$ 426,023</u>

	Amount of Original Issue	Interest Rates	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amount Due Within One Year
Business-type activities:							
Revenue bonds							
Series 2003 - water	\$ 840,000	2.55%	\$ 465,000	\$ -	\$ 40,000	\$ 425,000	\$ 45,000
State CWSRL - wastewater	8,876,287	2.94%	6,105,534	-	410,714	5,694,820	422,878
Full faith and credit obligations							
FFCO - Series 2011 - water, golf, wastewater	8,225,000	.66% - 3.	7,915,000	-	190,000	7,725,000	200,000
Note payable - Bank of Cascades - golf	176,725	2.74%	-	176,725	-	176,725	21,115
Plus: Bond issuance premium	203,951		168,086	-	10,245	157,841	10,248
Note payable - US Bank - golf and railroad	666,000	4.40%	349,860	-	135,716	214,144	141,348
Total business-type activities	<u>\$18,987,963</u>		<u>\$ 15,003,480</u>	<u>\$176,725</u>	<u>\$ 786,675</u>	<u>\$ 14,393,530</u>	<u>\$ 840,589</u>

Governmental Activities

Long-term debt associated with governmental activities include, two separate special assessment debt obligations, one of which matured in fiscal year 2015. Proceeds of these obligations were used to finance street, sidewalk and wastewater improvements and are secured by liens on benefitted property. The special assessment debts are limited general obligations of the City and taxes can be levied to meet the obligations if collections are insufficient to meet the debt service requirements. The interest rate on these obligations ranges from 4.25 percent to 5.5 percent.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

5. Long-term Debt (continued)

A United States Department of Agriculture (USDA) debt obligation was utilized to finance the construction of city hall in 2006. The annual debt service requirement is \$104,938, including interest of 4.25 percent annually. A debt reserve of \$105,000 is fully funded.

A \$2.95 million note payable entered into in 2014 was utilized to fund the City's actuarial unfunded pension liability. Annual debt service is \$243,507 in fiscal year 2015, increasing by an average of 3.7 percent annually, consistent with the projected annual increase in payroll obligations. The obligation matures in 15 years, fiscal year 2028, and includes taxable interest of 4.94 percent annually. Additionally, an internal borrowing to finance police vehicles was completed in FY 14. The total borrowed from the City's Water Fund is \$258,700. The obligation matures in fiscal year 2018, with annual payments of \$54,413, including interest of 2.00 percent.

Future maturities of governmental long term debt at June 30, 2015, are as follows:

Governmental Activities

Year	Note Payable Ironhorse		USDA - City Hall		Pension Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 80,514	\$ 69,400	\$ 43,790	\$ 61,148	\$110,000	\$138,567
2017	85,140	64,774	45,651	59,287	125,000	133,133
2018	90,031	59,883	47,591	57,347	145,000	126,958
2019	95,203	54,711	49,614	55,325	160,000	119,795
2020	100,673	49,241	51,722	53,216	180,000	111,891
2021-2025	597,057	152,513	293,513	231,178	1,220,000	405,574
2026-2030	198,977	10,226	361,417	163,274	865,000	79,287
2031-2035	-	-	545,489	83,932	-	-
Totals	\$ 1,247,595	\$ 460,748	\$ 1,438,787	\$ 764,707	\$ 2,805,000	\$ 1,115,205

Year	Note Payable Water		Total	
	Principal	Interest	Principal	Interest
2016	51,719	2,694	286,023	271,809
2017	52,763	1,650	308,554	258,844
2018	53,829	585	336,451	244,773
2019	-	-	304,817	229,831
2020	-	-	332,395	214,348
2021-2025	-	-	2,110,570	789,265
2026-2030	-	-	1,425,394	252,787
2031-2035	-	-	545,489	83,932
Totals	\$ 158,311	\$ 4,929	\$ 5,649,693	\$ 2,345,589

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

5. Long-term Debt (continued)

Business-type Activities

In addition to the schedule presented above, long-term debt, for each of the business-type activities for the year ended June 30, 2015, by the business activity responsible for the repayment of the debt obligation, are presented below. The City issued \$8.225 million in full faith and credit obligations to refinance six outstanding obligations totaling \$7.07 million (\$1.625 million water related and \$5.45 million of wastewater related debt) and borrowed an additional \$1.49 million in fiscal year 2011 (\$1.0 million for water infrastructure and \$490,000 for golf course improvements). The full faith and credit obligations mature in fiscal year 2031, and have effective interest rates of 0.60 percent to 3.77 percent. Sources of repayment include water utility, wastewater utility, and golf and restaurant revenues.

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

Several wastewater issues were refunded with proceeds of the full faith and credit obligation noted above; Series 1998 refunding bonds, State of Oregon Department of Environmental Quality (DEQ) obligation, State Special Public Works Financing Program (SPWFP), State Clean Water Systems Revolving Loan (CWSRL) Loan Number 1, and a note payable. A second CWSRL obligation requires annual debt service payments of \$587,220, including interest of approximately 3 percent (2.94 percent). The summary of wastewater outstanding obligations and their future maturities including principal and interest at June 30, 2015, are as follows:

<u>Wastewater</u>	Balance June 30, 2014	New Issues	Principal Paid	Balance June 30, 2015		
State CWSRL	\$ 6,105,534	\$ -	\$ 410,714	\$ 5,694,820		
Full Faith and Credit Obligations 2011	4,860,000	-	80,000	4,780,000		
Total Debt	10,965,534	-	490,714	10,474,820		
Plus: Bond issuance premium	87,579	-	5,152	82,427		
 Total Wastewater	 <u>\$ 11,053,113</u>	 <u>\$ -</u>	 <u>\$ 495,866</u>	 <u>\$ 10,557,247</u>		
	State CWSRL	Full Faith 2011		Totals		
Year	Principal	Interest	Principal	Interest	Principal	Interest
2016	422,878	164,342	\$ 85,000	\$ 202,794	\$ 507,878	\$ 367,136
2017	435,401	151,819	125,000	200,244	560,401	352,063
2018	448,297	138,923	170,000	195,244	618,297	334,167
2019	461,574	125,646	200,000	188,444	661,574	314,090
2020	475,244	111,976	220,000	180,444	695,244	292,420
2021-2025	2,595,864	340,236	1,590,000	878,044	4,185,864	1,218,280
2026-2030	855,562	25,277	2,390,000	345,391	3,245,562	370,668
2031-2035	-	-	-	-	-	-
Totals	<u>\$ 5,694,820</u>	<u>\$ 1,058,219</u>	<u>\$ 4,780,000</u>	<u>\$ 2,190,605</u>	<u>\$ 10,474,820</u>	<u>\$ 3,248,824</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

5. Long-term Debt (continued)

Water. In addition to the full faith and credit obligations noted above, the City issued water revenue bonds in 2003 to finance utility infrastructure improvements. The bonds mature in 2023 and have an interest rate of 2.55 percent. A summary of outstanding debt payable from water system revenues including future maturities of water-related debt principal and interest, at June 30, 2015, are as follows:

<u>Water</u>	Balance June 30, 2014	New Issues	Principal Paid	Balance June 30, 2015
Series 2003	\$ 465,000	\$ -	\$ 40,000	\$ 425,000
Full Faith and Credit Obligations 2011	2,590,000	-	100,000	2,490,000
Total Debt	3,055,000	-	140,000	2,915,000
Plus: Bond issuance premium	65,806	-	3,871	61,935
 Total Water	 \$ 3,120,806	 \$ -	 \$ 143,871	 \$ 2,976,935

Year	Series 2003		Full Faith 2011		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	45,000	21,675	105,000	103,786	\$ 150,000	\$ 125,461
2017	45,000	19,380	115,000	100,636	160,000	120,016
2018	50,000	17,085	125,000	96,036	175,000	113,121
2019	50,000	14,535	125,000	91,036	175,000	105,571
2020	55,000	11,985	135,000	86,036	190,000	98,021
2021-2025	180,000	18,870	745,000	346,425	925,000	365,295
2026-2030	-	-	930,000	176,080	930,000	176,080
2031-2035	-	-	210,000	9,688	210,000	9,688
 Totals	 \$ 425,000	 \$ 103,530	 \$ 2,490,000	 \$ 1,009,723	 \$ 2,915,000	 \$ 1,113,253

Golf. In addition to the full faith and credit obligation issued in fiscal year 2011 as described above, the City refinanced the outstanding note payable in 2011. The term on the new note payable is five years with interest of 4.4 percent. In FY 2015 the Golf Course obtained a 5 year loan for golf carts that bears a 2.74% interest rate. The Golf Course's debt obligations, including future maturities of principal and interest at June 30, 2015, are as follows:

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

5. Long-term Debt (continued)

<u>Golf</u>	Balance <u>June 30, 2014</u>	New <u>Issues</u>	Principal <u>Paid</u>	Balance <u>June 30, 2015</u>
Note payable - US Bank	\$ 112,723	\$ -	\$ 43,726	\$ 68,997
Full Faith and Credit Obligations 2011	465,000	-	10,000	455,000
Note Payable - Bank of the Cascades	-	176,725	-	176,725
Total Debt	<u>577,723</u>	<u>176,725</u>	<u>53,726</u>	<u>700,722</u>
Plus: Bond issuance premium	<u>14,699</u>	<u>-</u>	<u>1,225</u>	<u>13,474</u>
 Total Golf	 <u>\$ 592,422</u>	 <u>\$ 176,725</u>	 <u>\$ 54,951</u>	 <u>\$ 714,196</u>

Year	Note Payable US Bank		Full Faith 2011		Note Payable - Bank of Cascades	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 45,537	\$ 2,373	\$ 10,000	\$ 18,250	\$21,115	\$4,398
2017	23,460	482	30,000	17,950	23,811	4,022
2018	-	-	40,000	16,750	24,481	3,352
2019	-	-	40,000	15,150	25,170	2,663
2020	-	-	45,000	13,550	25,873	1,960
2021-2025	-	-	245,000	40,100	56,275	129
2026-2030	-	-	45,000	1,845	-	-
2031-2035	-	-	-	-	-	-
 Totals	 <u>\$ 68,997</u>	 <u>\$ 2,855</u>	 <u>\$ 455,000</u>	 <u>\$ 123,595</u>	 <u>\$ 176,725</u>	 <u>\$ 16,524</u>

Year	Total	
	Principal	Interest
2016	76,652	25,021
2017	77,271	22,454
2018	64,481	20,102
2019	65,170	17,813
2020	70,873	15,510
2021-2025	301,275	40,229
2026-2030	45,000	1,845
2031-2035	-	-
 Totals	 <u>\$ 700,722</u>	 <u>\$ 142,974</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

5. Long-term Debt (continued)

Railroad. During fiscal year 2011 the City refinanced an existing note payable from freight depot revenues, which the City consolidated with the City's railroad operation in fiscal year 2014, with the new obligation payable over five years with interest of 4.4 percent. Current year activity and future maturities of interest and principal for the railroad at June 30, 2015, are as follows:

<u>Railroad</u>	Balance June 30, 2014	New Issues/ Transfers	Principal Paid	Balance June 30, 2015
Note payable	\$ 237,138	\$ -	\$ 91,986	\$ 145,152
	Year	Principal	Interest	Totals
	2016	95,811	4,993	\$ 100,804
	2017	49,331	1,015	50,346
	Totals	\$ 145,142	\$ 6,007	\$ 151,149

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:

	Transfers In	Transfers Out
General Fund	\$ 48,653	\$ 1,218,200
Emergency Dispatch Fund	476,800	172,100
Transportation Fund	146,000	369,500
Transportation SDC Fund	-	6,044
Water Fund	72,000	1,118,500
Wastewater Fund	21,815	1,279,653
Golf and Restaurant Fund	350,000	135,500
Railroad Fund	100,900	73,100
Non-major enterprise funds	50,000	88,900
Internal Service Funds	3,313,029	117,700
	<u>\$ 4,579,197</u>	<u>\$ 4,579,197</u>

Transfers from the general fund to emergency dispatch fund reflect the City's share of the contracted service, to transportation fund for capital improvements, to the railroad fund for the debt service payment, to the airport fund for the operational funding agreement between the City and Crook County, and to the other governmental funds reflect contributions to fund community development operations and pay for internal services such as administration, finance, and information technology. Transfers from other funds to governmental 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 reimbursements from SDC funds for qualified infrastructure improvements paid for by utility funds.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

7. Defined Benefit Pension Plan

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

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

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.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
 - i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

7. Defined Benefit Pension Plan

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

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

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

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

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, 2011 actuarial valuation, which became effective July 1, 2013. 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, 2015 were \$317,320, excluding amounts to fund employer specific liabilities. In addition approximately \$224,194 in employee contributions were paid or picked up by the City in fiscal 2015.

At June 30, 2015, the City reported a net pension asset of \$1,142,184 for its proportionate share of the net pension asset. The pension asset was measured as of December 31, 2012, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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. At December 31, 2012, the City's proportion was .05 percent.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

7. Defined Benefit Pension Plan

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,203,953
Changes in proportion and differences between City contributions and proportionate share of contributions	2,213,277	-
<i>Subtotal</i>		9,324
City contributions subsequent to measurement date	317,320	-
Net deferred outflow (inflow) of resources		\$ 326,644

Net deferred outflow (inflow) of resources
pension will be recognized in pension expense as follows:

Year ending June 30,	Amount
2016	\$ (69,841)
2017	\$ (69,841)
2018	\$ (69,841)
2019	\$ (69,841)
2020	\$ 288,688
Thereafter	-
Total	\$ 9,324

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated July 29, 2015. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx.

Actuarial Valuations – The employer contribution rates effective July 1, 2013 through June 30, 2015, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

7. Defined Benefit Pension Plan

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, Published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2012 Experience Study which is reviewed for the four-year period ending December 31, 2012.

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

7. Defined Benefit Pension Plan

	Decrease (6.75%)	Rate (7.75%)	Increase (8.75%)
City's proportionate share of the net pension liability	\$ 2,418,734	\$ (1,142,184)	\$ (4,153,886)

Changes in Plan Provisions Subsequent to Measurement Date: The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire. Oregon Public Employees Retirement System Notes to the Schedules of Employer Allocations and Pension Amounts by Employer As of and for the Fiscal Year Ended June 30, 2014. This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

<u>June 30, 2014 Measurement Date (in millions)</u>		
	Before Moro Decision	Estimate After Moro Decision
Net pension liability	\$ 63,135	\$ 68,050
Total pension liability	65,402	65,400
Fiduciary net position	-2,267	2,650
Net pension liability (asset)		

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

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

8. Other Information

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Except for unemployment compensation, the City purchases commercial insurance to minimize its exposure to these risks. There was no change in commercial insurance coverage from fiscal year 2013 to 2015. Workers compensation claims are insured through incurred loss retrospective policies. Settled claims have not exceeded this commercial coverage for any of the past three years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Deferred Compensation Plan

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

Accordingly, these plan assets and related liability are not recorded in the City's basic financial statements.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel, the resolution of these matters will not have a material adverse cash effect of the financial condition of the City.

Post-employment Healthcare Plan (Implicit Subsidy)

Plan Description. The City does not have a formal post-employment benefits plan for employees; however, the City is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. GASB Statement No. 45 is applicable to the City due to the implicit rate subsidy. This "plan" is a single-employer plan that does not stand alone, and therefore, does not issue its own financial statements.

Funding Policy. When applicable, the City's insurance provider bills and collects insurance premiums from all retirees who choose to utilize the City's health care plans. For the fiscal year ended June 30, 2015, there is one City retiree that elected to purchase the City's group health and dental benefits.

Additionally, as a result of a negotiated agreement, there is an employee whose post-employment health care benefits are paid by the City that may be accounted for under GASB Statement No. 47.

Funded Status. As of June 30, 2015, the estimated GASB 45 valuation of OPEB is immaterial to the City's overall financial position and has not been recorded. The GASB 47 liability noted above is also considered immaterial to the overall financial statements and has been omitted. The benefit terminated May 31, 2013.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2015

9. Fund Balances

Below is a schedule of fund balances as of June 30, 2015, based on GASB Statement No. 54 implementation:

	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	LID Debt Service Fund	POB Debt Service Fund	Total
Fund balances:							
Nonspendable:							
Prepays and interfund receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:							
Highways and streets	-	-	233,580	236,294	-	-	469,874
Committed to:							
Community development	-	-	-	-	-	-	-
Public safety	-	327,197	-	-	-	-	327,197
Debt service	-	-	-	-	88,675	64,142	152,817
	-	327,197	-	-	88,675	64,142	480,014
Assigned to: Other Purposes	78,380						78,380
Unassigned	797,059	-	-	-	-	-	797,059
Total fund balances	\$ 875,439	\$ 327,197	\$ 233,580	\$ 236,294	\$ 88,675	\$ 64,142	\$ 1,825,327

10. Restatement

Due to the implementation of GASB 68 a restatement of the prior year net position was required. The restatement is as follows:

	Governmental	Administrative Services	Public Works
Net Position - Beginning as Previously Report	\$ 10,966,791	\$ 209,695	\$ 523,912
Proportionate Share of Net Pension Liability, Deferred Outflows/Inflows	\$ (2,253,269)	\$ (483,805)	\$ (431,217)
Net Position - Beginning as Restated	<u>\$ 8,713,522</u>	<u>\$ (274,110)</u>	<u>\$ 92,695</u>

There were also a few prior period adjustments on various budgetary schedules, the amounts are shown on the face of the schedules and all of them are to remove compensated absences from the budgetary reporting.

Financial Section

Required Supplementary Information

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

General Fund

Emergency Dispatch Fund

Transportation Fund



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City of Prineville, Oregon
Required Supplementary Information
For the fiscal year ended June 30, 2015

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
2015	0.05 %	\$ (1,142,184)	\$ 3,748,420	(30.5) %	103.6 %
2014	0.05	2,571,446	3,895,646	66.0	92.0

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

SCHEDULE OF CONTRIBUTIONS

Year	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
2015	\$ 317,320	\$ 317,320	\$ -	\$ 3,748,420	8.5 %
2014	318,177	318,177	-	3,895,646	8.2

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

City of Prineville, Oregon

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

General Fund

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 1,730,000	\$ 1,730,000	\$ 1,793,737	\$ 63,737
Transient room taxes	210,000	210,000	253,174	43,174
Franchise taxes	1,555,000	1,555,000	1,619,413	64,413
Licenses and permits	10,700	10,700	7,188	(3,512)
Intergovernmental	258,500	258,500	255,480	(3,020)
Charges for service	136,500	136,500	129,508	(6,992)
Interest	3,000	3,000	4,158	1,158
Miscellaneous	67,000	67,000	58,273	(8,727)
Total revenues	3,970,700	3,970,700	4,120,931	150,231
Expenditures				
Current				
Police	2,250,600	2,470,600 (1)	2,467,479	3,121
Police facility	66,600	66,600 (1)	59,698	6,902
Non-departmental	203,000	246,000 (1)	203,180	42,820
Debt service				
Principal	50,780	50,780 (1)	50,696	84
Interest	3,720	3,720 (1)	3,717	3
Contingency	912,245	649,245 (1)	-	649,245
Total expenditures	3,486,945	3,486,945	2,784,770	702,175
Excess of revenues over/ (under) expenditures	483,755	483,755	1,336,161	852,406
Other financing sources/(uses)				
Transfers out	(1,359,700)	(1,359,700) (1)	(1,359,700)	-
Total other financing sources (uses)	(1,359,700)	(1,359,700)	(1,359,700)	-
Net change in fund balance	(875,945)	(875,945)	(23,539)	852,406
Fund balance, July 1, 2014	875,945	875,945	820,598	(55,347)
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	797,059	<u>\$ 797,059</u>
Reconciliation to GAAP fund balance:				
Consolidation of community development fund balance			78,380	
Total fund balance			<u>\$ 875,439</u>	

(1) Appropriation Level

City of Prineville, Oregon

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

Transportation Fund

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Franchise taxes	\$ 245,000	\$ 245,000	\$ 245,000	\$ -
Licenses and permits	-	-	24,406	24,406
Intergovernmental	829,900	829,900	868,629	38,729
Interest	1,200	1,200	1,256	56
Miscellaneous	13,000	13,000	12,632	(368)
Total revenues	1,089,100	1,089,100	1,151,923	62,823
Expenditures				
Current				
Personal services	201,100	206,100 (1)	200,282	5,818
Materials and services	198,800	198,800 (1)	187,016	11,784
Capital outlay	544,600	574,600 (1)	571,144	3,456
Contingency	165,215	130,215 (1)	-	130,215
Total expenditures	1,109,715	1,109,715	958,442	151,273
Excess of revenue over/ (under) expenditures	(20,615)	(20,615)	193,481	214,096
Other financing sources/(uses)				
Transfers in	146,000	146,000	146,000	-
Transfers out	(379,500)	(379,500) (1)	(369,500)	10,000
Total other financing sources (uses)	(233,500)	(233,500)	(223,500)	10,000
Net change in fund balance	(254,115)	(254,115)	(30,019)	224,096
Fund balance, July 1, 2014	254,115	254,115	263,599	9,484
Fund balance, June 30, 2015	\$ -	\$ -	\$ 233,580	\$ 233,580

(1) Appropriation Level

City of Prineville, Oregon

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

Emergency Dispatch Fund

Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	\$ 601,170	\$ 601,170	\$ 660,895	\$ 59,725
Miscellaneous	3,000	3,000	3,547	547
Interest	3,000	3,000	1,632	(1,368)
Total revenues	607,170	607,170	666,074	58,904
Expenditures				
Current				
Personal services	826,900	846,900 (1)	846,783	117
Materials and services	95,800	95,800 (1)	87,492	8,308
Capital outlay	100	5,100 (1)	4,137	963
Contingency	238,236	213,236 (1)	-	213,236
Total expenditures	1,161,036	1,161,036	938,412	222,624
Excess of revenues over/ (under) expenditures	(553,866)	(553,866)	(272,338)	281,528
Other financing sources (uses)				
Transfers out	(172,100)	(172,100) (1)	(172,100)	-
Transfers in	476,800	476,800	476,800	-
Total other financing sources (uses)	304,700	304,700	304,700	-
Net change in fund balance	(249,166)	(249,166)	32,362	281,528
Fund balance, July 1, 2014	249,166	249,166	294,835	45,669
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,197</u>	<u>\$ 327,197</u>

(1) Appropriation Level



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Financial Section

Supplementary Information

Governmental Funds

- Community Development Fund
- Transportation SDC Fund
- Local Improvement District Debt Service Fund
- Pension Obligation Debt Service Fund

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

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

Other Financial Schedules

- Property Tax Collection
- Future Debt Service Requirements



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City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Community Development Fund
Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Licenses and permits	\$ 46,000	\$ 28,332	\$ (17,668)
Charges for services	-	899	899
Interest	200	414	214
Total revenues	<u>46,200</u>	<u>29,645</u>	<u>(16,555)</u>
Expenditures			
Current			
Personal services	218,000 (1)	215,350	2,650
Materials and services	20,600 (1)	13,740	6,860
Capital outlay	15,000 (1)	-	15,000
Contingency	68,597 (1)	-	68,597
Total expenditures	<u>322,197</u>	<u>229,090</u>	<u>93,107</u>
Excess of revenues over/ (under) expenditures	(275,997)	(199,445)	76,552
Other financing sources (uses)			
Transfers out	(108,500) (1)	(108,500)	-
Transfers in	298,500	298,653	153
Total other financing sources (uses)	<u>190,000</u>	<u>190,153</u>	<u>153</u>
Net change in fund balance	(85,997)	(9,292)	76,705
Fund balance, July 1, 2014	<u>85,997</u>	<u>87,672</u>	<u>1,675</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>78,380</u>	<u>\$ 78,380</u>
Reconciliation to GAAP fund balance:			
Consolidation of fund balance with general fund		(78,380)	
Total fund balance		<u>\$ -</u>	

(1) Appropriation Level

City of Prineville, Oregon

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

Transportation SDC Fund

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Interest	1,000	1,000	2,950	1,950
System development charges	85,400	85,400	328,922	243,522
Total revenues	91,400	91,400	331,872	240,472
Expenditures				
Current				
Materials and services	10,000	10,000 (1)	5,214	4,786
Capital outlay	395,000	395,000 (1)	391,852	3,148
Contingency	17,071	7,071 (1)	-	7,071
Total expenditures	422,071	412,071	397,066	15,005
Excess of revenues over/ (under) expenditures	(330,671)	(320,671)	(65,194)	255,477
Other financing sources (uses)				
Transfers in	10,000	10,000	-	10,000
Transfers out	(4,300)	(14,300) (1)	(6,044)	8,256
Net change in fund balance	(324,971)	(324,971)	(71,238)	263,733
Fund balance, July 1, 2014	324,971	324,971	307,532	(17,439)
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,294</u>	<u>\$ 246,294</u>

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Local Improvement District Debt Service Fund
Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Interest	\$ 500	\$ 327	\$ (173)
Assessment payments	173,000	135,033	(37,967)
Total revenues	<u>173,500</u>	<u>135,360</u>	<u>(38,140)</u>
Expenditures			
Current			
Materials and services	400 (1)	-	400
Debt service			
Principal	76,200 (2)	73,721	2,479
Interest	73,800 (2)	76,193	(2,393)
Contingency	113,720 (1)	-	113,720
Total expenditures	<u>264,120</u>	<u>149,914</u>	<u>114,206</u>
Excess of revenues over/ (under) expenditures	<u>(90,620)</u>	<u>(14,554)</u>	<u>76,066</u>
Net change in fund balance	(90,620)	(14,554)	76,066
Fund balance, July 1, 2014	<u>90,620</u>	<u>103,229</u>	<u>12,609</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 88,675</u>	<u>\$ 88,675</u>

(1) Appropriation Level

(2) appropriation level is Principal and Interest Combined

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Pension Obligation Debt Service Fund
Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for Services	\$ 295,000	\$ 292,000	\$ (3,000)
Interest	-	531	531
Total revenues	<u>295,000</u>	<u>292,531</u>	<u>(2,469)</u>
Expenditures			
Debt service			
Principal	100,000 (1)	100,000	-
Interest	143,600 (1)	143,507	93
Contingency	65,800 (1)	-	65,800
Total expenditures	<u>309,400</u>	<u>243,507</u>	<u>65,893</u>
Net change in fund balance	(14,400)	49,024	63,424
Fund balance, July 1, 2014	<u>14,400</u>	<u>15,118</u>	<u>718</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ 64,142</u>	<u>\$ 64,142</u>

(1) Appropriation Level

City of Prineville, Oregon
Combining Schedule of Net Position
Water Fund
Year Ended June 30, 2015

	Water Fund	Water SDC Fund	Totals
Assets			
Current assets			
Cash and investments	\$ 881,204	\$ 123,092	\$ 1,004,296
Accounts receivable	346,328		346,328
Inventory	214,656	-	214,656
Total current assets	<u>1,442,188</u>	<u>123,092</u>	<u>1,565,280</u>
Non-current assets			
Due from general fund	158,311	-	158,311
Capital assets:			
Non-depreciable	274,708	-	274,708
Other capital assets	14,088,571	-	14,088,571
Accumulated depreciation	(3,411,488)	-	(3,411,488)
Net non-current assets	<u>11,110,102</u>	<u>-</u>	<u>11,110,102</u>
Total assets	<u>\$ 12,552,290</u>	<u>\$ 123,092</u>	<u>\$ 12,675,382</u>
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 45,836	\$ 6,000	\$ 51,836
Deposits	28,242	-	28,242
Accrued interest	17,680	-	17,680
Bonds payable, current portion	155,000	-	155,000
Total current liabilities	<u>246,758</u>	<u>6,000</u>	<u>252,758</u>
Long-term liabilities			
Bond premium	56,935		56,935
Bonds payable, net of current portion	2,765,000	-	2,765,000
Total long-term liabilities	<u>2,821,935</u>	<u>-</u>	<u>2,821,935</u>
Total liabilities	<u>3,068,693</u>	<u>6,000</u>	<u>3,074,693</u>
Net position			
Net Investment in Capital Assets	7,974,856	-	7,974,856
Restricted	-	117,092	117,092
Unrestricted	1,508,741	-	1,508,741
Total net position	<u>9,483,597</u>	<u>117,092</u>	<u>9,600,689</u>
Total liabilities and net position	<u>\$ 12,552,290</u>	<u>\$ 123,092</u>	<u>\$ 12,675,382</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Water Fund
Year Ended June 30, 2015

	Water Fund	Water SDC Fund	Totals
Operating revenue			
Charges for services	\$ 2,033,214	\$ -	\$ 2,033,214
System development charges	-	145,348	145,348
Other	4,598	-	4,598
Total operating revenue	<u>2,037,812</u>	<u>145,348</u>	<u>2,183,160</u>
Operating expenses			
Materials and services	493,625	-	493,625
Depreciation	293,338	-	293,338
Total operating expenses	<u>786,963</u>	<u>-</u>	<u>786,963</u>
Operating income (loss)	1,250,849	145,348	1,396,197
Non-operating income (expense)			
Interest income	4,349	591	4,940
Interest expense	(129,402)	-	(129,402)
Bond premium amortization	3,872	-	3,872
Transfers in	72,000	-	72,000
Transfers out	(1,042,700)	(75,800)	(1,118,500)
Total non-operating income (expense)	<u>(1,091,881)</u>	<u>(75,209)</u>	<u>(1,167,090)</u>
Change in net position	158,968	70,139	229,107
Net position, July 1, 2014	9,324,629	46,953	9,371,582
Net position, July 1, 2014	<u>9,324,629</u>	<u>46,953</u>	<u>9,371,582</u>
Net position, June 30, 2015	<u>\$ 9,483,597</u>	<u>\$ 117,092</u>	<u>\$ 9,600,689</u>

City of Prineville, Oregon

Combining Schedule of Cash Flows

Water Fund

Year Ended June 30, 2015

	Water Fund	Water SDC Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 2,065,786	\$ 1,245,220	\$ 3,311,006
Cash payments for goods and services	(649,461)	(267,080)	(916,541)
Net cash flows from operating activities	<u>1,416,325</u>	<u>978,140</u>	<u>2,394,465</u>
Cash flows from non-capital activities			
Transfers out	(1,042,700)	(75,800)	(1,118,500)
Transfers in	72,000	-	72,000
Net cash flows from non-capital activities	<u>(970,700)</u>	<u>(75,800)</u>	<u>(1,046,500)</u>
Cash flows from capital financing activities			
Acquisition of capital assets	(321,315)	-	(321,315)
Interfund loan repayments	50,696	-	50,696
Debt reduction	(140,000)	-	(140,000)
Interest paid on debt	(130,502)	-	(130,502)
Net cash flows from capital financing activities	<u>(541,121)</u>	<u>-</u>	<u>(541,121)</u>
Cash flows from investing activities			
Interest earned	4,349	591	4,940
Net increase (decrease) in cash	(91,147)	902,931	811,784
Cash - July 1, 2014	972,351	(779,839)	192,512
Cash - June 30, 2015	<u>\$ 881,204</u>	<u>\$ 123,092</u>	<u>\$ 1,004,296</u>
Reconciliation of operating income to net cash flows from operations			
Operating income (loss)	\$ 1,250,849	\$ 145,348	\$ 1,396,197
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	293,338	-	293,338
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	(124,752)	(267,080)	(391,832)
Increase/(decrease) in deposits	(2,900)	-	(2,900)
Decrease/(increase) in inventory	(31,084)	-	(31,084)
Decrease/(increase) in accounts receivable	30,874	1,099,872	1,130,746
Total adjustments	<u>165,476</u>	<u>832,792</u>	<u>998,268</u>
Net cash from operating activities	<u>\$ 1,416,325</u>	<u>\$ 978,140</u>	<u>\$ 2,394,465</u>

City of Prineville, Oregon

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

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 1,877,000	\$ 1,877,000	\$ 2,033,214	\$ 156,214
Interest	5,000	5,000	4,349	\$ (651)
Other	5,500	5,500	4,598	\$ (902)
Total revenues	1,887,500	1,887,500	2,042,161	154,661
Expenditures				
Materials and services	568,400	568,400 (1)	474,708	93,692
Capital outlay	490,900	490,900 (1)	340,232	150,668
Debt service				
Principal	140,000	140,000 (1)	140,000	-
Interest	130,600	130,600 (1)	129,402	1,198
Contingency	1,000,280	1,000,280 (1)	-	1,000,280
Total expenditures	2,330,180	2,330,180	1,084,342	1,245,838
Excess of revenues over/ (under) expenditures	(442,680)	(442,680)	957,819	1,400,499
Other financing sources (uses)				
Transfers in	72,000	72,000	72,000	-
Transfers out	(1,042,700)	(1,042,700) (1)	(1,042,700)	-
Total other financing sources (uses)	(970,700)	(970,700)	(970,700)	-
Net change in fund balance	(1,413,380)	(1,413,380)	(12,881)	1,400,499
Fund balance, July 1, 2014	1,413,380	1,413,380	1,521,622	108,242
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	1,508,741	<u>\$ 1,508,741</u>
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			11,110,102	
Adjustment for note payable - due within one year			(155,000)	
Adjustment for unamortized bond premium			(56,935)	
Adjustment for amount due from general fund			(158,311)	
Adjustment for note payable			(2,765,000)	
Net position - GAAP Basis		<u>\$ 342,498</u>	<u>\$ 9,483,597</u>	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Water SDC Fund
Year Ended June 30, 2015

	Original and Final Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 100	\$ 100	\$ 591	\$ 491
System development charges	75,500	75,500	145,348	69,848
Total revenues	<u>75,600</u>	<u>75,600</u>	<u>145,939</u>	<u>70,339</u>
Expenditures				
Contingency	1,358	1,358 (1)	-	1,358
Total expenditures	<u>1,358</u>	<u>1,358</u>	<u>-</u>	<u>1,358</u>
Excess of revenues over/ (under) expenditures	74,242	74,242	145,939	71,697
Other financing sources (uses)				
Transfers out	(75,800)	(75,800) (1)	(75,800)	-
Total other financing sources (uses)	<u>(75,800)</u>	<u>(75,800)</u>	<u>(75,800)</u>	<u>-</u>
Net change in fund balance	(1,558)	(1,558)	70,139	71,697
Fund balance, July 1, 2014	1,558	1,558	46,953	45,395
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	117,092	<u>\$ 117,092</u>
Reconciliation to net position - GAAP Basis:			<u>-</u>	
Net position - GAAP Basis			<u>\$ 117,092</u>	

(1) Appropriation Level

City of Prineville, Oregon
Combining Schedule of Net Position
Wastewater Fund
Year Ended June 30, 2015

	Wastewater Fund	Wastewater SDC Fund	Totals
Assets			
Current assets			
Cash and investments	\$ 1,162,113	\$ 120,953	\$ 1,283,066
Accounts receivable	447,794	-	447,794
Inventory	42,849	-	42,849
Total current assets	<u>1,652,756</u>	<u>120,953</u>	<u>1,773,709</u>
Non-current assets			
Restricted cash and investments	304,000	-	304,000
Capital assets:			
Non-depreciable	888,290	-	888,290
Other capital assets, Net	22,276,950	-	22,276,950
Net non-current assets	<u>23,469,240</u>	<u>-</u>	<u>23,469,240</u>
Total assets	<u>\$ 25,121,996</u>	<u>\$ 120,953</u>	<u>\$ 25,242,949</u>
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 38,135	\$ 11,346	\$ 49,481
Payroll payable	2,802	-	2,802
Accrued interest	76,934	-	76,934
Deposits	57,487	-	57,487
Accrued compensated absences	14,848	-	14,848
Bonds payable, current portion	513,126	-	513,126
Total current liabilities	<u>703,332</u>	<u>11,346</u>	<u>714,678</u>
Long-term liabilities			
Bond premium	77,179	-	77,179
Bonds payable, net of current portion	9,966,942	-	9,966,942
Total long-term liabilities	<u>10,044,121</u>	<u>-</u>	<u>10,044,121</u>
Total liabilities	<u>10,747,453</u>	<u>11,346</u>	<u>10,758,799</u>
Net position			
Net Investment in Capital Assets	12,607,993	-	12,607,993
Restricted for debt service	304,000	-	304,000
Restricted for capital projects	-	109,607	109,607
Unrestricted	1,462,550	-	1,462,550
Total net position	<u>\$ 14,374,543</u>	<u>\$ 109,607</u>	<u>\$ 14,484,150</u>
Total liabilities and net position	<u>\$ 25,121,996</u>	<u>\$ 120,953</u>	<u>\$ 25,242,949</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Wastewater Fund
Year Ended June 30, 2015

	Wasterwater Fund	Wastewater SDC Fund	Totals
Operating revenue			
Charges for services	\$ 3,029,159	\$ 118,195	\$ 3,147,354
Other	61,007	-	61,007
Total operating revenue	<u>3,090,166</u>	<u>118,195</u>	<u>3,208,361</u>
Operating expenses			
Salaries and fringe benefits	105,550	-	105,550
Materials and services	702,679	-	702,679
Depreciation	472,546	-	472,546
Total operating expenses	<u>1,280,775</u>	<u>-</u>	<u>1,280,775</u>
Operating income (loss)	1,809,391	118,195	1,927,586
Nonoperating income (expense)			
Interest income	4,126	823	4,949
Interest expense	(381,550)	-	(381,550)
Bond premium amortization	5,152	-	5,152
Sale of Assets	566,200	-	566,200
Transfers in	21,815	-	21,815
Transfers out	(1,253,000)	(26,653)	(1,279,653)
Total nonoperating income (expense)	<u>(1,037,257)</u>	<u>(25,830)</u>	<u>(1,063,087)</u>
Other non-operating items			
Contributed capital	124,961	(124,961)	-
Change in net position	897,095	(32,596)	864,499
Net position, July 1, 2014	<u>13,477,448</u>	<u>142,203</u>	<u>13,619,651</u>
Net position, June 30, 2015	<u>\$ 14,374,543</u>	<u>\$ 109,607</u>	<u>\$ 14,484,150</u>

City of Prineville, Oregon

Combining Schedule of Cash Flows

Wastewater Fund

Year Ended June 30, 2015

	Wastewater Fund	Wastewater SDC Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 3,122,783	\$ 118,195	\$ 3,240,978
Cash payments for goods and services	(731,460)	(60,061)	(791,521)
Cash payments to employees	(188,898)	-	(188,898)
Net cash flows from operating activities	2,202,425	58,134	2,260,559
Cash flows from non-capital activities			
Transfers out	(1,253,000)	(26,653)	(1,279,653)
Transfers in	21,815	-	21,815
Net cash flows from non-capital activities	(1,231,185)	(26,653)	(1,257,838)
Cash flows from capital financing activities			
Sale of Assets	566,200	-	566,200
Acquisition of capital assets	(118,288)	(124,961)	(243,249)
Debt reduction	(490,714)	-	(490,714)
Interest paid on debt	(385,642)	-	(385,642)
Net cash flows from capital financing activities	(428,444)	(124,961)	(553,405)
Cash flows from investing activities			
Interest earned	4,126	823	4,949
Net decrease in cash	546,922	(92,657)	454,265
Cash - July 1, 2014	919,191	213,610	1,132,801
Cash - June 30, 2015	\$ 1,466,113	\$ 120,953	\$ 1,587,066
Reconciliation of operating income to net cash flows from operations			
Operating income	\$ 1,809,391	\$ 118,195	1,927,586
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	472,546	-	472,546
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	(41,944)	(60,061)	(102,005)
Increase/(decrease) in payroll payable	(641)	-	(641)
Increase/(decrease) in accrued expenses	(82,707)	-	(82,707)
Increase/(decrease) in deposits	(2,461)	-	(2,461)
Decrease/(increase) in accounts receivable	35,078	-	35,078
Decrease/(increase) in inventory	13,163	-	13,163
Total adjustments	393,034	(60,061)	332,973
Net cash from operating activities	\$ 2,202,425	\$ 58,134	\$ 2,260,559

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Wastewater Fund
Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 3,012,000	\$ 3,012,000	\$ 3,017,850	\$ 5,850
Interest	3,000	3,000	4,126	1,126
System development charges	31,300	31,300	11,309	(19,991)
Other	113,000	113,000	61,007	(51,993)
Total revenues	3,159,300	3,159,300	3,094,292	(65,008)
Expenditures				
Personal services	196,000	196,000 (1)	192,199	3,801
Materials and services	702,600	722,600 (1)	687,415	35,185
Capital outlay	130,000	130,000 (1)	118,288	11,712
Debt service				
Principal	490,800	490,800 (1)	490,714	86
Interest	381,800	381,800 (1)	381,550	250
Other requirements				
Loan fees	15,300	15,300 (1)	15,264	36
Contingency	783,124	763,124 (1)	-	763,124
Total expenditures	2,699,624	2,699,624	1,885,430	814,194
Excess of revenues over/ (under) expenditures	459,676	459,676	1,208,862	749,186
Other financing sources (uses)				
Sale of Assets	-	-	566,200	566,200
Transfers in	-	-	21,815	21,815
Transfers out	(1,253,000)	(1,253,000) (1)	(1,253,000)	-
Net change in fund balance	(793,324)	(793,324)	543,877	1,337,201
Fund balance, July 1, 2014	1,097,324	1,097,324	1,136,024	38,700
Prior period adjustment	-	-	101,497	101,497
Fund balance, June 30, 2015	304,000	304,000	1,781,398	1,477,398
Other requirements				
Restricted for debt service	304,000	304,000	304,000	-
Ending unassigned, unrestricted fund balance	\$ -	\$ -	1,477,398	\$ 1,477,398
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			23,165,240	
Adjustment for accrued compensated absences payable			(14,848)	
Adjustment for note payable - due within one year			(513,126)	
Adjustment for unamortized bond premium			(77,179)	
Adjustment for notes payable			(9,966,942)	
Net position - GAAP Basis			\$ 14,374,543	

(1) Appropriation Level

City of Prineville, Oregon

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

Wastewater SDC Fund

Year Ended June 30, 2015

	Original and Final Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 500	\$ 500	\$ 823	\$ 323
System development charges	112,900	112,900	118,195	5,295
Total revenues	113,400	113,400	119,018	5,618
Expenditures				
Capital outlay	125,000	125,000 (1)	124,961	39
Contingency	103,652	93,652 (1)	-	93,652
Total expenditures	228,652	218,652	124,961	93,691
Excess of revenues over/ (under) expenditures	(115,252)	(105,252)	(5,943)	99,309
Other financing sources (uses)				
Transfers out	(37,000)	(47,000) (1)	(26,653)	20,347
Total other financing sources (uses)	(37,000)	(47,000)	(26,653)	20,347
Net change in fund balance	(152,252)	(152,252)	(32,596)	119,656
Fund balance, July 1, 2014	152,252	152,252	142,203	(10,049)
Fund balance, June 30, 2015	\$ -	\$ -	109,607	\$ 109,607
Reconciliation to net position - GAAP Basis:			-	
Net position - GAAP Basis			\$ 109,607	

(1) Appropriation Level

City of Prineville, Oregon

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

Railroad Fund

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 11,845	\$ (11,845)
Charges for services	564,000	564,000	518,132	45,868
Interest	-	-	1,538	(1,538)
Miscellaneous	95,700	95,700	68,805	26,895
Total revenues	659,700	659,700	600,320	59,380
Expenditures				
Personal services	265,300	270,300 (1)	262,082	8,218
Materials and services	305,000	305,000 (1)	248,988	56,012
Debt service				
Principal	92,000	92,000 (1)	91,991	9
Interest	8,900	8,900 (1)	5,026	3,874
Contingency	662,885	657,885 (1)	-	657,885
Total expenditures	1,334,085	1,334,085	608,087	725,998
Excess of revenues over/ (under) expenditures	(674,385)	(674,385)	(7,767)	666,618
Other financing sources (uses)				
Transfers in	100,900	100,900	100,900	-
Transfers out	(73,100)	(73,100) (1)	(73,100)	-
Total other financing sources (uses)	27,800	27,800	27,800	-
Net change in fund balance	(646,585)	(646,585)	20,033	666,618
Fund balance, July 1, 2014	646,585	646,585	617,963	(28,622)
Prior period adjustment	-	-	9,070	9,070
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	647,066	<u>\$ 647,066</u>
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			8,511,948	
Adjustment for accrued compensated absences payable			(13,217)	
Adjustment for note payable - due within one year			(95,811)	
Adjustment for amount due from general fund			(621,730)	
Adjustment for note payable, net of current portion			(49,341)	
Net position - GAAP Basis			<u>\$ 8,378,915</u>	

(1) Appropriation Level

City of Prineville, Oregon

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

Airport Fund

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 190,600	\$ 190,600	\$ 186,718	\$ (3,882)
Charges for services	849,500	925,100	617,260	(307,840)
Interest	100	100	123	23
Total revenues	1,040,200	1,115,800	804,101	(311,699)
Expenditures				
Personal services	134,900	155,500 (1)	137,768	17,732
Materials and services	723,000	783,000 (1)	526,779	256,221
Capital outlay	165,000	165,000 (1)	161,611	3,389
Contingency	5,955	955 (1)	-	955
Total expenditures	1,028,855	1,104,455	826,158	278,297
Excess of revenues over/ (under) expenditures	11,345	11,345	(22,057)	(33,402)
Other financing sources (uses)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(88,900)	(88,900) (1)	(88,900)	-
Total other financing sources (uses)	(38,900)	(38,900)	(38,900)	-
Net change in fund balance	(27,555)	(27,555)	(60,957)	(33,402)
Fund balance, July 1, 2014	27,555	27,555	134,391	106,836
Prior period adjustment	-	-	3,079	3,079
Fund balance, June 30, 2015	\$ -	\$ -	76,513	\$ 76,513
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(3,564)	
Adjustment for capital assets, net of accumulated depreciation			521,563	
Net position - GAAP Basis			\$ 594,512	

(1) Appropriation Level

City of Prineville, Oregon

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

Golf Course Fund

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 1,142,000	\$ 1,142,000	\$ 1,124,597	\$ (17,403)
Interest	2,000	2,000	2,262	262
Miscellaneous	8,500	8,500	7,881	(619)
Total revenues	1,152,500	1,152,500	1,134,740	(17,760)
Expenditures				
Waste disposal	438,900	438,900 (1)	424,707	14,193
Golf course	443,000	478,000 (1)	444,092	33,908
Restaurant	431,100	451,100 (1)	435,641	15,459
Debt service				
Principal	53,800	53,800 (1)	53,729	71
Interest	22,800	22,800 (1)	21,988	812
Contingency	409,369	354,369 (1)	-	354,369
Total expenditures	1,798,969	1,798,969	1,380,157	418,812
Excess of revenues over/ (under) expenditures	(646,469)	(646,469)	(245,417)	401,052
Other financing sources (uses)				
Debt proceeds	-	-	176,188	176,188
Transfers in	350,000	350,000	350,000	-
Transfers out	(135,500)	(135,500) (1)	(135,500)	-
Total other financing sources (uses)	214,500	214,500	390,688	176,188
Net change in fund balance	(431,969)	(431,969)	145,271	577,240
Fund balance, July 1, 2014	431,969	431,969	403,694	(28,275)
Prior period adjustment	-	-	125,360	125,360
Fund balance, June 30, 2015	\$ -	\$ -	674,325	\$ 674,325
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciat			1,310,125	
Adjustment for accrued compensated absences payable			(131,663)	
Adjustment for unamortized bond premium			(13,474)	
Adjustment for bond payable			(455,000)	
Adjustment for note payable			(245,722)	
Net position - GAAP Basis			\$ 1,138,591	

(1) Appropriation Level

City of Prineville, Oregon

Combining Balance Sheet

Internal Service Funds

June 30, 2015

	Governmental Type Activities			
	Internal Services Funds			
	Administrative Services Fund	City Hall Maintenance	Public Works Support Services	Total
Assets				
Current assets				
Cash and investments	\$ 571,686	\$ 143,129	\$ 477,930	\$ 1,192,745
Restricted cash and investments	-	105,000	-	105,000
Accounts receivable	3,603	-	-	3,603
Proportionate Share of Net Pension Asset	245,241	-	218,585	463,826
Inventory	-	-	19,008	19,008
Total current assets	<u>820,530</u>	<u>248,129</u>	<u>715,523</u>	<u>1,784,182</u>
Capital assets (net of accumulated depreciations)	54,267	1,722,616	327,822	2,104,705
Total assets	<u>874,797</u>	<u>1,970,745</u>	<u>1,043,345</u>	<u>3,888,887</u>
Deferred Outflows of Resources				
Net Deferred Pension Asset	<u>70,135</u>	<u>-</u>	<u>62,511</u>	<u>132,646</u>
Liabilities				
Current liabilities				
Accounts payable	115,610	2,594	38,676	156,880
Accrued payroll	22,914	-	24,608	47,522
Accrued interest payable	-	33,122	-	33,122
Deposits	-	-	1,500	1,500
Current portion notes payable	-	43,790	-	43,790
Total current liabilities	<u>138,524</u>	<u>79,506</u>	<u>64,784</u>	<u>282,814</u>
Long-term liabilities				
Accrued compensated absences payable	108,065	-	86,545	194,610
Notes payable	-	1,394,997	-	1,394,997
Total long-term liabilities	<u>108,065</u>	<u>1,394,997</u>	<u>86,545</u>	<u>1,589,607</u>
Total liabilities	<u>246,589</u>	<u>1,474,503</u>	<u>151,329</u>	<u>1,872,421</u>
Net Position				
Net Investment in Capital Assets	54,267	327,619	327,822	709,708
Unrestricted				
Unassigned	<u>644,076</u>	<u>168,623</u>	<u>626,705</u>	<u>1,439,404</u>
Total net position	<u>\$ 698,343</u>	<u>\$ 496,242</u>	<u>\$ 954,527</u>	<u>\$ 2,149,112</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2015

	Governmental Type Activities			
	Internal Services Funds			
	Administrative Services Fund	City Hall Maintenance	Public Works Support Services	Totals
Operating revenue				
Intergovernmental	\$ -	\$ 10,000	\$ -	\$ 10,000
Charges for services	46,423	-	60,446	106,869
Other operating revenues	37,938	4,311	21,810	64,059
Total operating revenue	<u>84,361</u>	<u>14,311</u>	<u>82,256</u>	<u>180,928</u>
Operating expenses				
Salaries and fringe benefits	240,834	-	261,212	502,046
Materials and services	614,145	76,530	192,075	882,750
Depreciation	7,800	78,587	43,027	129,414
Total operating expenses	<u>862,779</u>	<u>155,117</u>	<u>496,314</u>	<u>1,514,210</u>
Operating income (loss)	(778,418)	(140,806)	(414,058)	(1,333,282)
Nonoperating income (expense)				
Interest income	1,842	1,015	1,653	4,510
Interest expense	-	(61,966)	-	(61,966)
Sale of assets	-		6,137	6,137
Transfer to other funds	(113,100)		(4,600)	(117,700)
Transfers from other funds	1,862,129	178,200	1,272,700	3,313,029
Total nonoperating income (expense)	<u>1,750,871</u>	<u>117,249</u>	<u>1,275,890</u>	<u>3,144,010</u>
Change in net position	972,453	(23,557)	861,832	1,810,728
Net position, July 1, 2014, restated	<u>(274,110)</u>	<u>519,799</u>	<u>92,695</u>	<u>338,384</u>
Net position, June 30, 2015	<u>\$ 698,343</u>	<u>\$ 496,242</u>	<u>\$ 954,527</u>	<u>\$ 2,149,112</u>

City of Prineville, Oregon

Combining Schedule of Cash Flows

Internal Service Funds

Year Ended June 30, 2015

	Governmental Type Activities			
	Internal Service Funds			
	Admin Services	City Hall Funds	Public Works Services	Totals
Cash flows from operating activities				
Cash received from customers	\$ 115,926	\$ 14,489	\$ 82,256	\$ 212,671
Cash payments for goods and services	(574,217)	(76,100)	(201,397)	(851,714)
Cash payments to employees	(1,058,457)	-	(934,379)	(1,992,836)
Net cash flows from operating activities	<u>(1,516,748)</u>	<u>(61,611)</u>	<u>(1,053,520)</u>	<u>(2,631,879)</u>
Cash flows from non-capital activities				
Transfers from other funds	1,862,129	178,200	1,272,700	3,313,029
Transfers to other funds	(113,100)	-	(4,600)	(117,700)
Net cash flows from non-capital activities	<u>1,749,029</u>	<u>178,200</u>	<u>1,268,100</u>	<u>3,195,329</u>
Cash flows from capital financing activities				
Acquisition of capital assets	(14,939)	-	(139,321)	(154,260)
Debt reduction	-	(42,004)	-	(42,004)
Interest paid on loans	-	(62,934)	-	(62,934)
Sale of assets	-	-	6,137	6,137
Net cash flows from capital financing activities	<u>(14,939)</u>	<u>(104,938)</u>	<u>(133,184)</u>	<u>(253,061)</u>
Cash flows from investing activities				
Interest earned	1,842	1,015	1,653	4,510
Net increase (decrease) in cash	219,184	12,666	83,049	314,899
Cash - July 1, 2014	<u>352,502</u>	<u>235,463</u>	<u>394,881</u>	<u>982,846</u>
Cash - June 30, 2015	<u>\$ 571,686</u>	<u>\$ 248,129</u>	<u>\$ 477,930</u>	<u>\$ 1,297,745</u>
Reconciliation of operating income to net cash flows from operations				
Operating income (loss)	\$ (778,418)	\$ (140,806)	\$ (414,058)	\$ (1,333,282)
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	7,800	78,587	43,027	129,414
Changes in assets and liabilities				
Increase/(decrease) in accounts payable	39,928	608	(11,015)	29,521
Increase/(decrease) in payroll payable	4,315	-	8,764	13,079
Decrease/(increase) in Net Pension Asset, Deferred Inflows	(799,181)		(712,313)	(1,511,494)
Decrease/(increase) in accounts receivable	31,565	-	-	31,565
Decrease/(increase) in inventory	-	-	1,693	1,693
Increase (decrease) in accrued expenses	(22,757)	-	30,382	7,625
Net cash flows from operating activities	<u>\$ (1,516,748)</u>	<u>\$ (61,611)</u>	<u>\$ (1,053,520)</u>	<u>\$ (2,631,879)</u>

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Administrative Services Fund
Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 58,771	\$ 58,771	\$ 46,423	\$ (12,348)
Interest	1,000	1,000	1,842	842
Other		-	37,938	37,938
Total revenues	59,771	59,771	86,203	26,432
Expenditures				
City Council	44,400	44,400 (1)	34,256	10,144
Administration/team services	682,700	702,700 (1)	659,418	43,282
Financial services	632,100	632,100 (1)	609,174	22,926
Information technology	460,600	460,600 (1)	387,044	73,556
Contingency	100,688	80,688 (1)	-	80,688
Total expenditures	1,920,488	1,920,488	1,689,892	230,596
Excess of revenues over/ (under) expenditures	(1,860,717)	(1,860,717)	(1,603,689)	257,028
Other financing sources (uses)				
Transfers in	1,862,129	1,862,129	1,862,129	-
Transfers out	(113,100)	(113,100) (1)	(113,100)	-
Total other financing sources (uses)	1,749,029	1,749,029	1,749,029	-
Net change in fund balance	(111,688)	(111,688)	145,340	257,028
Fund balance, July 1, 2014	111,688	111,688	162,567	50,879
Prior period adjustment	-	-	128,858	128,858
Fund balance, June 30, 2015	\$ -	\$ -	\$ 436,765	\$ 436,765
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(108,065)	
Adjustment for Net Pension Asset, Deferred Outflows/Inflows			315,376	
Adjustment for capital assets, net of accumulated depreciation			54,267	
Net position - GAAP Basis			\$ 698,343	

(1) Appropriation Level

City of Prineville, Oregon

Combining Balance Sheet

City Hall Funds

Year Ended June 30, 2015

	City Hall Maintenance	Plaza Maintenance	Total
Assets			
Current assets			
Cash and investments	\$ 99,366	\$ 43,763	\$ 143,129
Restricted cash and investments	105,000	-	105,000
Total current assets	<u>204,366</u>	<u>43,763</u>	<u>248,129</u>
Non-current assets			
Capital assets:			
Improvements	2,357,617	-	2,357,617
Accumulated depreciation	(635,001)	-	(635,001)
Net non-current assets	<u>1,722,616</u>	<u>-</u>	<u>1,722,616</u>
Total assets	<u>\$ 1,926,982</u>	<u>\$ 43,763</u>	<u>\$ 1,970,745</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 2,046	\$ 548	\$ 2,594
Accrued interest payable	33,122	-	33,122
Notes payable, current portion	43,790	-	43,790
Total current liabilities	<u>78,958</u>	<u>548</u>	<u>79,506</u>
Long-term liabilities			
Notes payable, net of current portion	1,394,997	-	1,394,997
Total liabilities	<u>1,473,955</u>	<u>548</u>	<u>1,474,503</u>
Net position			
Net Investment in Capital Assets	283,829	-	283,829
Restricted for debt service	105,000	-	105,000
Unrestricted			
Unreserved	64,198	43,215	107,413
Total net position	<u>453,027</u>	<u>43,215</u>	<u>496,242</u>
Total liabilities and net position	<u>\$ 1,926,982</u>	<u>\$ 43,763</u>	<u>\$ 1,970,745</u>

City of Prineville, Oregon
Combining Schedule of Revenue, Expenses and Changes in Net Position
City Hall Funds
Year Ended June 30, 2015

	City Hall Maintenance	Plaza Maintenance	Total
Operating revenue			
Charges for services	\$ -	\$ -	\$ -
Intergovernmental	-	10,000	10,000
Other	4,311	-	4,311
Total operating revenue	<u>4,311</u>	<u>10,000</u>	<u>14,311</u>
Operating expenses			
Materials and services	67,815	8,715	76,530
Depreciation	78,587	-	78,587
Total operating expenses	<u>146,402</u>	<u>8,715</u>	<u>155,117</u>
Operating income (loss)	(142,091)	1,285	(140,806)
Nonoperating income (expense)			
Interest income	829	186	1,015
Interest expense	(61,966)	-	(61,966)
Transfers from other funds	181,900	10,000	191,900
Transfers to other funds	(10,000)	(3,700)	(13,700)
Total nonoperating income (expense)	<u>110,763</u>	<u>6,486</u>	<u>117,249</u>
Change in net position	(31,328)	7,771	(23,557)
Net position, July 1, 2014	<u>484,355</u>	<u>35,444</u>	<u>519,799</u>
Net position, June 30, 2015	<u>\$ 453,027</u>	<u>\$ 43,215</u>	<u>\$ 496,242</u>

City of Prineville, Oregon

Combining Schedule of Cash Flows

City Hall Funds

Year Ended June 30, 2015

	City Hall Maintenance	Plaza Maintenance	Total
Cash flows from operating activities			
Cash received from customers	\$ 4,489	\$ 10,000	\$ 14,489
Cash payments for goods and services	(67,815)	(8,285)	(76,100)
Net cash flows from operating activities	(63,326)	1,715	(61,611)
Cash flows from non-capital activities			
Transfers from other funds	181,900	10,000	191,900
Transfers to other funds	(10,000)	(3,700)	(13,700)
Net cash flows from non-capital activities	171,900	6,300	178,200
Cash flows from capital financing activities			
Debt reduction	(42,004)	-	(42,004)
Interest paid on loans	(62,934)	-	(62,934)
Net cash flows from capital financing activities	(104,938)	-	(104,938)
Cash flows from investing activities			
Interest earned	829	186	1,015
Net decrease in cash	4,465	8,201	12,666
Cash - July 1, 2014	199,901	35,562	235,463
Cash - June 30, 2015	<u>\$ 204,366</u>	<u>\$ 43,763</u>	<u>\$ 248,129</u>
Reconciliation of operating income to net cash flows from operations			
Operating income/(loss)	\$ (142,091)	\$ 1,285	\$ (140,806)
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	78,587	-	78,587
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	178	430	608
Net cash flows from operating activities	<u>\$ (63,326)</u>	<u>\$ 1,715</u>	<u>\$ (61,611)</u>

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
City Hall Maintenance Fund
Year Ended June 30, 2015

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Interest	\$ 800	\$ 829	\$ 29
Miscellaneous income	5,000	4,311	(689)
Total revenues	5,800	5,140	(660)
Expenditures			
Materials and services	78,200 (1)	67,815	10,385
Debt service			
Principal	42,100 (1)	42,004	96
Interest	63,000 (1)	61,966	1,034
Other requirements			
Debt service reserve	105,000 (1)	-	105,000
Contingency	39,627 (1)	-	39,627
Total expenditures	327,927	171,785	156,142
Excess of revenues over/ (under) expenditures	(322,127)	(166,645)	155,482
Other financing sources (uses)			
Transfers out	(10,000) (1)	(10,000)	-
Transfers in	181,900	181,900	-
Total other financing sources (uses)	171,900	171,900	-
Net change in fund balance	(150,227)	5,255	155,482
Fund balance, July 1, 2014	150,227	163,944	13,717
Fund balance, June 30, 2015	\$ -	169,199	\$ 169,199
Reconciliation to net position - GAAP Basis:			
Adjustment for capital assets not being depreciated		1,722,616	
Adjustment for capital assets, net of accumulated depreciation		(43,790)	
Adjustment for note payable - due within one year		(1,394,997)	
Adjustment for note payable		-	
Net position - GAAP Basis		\$ 453,028	

(1) Appropriation Level

City of Prineville, Oregon

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

Plaza Maintenance Fund

Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Interest	100	100	186	86
Total revenues	<u>10,100</u>	<u>10,100</u>	<u>10,186</u>	<u>86</u>
Expenditures				
Materials and services	18,800	23,800 (1)	8,715	10,085
Contingency	30,606	25,606 (1)	-	30,606
Total expenditures	<u>49,406</u>	<u>49,406</u>	<u>8,715</u>	<u>40,691</u>
Excess of revenues over/ (under) expenditures	(39,306)	(39,306)	1,471	40,777
Other financing sources (uses)				
Transfers out	(3,700)	(3,700) (1)	(3,700)	-
Transfers in	10,000	10,000	10,000	-
Total other financing sources (uses)	<u>6,300</u>	<u>6,300</u>	<u>6,300</u>	<u>-</u>
Net change in fund balance	(33,006)	(33,006)	7,771	40,777
Fund balance, July 1, 2014	<u>33,006</u>	<u>33,006</u>	<u>35,444</u>	<u>2,438</u>
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,215</u>	<u>\$ 43,215</u>
Reconciliation to net position - GAAP Basis:				
No adjustment			-	
Net position - GAAP Basis			<u>\$ 43,215</u>	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Works Support Services Fund
Year Ended June 30, 2015

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 75,000	\$ 75,000	\$ 60,446	\$ (14,554)
Interest	1,000	1,000	1,653	653
Other	12,000	12,000	21,810	9,810
Total revenues	<u>88,000</u>	<u>88,000</u>	<u>83,909</u>	<u>(4,091)</u>
Expenditures				
Public works support services	1,032,900	1,032,900 (1)	978,898	54,002
Public works fleet and vehicles	276,000	276,000 (1)	269,176	6,824
Public works facilities	36,500	36,500 (1)	26,465	10,035
Contingency	188,112	188,112 (1)	-	188,112
Total expenditures	<u>1,533,512</u>	<u>1,533,512</u>	<u>1,274,539</u>	<u>258,973</u>
Excess of revenues over/ (under) expenditures	(1,445,512)	(1,445,512)	(1,190,630)	254,882
Other financing sources (uses)				
Sale of assets	-	-	6,137	6,137
Transfers out	(4,600)	(4,600) (1)	(4,600)	-
Transfers in	1,272,700	1,272,700	1,272,700	-
Total other financing sources (uses)	1,268,100	1,268,100	1,274,237	6,137
Net change in fund balance	(177,412)	(177,412)	83,607	261,019
Fund balance, July 1, 2014	177,412	177,412	292,384	114,972
Prior period adjustment	-	-	56,163	56,163
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	432,154	<u>\$ 432,154</u>
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(86,545)	
Adjustment for Net Pension Asset, Deferred Outflows/Inflows			281,096	
Adjustment for capital assets, net of accumulated depreciation			<u>327,822</u>	
Net position - GAAP Basis			<u>\$ 954,527</u>	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Property Tax Transactions
Year Ended June 30, 2015

Tax Year	Beginning Balance and Current Levy	Adjustments	Interest (Discounts)	Turnovers from County Treasurer	Taxes Receivable 30-Jun-15
2014-15	\$ 1,803,653	\$ (780)	\$ (42,687)	\$ 1,699,080	\$ 61,106
2013-14	63,681	(495)	3,146	38,514	27,818
2012-13	31,030	(272)	3,449	19,519	14,688
2011-12	19,935	(259)	4,256	16,764	7,168
2010-11	15,023	(293)	3,784	12,736	5,778
2009-10	5,959	(234)	1,572	4,286	3,011
Prior	1,751	(290)	1,676	4,036	(899)
	<u>\$ 1,941,032</u>	<u>\$ (2,623)</u>	<u>\$ (24,804)</u>	1,794,935	118,670

Reconciliation to Revenue

Other Taxes

Tax accrual

2,172

July 1, 2014

(20,116)

June 30, 2015

16,746

1,793,737



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STATISTICAL SECTION

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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



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City of Prineville, Oregon
Net Position by Component
Unaudited

	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 2,142,637	\$ 10,371,186	\$ 10,372,013	\$ 10,554,469	\$ 10,760,761	\$ 10,781,113	\$ 10,712,120	\$ 10,486,118	7,344,752	9,892,711
Restricted	1,518,987	1,320,652	1,248,998	1,016,455	757,363	380,200	247,542	455,491	676,131	574,874
Unrestricted	575,126	2,920,617	2,649,155	3,129,774	3,816,719	3,767,585	3,509,544	3,327,657	2,945,908	2,234,187
Total governmental activities net position	\$ 4,236,750	\$ 14,612,455	\$ 14,270,166	\$ 14,700,698	\$ 15,334,843	\$ 14,928,898	\$ 14,469,206	\$ 14,269,266	\$ 10,966,791	\$ 12,701,772
Business-type activities										
Net investment in capital assets	\$ 14,867,415	\$ 17,564,998	\$ 16,339,270	\$ 19,577,799	\$ 23,044,076	\$ 24,154,385	\$ 24,581,764	\$ 26,084,499	\$ 29,806,882	\$ 30,067,137
Restricted	(444,767)	-	-	-	748,266	748,266	1,262,067	498,958	493,156	530,699
Unrestricted (deficit)	4,716,980	5,390,822	3,938,209	3,492,596	3,337,143	2,549,972	3,303,674	3,717,413	2,988,864	3,599,021
Total business-type activities net position	\$ 19,139,628	\$ 22,955,820	\$ 20,277,479	\$ 23,070,395	\$ 27,129,485	\$ 27,452,623	\$ 29,147,505	\$ 30,300,870	\$ 33,288,902	\$ 34,196,857
Primary government										
Net investment in capital assets	\$ 17,010,052	\$ 27,936,184	\$ 26,711,283	\$ 30,132,268	\$ 33,804,837	\$ 34,935,498	\$ 35,293,884	\$ 36,570,617	\$ 37,151,634	\$ 39,959,848
Restricted	1,074,220	1,320,652	1,248,998	1,016,455	1,505,629	1,128,466	1,509,609	954,449	1,169,287	1,105,573
Unrestricted (deficit)	5,292,106	8,311,440	6,587,364	6,622,370	7,153,862	6,317,557	6,813,218	7,045,070	5,934,772	5,833,208
Total primary government net position	\$ 23,376,378	\$ 37,568,276	\$ 34,547,645	\$ 37,771,093	\$ 42,464,328	\$ 42,381,521	\$ 43,616,711	\$ 44,570,136	\$ 44,255,693	\$ 46,898,629

Source: Annual financial statements of the City of Prineville

City of Prineville, Oregon
Changes in Net Position
for the last ten fiscal years
Unaudited

	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 1,454,433	\$ 2,294,485	\$ 2,669,469	\$ 2,259,964	\$ 2,114,509	\$ 2,477,866	\$ 2,476,287	\$ 3,095,427	\$ 6,284,109	\$ 416,640
Public safety	2,436,557	2,428,764	2,559,573	2,815,348	2,410,005	2,667,665	2,892,172	3,307,976	3,450,549	2,921,115
Highways and streets	457,797	459,590	440,022	413,027	466,497	537,446	545,421	1,322,898	1,245,218	1,112,590
Interest on long term debt	173,367	336,623	254,883	234,976	205,514	172,340	159,550	143,408	210,106	189,358
Unallocated depreciation	-	787,536	874,947	888,219	903,526	938,563	1,192,056	-	-	-
Total governmental activities expenses	\$ 4,522,154	\$ 6,306,998	\$ 6,798,894	\$ 6,611,534	\$ 6,100,051	\$ 6,793,880	\$ 7,265,486	\$ 7,869,709	\$ 11,189,982	\$ 4,639,703
Business-type activities:										
Railroad	\$ 851,157	\$ 1,120,023	\$ 1,036,782	\$ 983,320	\$ 935,425	\$ 902,757	\$ 841,917	\$ 755,747	\$ 813,586	\$ 797,044
Public Works	-	-	-	-	-	-	-	-	-	-
Water	761,747	834,174	974,176	933,598	1,019,350	1,026,160	1,147,332	918,606	937,947	916,365
Wastewater	3,288,991	2,033,002	1,944,770	2,216,674	1,799,877	1,779,296	1,988,549	1,865,971	1,909,784	1,662,325
Golf and Restaurant	1,718,353	1,932,808	1,809,607	1,556,638	1,409,735	1,411,174	1,260,944	1,263,133	1,317,873	1,340,327
Airport	400,340	-	689,338	302,372	-	-	316,056	533,317	711,440	691,166
Freight Depot	661,384	1,098,569	-	98,824	188,870	370,885	332,607	310,926	194,071	-
Total business-type activities expenses	7,681,972	7,018,576	6,454,673	6,091,426	5,353,257	5,490,272	5,887,405	5,647,700	5,884,701	5,407,227
Total primary government expenses	\$ 12,204,126	\$ 13,325,574	\$ 13,253,567	\$ 12,702,960	\$ 11,453,308	\$ 12,284,152	\$ 13,152,891	\$ 13,517,409	\$ 17,074,683	\$ 10,046,930
Program Revenues										
Governmental activities:										
Charges for service:										
General government	\$ 6,175	\$ 397,104	\$ 277,130	\$ 276,405	\$ 407,783	\$ 222,037	\$ 238,335	\$ 304,693	\$ 413,761	\$ 165,927
Public safety	-	-	-	-	-	-	-	-	-	37,884
Highways and streets	-	541,316	96,580	31,828	47,008	55,946	84,884	172,494	316,398	353,328
Operating grants and contributions	194,938	1,038,414	1,272,537	1,795,197	1,741,665	1,858,227	1,659,849	1,609,122	1,695,455	1,637,916
Capital grants and contributions	-	1,683,575	-	143,265	21,100	-	252,000	216,224	-	-
Total governmental activities program revenues	\$ 201,113	\$ 3,660,409	\$ 1,646,247	\$ 2,246,695	\$ 2,217,556	\$ 2,136,210	\$ 2,235,068	\$ 2,302,533	\$ 2,425,614	\$ 2,195,055
Business-type activities:										
Charges for service:										
Railroad	\$ 268,437	\$ 462,206	\$ 317,107	\$ 432,546	\$ 698,145	\$ 650,754	\$ 395,050	\$ 445,302	\$ 455,849	\$ 586,937
Public Works	-	-	-	-	-	-	-	-	-	-
Water	1,797,863	1,771,330	1,463,193	1,511,361	1,996,173	1,680,770	1,785,307	2,001,024	2,001,548	2,183,160
Wastewater	2,868,785	3,160,138	2,894,296	3,070,875	3,698,450	3,237,114	3,725,711	3,269,055	3,164,486	3,208,361
Golf and Restaurant	1,214,107	1,513,939	1,395,946	1,279,683	1,068,103	1,038,372	982,824	1,018,414	1,059,556	1,132,478
Airport	367,850	-	-	-	-	-	-	521,923	645,943	803,978
Freight Depot	-	-	-	60,433	132,124	131,188	95,584	138,045	-	-
Other Non-major	685,142	1,064,952	1,153,841	255,352	-	-	373,886	-	-	-
Operating grants and contributions	-	-	-	-	-	-	51,243	65,929	-	-
Capital grants and contributions	-	3,506,331	510,300	3,775,051	3,119,030	376,787	1,500,990	1,207,451	3,434,821	-
Total business-type activities program revenues	7,202,184	11,478,896	7,734,683	10,385,301	10,712,025	7,114,985	8,910,595	8,667,143	10,762,203	7,914,914
Total primary government program revenues	\$ 7,403,297	\$ 15,139,305	\$ 9,380,930	\$ 12,631,996	\$ 12,929,581	\$ 9,251,195	\$ 11,145,663	\$ 10,969,676	\$ 13,187,817	\$ 10,109,969
Net (Expense) Revenue										
Governmental activities	(4,321,041)	(2,646,589)	(5,152,647)	(4,364,839)	(3,882,495)	(4,657,670)	(5,030,418)	(5,567,176)	(8,764,368)	(2,444,648)
Business-type activities	(479,788)	4,460,320	1,280,010	4,293,875	5,358,768	1,624,713	3,023,190	3,019,443	4,877,502	2,507,687
Total primary government expenses	\$ (4,800,829)	\$ 1,813,731	\$ (3,872,637)	\$ (70,964)	\$ 1,476,273	\$ (3,032,957)	\$ (2,007,228)	\$ (2,547,733)	\$ (3,886,866)	\$ 63,039
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for:										
General purposes	1,309,398	2,213,945	1,701,584	1,809,817	1,818,957	1,763,077	1,614,099	1,571,558	1,667,437	1,777,841
Debt Service	-	92,958	78,531	80,363	83,905	65,726	-	-	-	-
Transient room taxes	162,550	197,250	194,401	164,130	149,374	176,156	179,945	206,988	191,015	253,174
Franchise Fees	1,106,596	623,759	661,478	680,305	779,429	700,965	1,117,583	1,455,369	1,462,295	1,864,413
Earnings on investments	84,138	117,565	113,136	52,137	21,624	14,644	7,223	10,117	13,739	11,268
Intergovernmental	1,232,273	-	-	-	-	-	-	-	-	-
Miscellaneous	318,950	301,940	270,366	439,269	339,351	217,537	301,891	220,782	225,107	425,264
Total governmental activities	\$ 4,213,905	\$ 3,547,417	\$ 3,019,496	\$ 3,226,021	\$ 3,192,640	\$ 2,938,105	\$ 3,220,741	\$ 3,464,814	\$ 3,559,593	\$ 4,331,960
Business-type activities:										
Earnings on investments	82,226	254,618	202,093	68,391	24,324	12,042	8,857	14,144	14,535	13,812
Intergovernmental	1,447,336	-	-	-	-	-	-	-	-	-
Miscellaneous	489,723	-	-	-	-	-	72,181	10,248	10,247	487,394
Total business-type activities	2,019,285	254,618	202,093	68,391	24,324	12,042	81,038	24,392	24,782	501,206
Total primary government	\$ 6,233,190	\$ 3,802,035	\$ 3,221,589	\$ 3,294,412	\$ 3,216,964	\$ 2,950,147	\$ 3,301,779	\$ 3,489,206	\$ 3,584,375	\$ 4,833,166
Transfers										
Governmental activities	\$ 551,096	\$ 1,212,800	\$ 1,326,613	\$ 1,569,350	\$ 1,324,000	\$ 1,313,620	\$ 1,378,440	\$ 1,902,421	\$ 1,902,301	\$ 2,100,938
Business-type activities	(551,096)	(1,212,800)	(1,326,613)	(1,569,350)	(1,324,000)	(1,313,620)	(1,378,440)	(1,902,421)	(1,902,301)	(2,100,938)
Total Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 443,960	\$ 2,113,628	\$ (806,538)	\$ 430,532	\$ 634,145	\$ (405,945)	\$ (431,237)	\$ (199,941)	\$ (3,302,474)	\$ 3,988,250
Business-type activities	988,401	3,502,138	155,490	2,792,916	4,059,092	323,135	1,725,788	1,141,414	2,999,983	907,955
Total primary government	\$ 1,432,361	\$ 5,615,766	\$ (651,048)	\$ 3,223,448	\$ 4,693,237	\$ (82,810)	\$ 1,294,551	\$ 941,473	\$ (302,491)	\$ 4,896,205

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

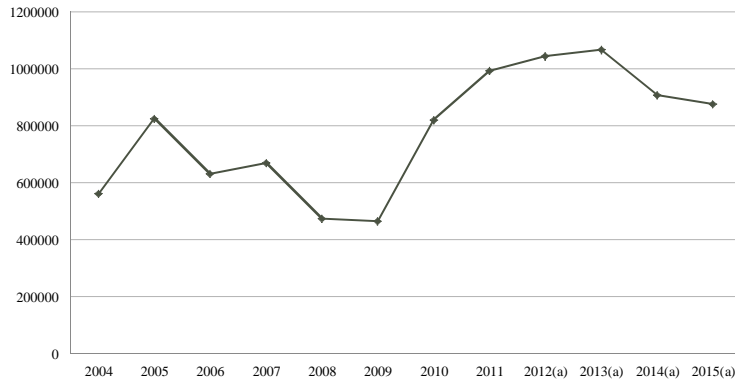
City of Prineville, Oregon
Fund Balances of Governmental Funds
(modified accrual basis of accounting)
Unaudited
for the last 10 Fiscal Years

	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012(a)	2013(a)	2014(a)	2015(a)
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	105,569	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	94,069	87,672	78,380
Unassigned	630,861	670,496	475,311	465,841	819,315	992,278	938,926	973,273	820,598	797,059
Total general fund	\$ 630,861	\$ 670,496	\$ 475,311	\$ 465,841	\$ 819,315	\$ 992,278	\$ 1,044,495	\$ 1,067,342	\$ 908,270	\$ 875,439
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	438,186	571,131	469,874
Committed	-	-	-	-	-	-	-	289,086	413,182	480,014
Assigned	1,632,006	1,866,002	1,809,168	1,979,546	1,728,491	1,368,306	921,736	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,632,006	\$ 1,866,002	\$ 1,809,168	\$ 1,979,546	\$ 1,728,491	\$ 1,368,306	\$ 921,736	\$ 727,272	\$ 984,313	\$ 949,888
Total all funds	\$ 2,262,867	\$ 2,536,498	\$ 2,284,479	\$ 2,445,387	\$ 2,547,806	\$ 2,360,584	\$ 1,966,231	\$ 1,794,614	\$ 1,892,583	\$ 1,825,327

Source: Annual financial statements of the City of Prineville

(a) GASB 54 implemented in 2011 - requiring new fund balance categories. Over time, all fund balance will be reported under new GASB 54 fund balance categories.

Changes in Fund Balance General Fund



City of Prineville, Oregon
Changes in Fund Balances, Governmental Funds
(modified accrual basis of accounting)

Unaudited

	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue										
Taxes	\$ 1,541,850	\$ 2,493,776	\$ 1,925,957	\$ 1,965,968	\$ 2,058,557	\$ 2,002,966	\$ 1,827,068	\$ 1,822,448	\$ 1,867,531	\$ 2,046,911
Intergovernmental	1,427,211	1,038,414	1,736,786	1,795,197	1,741,665	1,858,227	1,659,849	1,609,122	1,685,455	1,785,004
Franchise fees	548,582	623,759	661,478	680,305	779,429	700,965	1,117,583	1,455,369	1,703,395	1,864,413
Licenses and permits	80,758	157,028	56,800	59,156	36,701	33,917	36,613	61,201	49,121	59,926
Charges for services	132,798	211,119	184,536	168,919	115,670	94,412	64,333	117,645	173,432	425,954
System development fees	461,605	541,316	96,580	31,828	47,008	55,946	84,884	172,494	75,298	328,922
Interest	84,138	111,743	102,618	48,044	19,174	11,837	5,657	7,494	9,917	11,268
Miscellaneous	207,978	275,322	301,051	453,499	284,991	290,414	275,974	238,424	260,794	205,938
Total Revenue	\$ 4,484,920	\$ 5,452,477	\$ 5,065,806	\$ 5,202,916	\$ 5,083,195	\$ 5,048,684	\$ 5,071,961	\$ 5,484,197	\$ 5,824,943	\$ 6,728,336
Expenditures										
General government	\$ 1,413,867	\$ 671,100	\$ 725,460	\$ 418,249	\$ 317,937	\$ 305,015	\$ 297,885	\$ 357,061	\$ 3,335,032	\$ 432,270
Public Safety	2,434,068	2,435,533	2,482,269	2,669,402	2,448,022	2,592,340	2,844,804	2,964,532	3,057,376	3,461,452
Highways and streets	359,244	459,590	440,022	413,027	466,497	532,880	539,650	525,241	369,670	392,512
Capital Outlay	2,788,308	340,722	403,350	383,960	622,138	621,414	571,452	501,797	791,430	967,133
Debt Service										
Principal	2,151,706	458,480	416,965	497,068	263,446	252,034	156,335	155,660	174,654	224,417
Interest	248,748	157,400	193,030	166,702	124,469	107,337	94,935	87,485	136,152	223,417
Total Expenditures	\$ 9,395,941	\$ 4,522,825	\$ 4,661,096	\$ 4,548,408	\$ 4,242,509	\$ 4,411,020	\$ 4,505,061	\$ 4,591,776	\$ 7,864,314	\$ 5,701,201
Excess of Revenues Over (Under) Expenditures	\$ (4,911,021)	\$ 929,652	\$ 404,710	\$ 654,508	\$ 840,686	\$ 637,664	\$ 566,900	\$ 892,421	\$ (2,039,371)	\$ 1,027,135
Other Financing Sources (Uses):										
Proceeds - Issuance of debt	\$ 4,409,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,208,700	
Transfer in	1,205,396	236,200	289,200	451,800	655,477	561,160	269,855	647,587	941,840	671,453
Transfer out	(654,300)	(779,200)	(945,929)	(945,400)	(1,393,744)	(1,386,046)	(1,065,046)	(1,585,725)	(1,912,300)	(1,765,844)
Transfers to record as amount due general fund							(75,000)	(125,900)	(100,900)	
Total Other Financing Sources (Uses)	4,960,127	(543,000)	(656,729)	(493,600)	(738,267)	(824,886)	(870,191)	(1,064,038)	2,137,340	(1,094,391)
Net Changes in Fund Balance	\$ 49,106	\$ 386,652	\$ (252,019)	\$ 160,908	\$ 102,419	\$ (187,222)	\$ (303,291)	\$ (171,617)	\$ 97,969	\$ (67,256)

Source: Annual financial statements of the City of Prineville

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

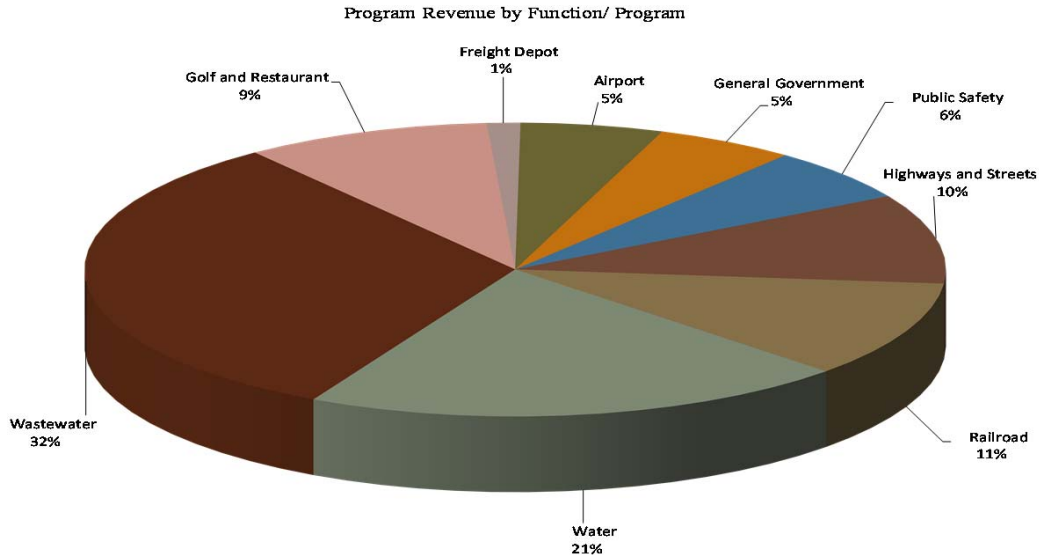
City of Prineville, Oregon
Program Revenues by Function/Program
(accrual basis of accounting)
unaudited

	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
General Government	\$ 6,175	\$ 2,080,679	\$ 277,130	\$ 551,409	\$ 750,743	\$ 610,763	\$ 526,764	\$ 575,793	\$ 693,655	\$ 165,927
Public Safety	194,938	372,248	407,266	518,957	530,450	575,645	647,987	645,333	598,721	807,171
Highways and Streets	-	1,207,482	961,851	1,176,329	936,363	949,802	1,060,317	1,081,407	1,133,238	1,221,957
Total Governmental Activities	\$ 201,113	\$ 3,660,409	\$ 1,646,247	\$ 2,246,695	\$ 2,217,556	\$ 2,136,210	\$ 2,235,068	\$ 2,302,533	\$ 2,425,614	\$ 2,195,055
Business-type Activities										
Railroad	\$ 268,437	\$ 462,206	\$ 317,107	\$ 432,546	\$ 1,791,054	\$ 1,027,541	\$ 1,167,515	\$ 1,167,833	\$ 1,073,395	\$ 586,937
Water	2,868,785	3,506,450	1,463,193	1,955,044	2,018,223	1,680,770	2,128,207	2,254,944	4,438,792	2,183,160
Wastewater	1,797,863	4,805,658	2,894,296	3,363,587	3,706,050	3,237,114	4,111,336	3,500,055	3,164,476	3,208,361
Golf and Restaurant	1,214,107	1,513,939	1,395,946	1,279,683	1,068,103	1,038,372	982,824	1,018,414	1,059,556	1,132,478
Freight Depot	-	-	-	3,099,089	2,128,595	131,188	95,584	138,045	-	-
Airport	367,850	-	-	-	-	-	-	587,852	1,025,974	803,978
Other non Major	685,142	1,190,643	1,664,143	255,352	-	-	425,129	-	-	-
Total Business-type Activities	\$ 7,202,184	\$ 11,478,896	\$ 7,734,685	\$ 10,385,301	\$ 10,712,025	\$ 7,114,985	\$ 8,910,595	\$ 8,667,143	\$ 10,762,193	\$ 7,914,914
Total Primary Government	\$ 7,403,297	\$ 15,139,305	\$ 9,380,932	\$ 12,631,996	\$ 12,929,581	\$ 9,251,195	\$ 11,145,663	\$ 10,969,676	\$ 13,187,807	\$ 10,109,969

Source: Annual financial statements of the City of Prineville

Note: FY 2009 The Freight Depot was built.

FY 2007 thru FY 2012 Prineville-Crook County Airport was managed and operated by the County.



City of Prineville, Oregon
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
Unaudited

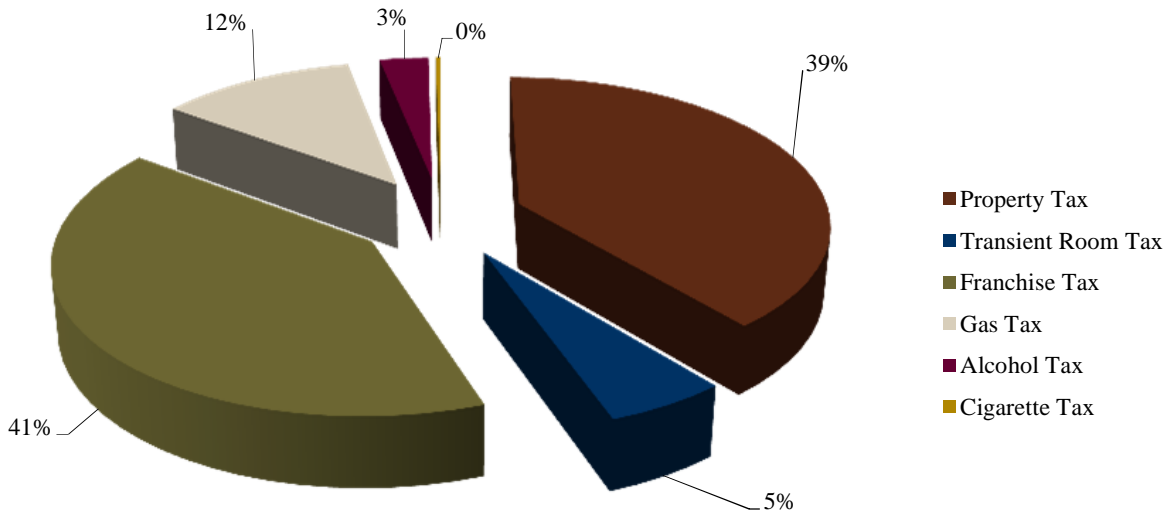
<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Transient room Tax</u>	<u>Franchise Tax</u>	<u>Gas Tax</u>	<u>Alcoholic beverage Tax</u>	<u>Cigarette Tax</u>	<u>Total</u>
2006	1,298,861	162,550	548,582	463,099	99,917	17,288	\$2,590,297
2007	1,525,402	197,250	623,759	445,697	103,134	17,047	\$2,912,289
2008	1,654,877	194,401	661,478	468,824	115,361	16,614	\$3,111,555
2009	1,726,464	164,130	680,305	392,373	124,198	16,179	\$3,103,649
2010	1,829,845	149,374	779,429	426,185	117,006	15,174	\$3,317,013
2011	1,757,264	176,156	700,965	487,401	119,222	15,013	\$3,256,021
2012	1,614,099	179,945	1,117,583	499,368	118,226	13,525	\$3,542,746
2013	1,615,461	206,988	1,234,268	500,897	123,257	13,146	\$3,694,017
2014	1,676,516	191,015	1,703,395	529,069	129,692	12,457	\$4,242,144
2015	1,793,737	253,174	1,864,413	539,215	134,370	12,449	\$4,597,357

Source: Annual financial statements of the City of Prineville

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

Fy 2012 and 2015 the electrical franchise fees generated from the new data centers began making a significant impact.

FY 2015 Governmental Activities Tax Revenues by Source



City of Prineville, Oregon
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

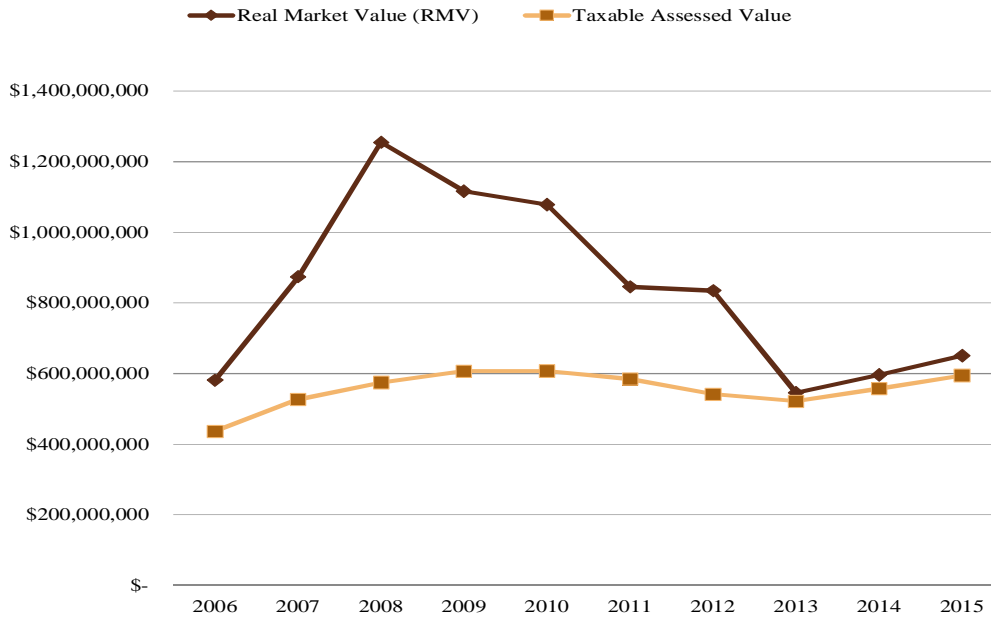
Fiscal Year	Real Property	Personal Property	Manufactured Property	Utility Property	Total Taxable Assessed Value	Total Direct Tax Rate	Real Market Value (RMV)	Assessed Value as a % of Real Market Value (RMV)
2006	\$ -	\$ -	\$ -	\$ -	\$ 436,660,138	\$ 3.2057	\$ 581,954,088	75.033%
2007	-	-	-	-	526,913,368	3.1838	874,445,278	60.257%
2008	-	-	-	-	575,260,629	3.1615	1,254,614,495	45.852%
2009	-	-	-	-	607,185,244	3.1615	1,116,543,323	54.381%
2010	-	-	-	-	607,699,692	3.1541	1,078,578,670	56.343%
2011	-	-	-	-	584,966,591	3.1421	845,651,805	69.173%
2012	-	-	-	-	541,814,851	3.0225	835,246,297	64.869%
2013	-	-	-	-	522,014,110	3.0225	546,110,980	95.588%
2014	518,961,634	21,252,864	2,553,230	14,563,600	557,331,328	3.0225	596,659,061	93.409%
2015	552,573,421	21,488,831	2,999,145	17,852,000	594,913,397	3.0225	651,077,035	91.374%

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

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

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

The debt service levy is set annually in the amount required to fulfill debt obligations and is the difference between the total direct tax rate and the permanent rate. The City did not have an additional tax levy in FY 2012 thru FY 2015.



City of Prineville, Oregon
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
Unaudited

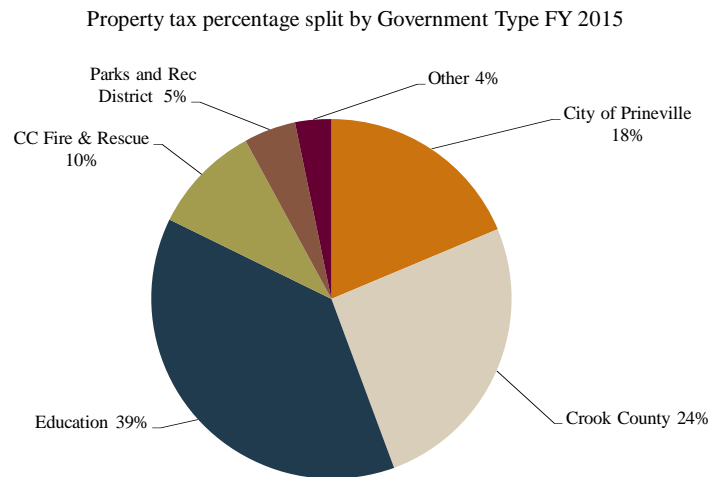
Fiscal Year	City direct rates			Overlapping rates (b)						Total direct and overlapping rate
	Permanent tax rate	Bonded debt tax rate	Total direct	Crook County School District	Crook County	Crook County Fire and Rescue	Parks and Recreation District	Central Oregon Community College	Other	
2006	\$ 3.0225	\$ 0.1832	\$ 3.2057	\$ 5.6214	\$ 4.0736	\$ 1.5900	\$ 0.7569	\$ 0.7239	\$ 0.5279	16.4994
2007	3.0225	0.1613	3.1838	5.6609	4.1108	1.5900	0.7569	0.7191	0.5279	16.5494
2008	3.0225	0.1390	3.1615	5.6621	4.0650	1.5900	0.7569	0.7127	0.5279	16.4761
2009	3.0225	0.1317	3.1542	6.0944	4.0624	1.5900	0.7569	0.7093	0.5279	16.8951
2010	3.0225	0.1316	3.1541	5.8818	4.0496	1.5900	0.7569	0.6204	0.5279	16.5807
2011	3.0225	0.1196	3.1421	5.7755	4.0015	1.5900	0.7569	0.7338	0.5879	16.5877
2012	3.0225	-	3.0225	5.8189	4.0088	1.5900	0.7569	0.7496	0.5879	16.5346
2013	3.0225	-	3.0225	5.7060	4.0100	1.5900	0.7569	0.7539	0.5879	16.4272
2014	3.0225	-	3.0225	5.7099	4.1617	1.5900	0.7569	0.7463	0.5495	16.5368
2015	3.0225	-	3.0225	5.3817	4.1503	1.5900	0.7569	0.7400	0.5242	16.1656

Source: Crook County Assessor's Office

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

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

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



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

Taxpayer	FY 2015			FY 2006		
	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value***	Taxable Assessed Value*	Rank	Percentage of Total City Taxable Assessed Value
Les Schwab Warehouse & Tire Center Inc.****	\$ 21,605,273	1	3.63%	\$ 27,458,440	1	6.288%
Contact Properties	15,448,807	2	2.60%	7,893,430	2	1.808%
WG Prineville LLC	6,190,764	3	1.04%	-	-	-
Apple Inc.	5,254,909	4	0.88%	-	-	-
New Systems Venture	4,460,446	5	0.75%	-	-	-
GA HC Reit II Prineville OR ALF LLC	4,203,450	6	0.71%	-	-	-
Ochoco Lumber	3,182,161	7	0.53%	2,038,320	10	0.467%
Brian & Laura Barney	3,089,901	8	0.53%	-	-	-
Amity Mtn. Development LLC	3,144,260	9	0.52%	2,406,680	7	0.551%
Porfily Ventures Et al.	2,321,813	10	0.39%	-	-	0.000%
Dale & Catherine Tompkins	-	-	-	2,311,010	8	0.529%
Pioneer Cut Stock	-	-	-	4,609,660	3	1.056%
Huttig Building Products**	-	-	-	3,826,720	4	0.876%
Holding CO of Ochoco Assisted Living	-	-	-	3,769,200	5	0.863%
Stafford G W LLC	-	-	-	2,738,340	6	0.627%
Cassidy Bayou Partners LLC	-	-	-	2,253,540	9	0.516%
Total	\$ 68,901,784		11.582%	\$ 59,305,340		13.582%
City Assessed Value	\$ 594,913,397			\$ 436,660,138		

*Taxable Assessed Values are estimates base on records provided by Crook County and research through the Crook County GIS Property Research website <http://maps.co.crook.or.us/>

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

**Huttig Building Products sold their mill and surrounding lots to WG Prineville LLC in 2010.

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

**** In late 2006 there were ten Les Schwab properties that were annexed to the City those 10 properties are not included in the FY 2006 value.

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

City of Prineville, Oregon
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

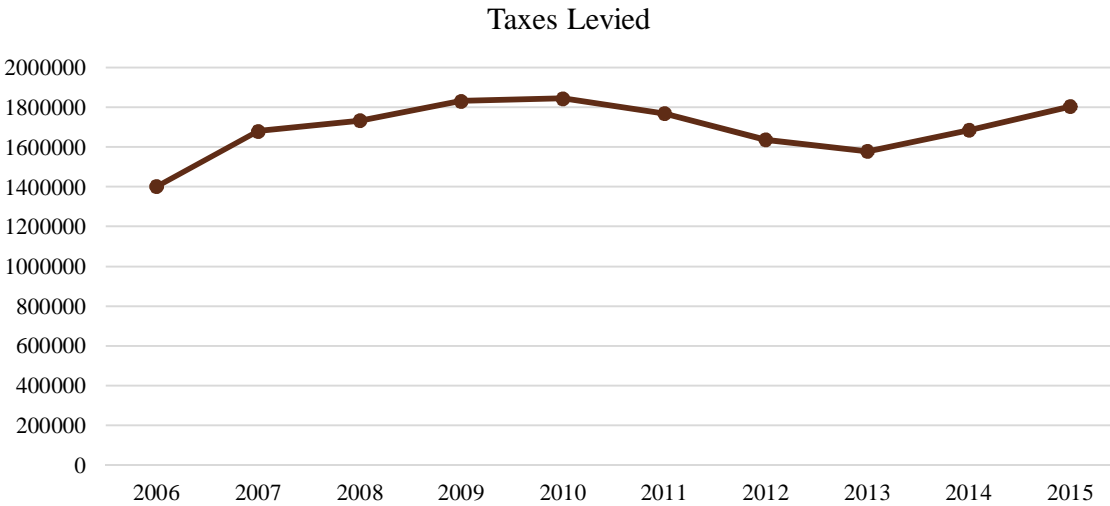
Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy (a)		Amount	Percentage of levy (b)
2006	1,402,392	1,305,279	93%	57,955	1,363,234	97%
2007	1,679,591	1,566,485	93%	66,111	1,632,596	97%
2008	1,733,433	1,603,614	93%	81,711	1,685,325	97%
2009	1,831,272	1,640,293	90%	141,770	1,782,063	97%
2010	1,843,811	1,687,983	92%	116,366	1,804,349	98%
2011	1,767,835	1,613,133	91%	115,908	1,729,041	98%
2012	1,637,414	1,486,046	91%	107,292	1,593,338	97%
2013	1,577,563	1,476,165	94%	49,422	1,525,587	97%
2014	1,684,361	1,593,602	95%	22,791	1,616,393	96%
2015	1,803,653	1,713,778	95%	-	1,713,778	95%

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

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

(b) Calculated as a percentage of the current year tax levy.

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



City of Prineville, Oregon
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Governmental Activities

Fiscal Year	General Obligation bonds	Special Assessment bonds	Capital Leases	State Agencies	Notes Payable	Full Faith and Credit Obligations	Total Governmental Activities
2006	48,125	1,511,886	153,103	1,760,700	2,016,753	-	5,490,567
2007	315,000	2,453,728	114,923	2,323,596	234,375	-	5,441,622
2008	240,000	2,267,055	74,722	2,240,604	196,875	-	5,019,256
2009	165,000	2,122,137	52,051	2,153,181	9,375	-	4,501,744
2010	85,000	1,962,677	28,199	1,632,371	-	-	3,708,247
2011	-	1,798,419	3,105	1,596,809	-	-	3,398,333
2012	-	-	-	-	-	3,119,090	3,119,090
2013	-	-	-	-	258,700	2,924,780	3,183,480
2014	-	-	-	-	209,007	5,709,527	5,918,534
2015	-	-	-	-	158,311	5,491,382	5,649,693

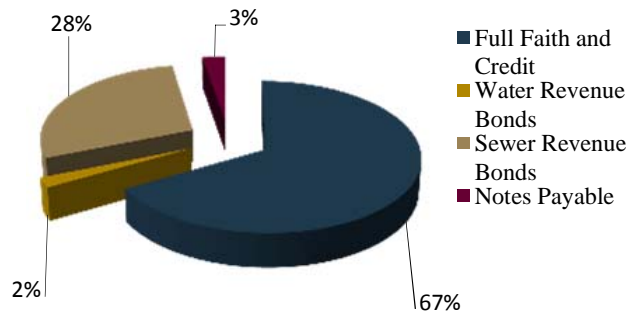
Business-type Activities

Fiscal Year	Water Revenue bonds	Sewer Revenue Bonds	Full Faith and Credit obligations	State Agencies	Notes Payable	Capital Leases	Total Business-type Activities
2006	1,086,875	16,881,625	-	-	1,313,079	125,416	19,406,995
2007	720,000	16,390,605	-	-	2,900,438	82,459	20,093,502
2008	685,000	15,452,577	-	-	2,856,611	35,829	19,030,017
2009	650,000	14,479,972	-	-	2,807,730	2,637	17,940,339
2010	615,000	13,475,797	-	428,804	3,203,941	-	17,723,542
2011	580,000	12,430,465	-	367,253	2,541,793	-	15,919,511
2012	545,000	6,891,860	8,215,000	-	605,329	-	16,257,190
2013	505,000	6,504,435	8,085,000	-	480,220	-	15,574,655
2014	465,000	6,105,534	7,915,000	-	349,860	-	14,835,394
2015	425,000	5,694,820	7,882,841	-	390,869	-	14,393,530

Total Primary Government

Fiscal Year	Total Primary government	Percentage of income	Per capita
2006	24,897,562	7.62%	2,492
2007	25,535,124	7.41%	2,506
2008	24,049,273	6.68%	2,319
2009	22,442,083	6.94%	2,164
2010	21,431,789	6.48%	2,300
2011	19,317,844	5.64%	2,086
2012	19,376,280	5.20%	2,096
2013	18,758,135	4.40%	2,029
2014	20,753,928	*	2,216
2015	20,043,223	*	2,136

Ratio of Outstanding Debt by Type FY 2015



*Not available

Source: Annual financial statements of the City of Prineville

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

City of Prineville, Oregon
Direct and Overlapping Debt
As of June 30, 2015

Unaudited

Governmental unit	Overlapping district real market value	Tax-supported debt outstanding	Estimated percentage applicable	Estimated share of overlapping debt
Debt repaid with property taxes				
Crook County	\$ 2,088,229,458	\$ -	0.00%	\$ -
Crook County Schools	2,112,665,017	51,963,884	30.82%	16,014,126
Central Oregon Community College	30,164,117,635	58,460,000	2.16%	1,261,801
High Desert ESD	27,711,143,951	2,280,000	2.35%	53,569
Subtotal Overlapping Debt	<u>\$ 62,076,156,061</u>	<u>\$ 112,703,884</u>		<u>17,329,496</u>
Direct debt outstanding:				
City of Prineville	<u>651,077,035</u>	<u>2,805,000</u>	3.09%	<u>2,805,000</u>
Total direct and overlapping debt				<u><u>\$ 20,134,496</u></u>

Source: Oregon State Treasury Overlapping Debt report for the City of Prineville as of 6/30/15

City of Prineville, Oregon
Legal Debt Margin Information
Last Ten Fiscal Years-Unaudited

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 17,458,623	\$ 26,233,358	\$ 37,638,435	\$ 33,496,300	\$ 32,357,360	\$ 25,369,554	\$ 25,057,389	\$ 16,383,329	\$ 17,899,772	\$ 19,532,311
Total net debt applicable to limit	48,125	315,000	240,000	165,000	85,000	-	-	-	2,889,882	2,695,000
Debt margin	\$ 17,410,498	\$ 25,918,358	\$ 37,398,435	\$ 33,331,300	\$ 32,272,360	\$ 25,369,554	\$ 25,057,389	\$ 16,383,329	\$ 15,009,890	\$ 16,837,311
Total net debt applicable to the limit as a percentage of debt limit	0.3%	1.2%	0.6%	0.5%	0.3%	0.0%	0.0%	0.0%	16.1%	13.8%

Legal debt margin calculation for fiscal year 2015

Total real market value of real estate within Prineville	\$651,077,035
Debt limitation - 3% of total real market value	<u>3.0%</u>
Legal debt limit	<u>\$ 19,532,311</u>
Amount of debt applicable to debt limit	\$ 12,676,541
Less debt excluded from debt limit:	
Full faith and credit obligations	\$ 9,446,541
Water revenue bonds	<u>\$ 425,000</u>
<i>Total general obligation bonded debt</i>	\$ 2,805,000
Less: amount held for repayment of principal	<u>\$ 110,000</u>
Net amount of debt applicable to debt limit	<u>\$ 2,695,000</u>
Legal debt margin	<u>\$ 16,837,311</u>

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

City of Prineville, Oregon
Pledged-Revenue Coverage
Last Ten Fiscal Years-Unaudited
(accrual basis of accounting)

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							
2006	3,906,418	1,210,626	2,695,792	463,532	131,053	594,585	4.53%
2007	3,256,944	1,672,464	1,584,480	700,878	606,120	1,306,998	1.21%
2008	2,927,558	1,633,026	1,294,532	938,028	563,438	1,501,466	86%
2009	3,070,875	1,712,805	1,358,070	972,605	486,976	1,459,581	93%
2010	3,698,450	1,579,204	2,119,246	1,004,174	450,549	1,454,723	1.46%
2011	3,237,114	1,704,222	1,532,892	1,045,332	413,764	1,459,096	1.05%
2012	3,725,711	2,111,931	1,613,780	407,426	407,188	814,614	1.98%
2013	3,269,055	2,068,006	1,201,049	407,500	407,200	814,700	1.47%
2014	3,164,486	1,518,412	1,646,074	458,900	395,314	854,214	1.93%
2015	3,208,361	1,271,775	1,936,586	490,714	385,642	876,356	2.21%

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							
2006	1,363,844	1,037,870	325,974	30,000	35,200	65,200	5.00%
2007	1,398,988	1,042,440	356,548	105,111	67,798	172,909	2.06%
2008	1,404,315	1,108,428	295,887	35,000	132,016	167,016	1.77%
2009	1,480,656	1,150,445	330,211	35,000	127,634	162,634	2.03%
2010	1,525,123	1,204,948	320,175	35,000	126,444	161,444	1.98%
2011	1,652,313	1,154,276	498,037	235,000	115,690	350,690	1.42%
2012	1,756,619	1,268,119	488,500	35,000	138,525	173,525	2.82%
2013	1,833,269	1,339,991	493,278	140,000	139,241	279,241	1.77%
2014	2,001,548	1,262,506	739,042	140,000	135,541	275,541	2.68%
2015	2,183,160	1,423,363	759,797	140,000	135,541	275,541	2.76%

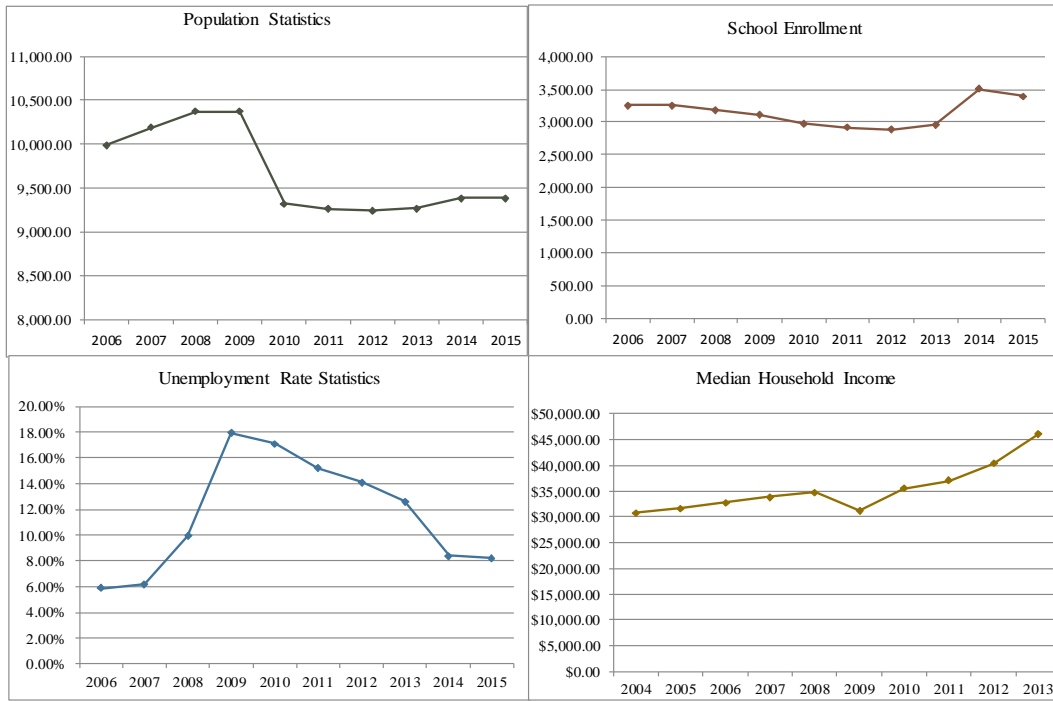
Source: Annual financial statements of the City of Prineville

City of Prineville, Oregon
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Population	Total RMV	Median household income	School enrollment	Unemployment rate
2006	9990	581,954,088	32,710	3250	5.90%
2007	10190	874,445,278	33,812	3254	6.20%
2008	10370	1,254,614,495	34,729	3182	9.90%
2009	10370	1,116,543,323	31,193	3104	17.90%
2010	9320	1,078,578,670	35,513	2977	17.10%
2011	9260	845,651,805	36,996	2921	15.20%
2012	9245	835,246,297	40,283	2885	14.10%
2013	9270	546,110,980	46,069	2964	12.60%
2014	9385	596,659,061	*	3508	8.40%
2015	9385	651,077,035	*	3391	8.20%

* Information not available yet

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



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

Employer	2015			2006		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Les Schwab Distribution Facility	425	1	11.18%	*	1	*
Crook County School District	334	2	8.79%	*	5	*
Contact Industries	225	3	5.92%	*		*
Pioneer Memorial Hospital	208	4	5.47%	*	7	*
Crook County	191	5	5.02%	*	6	*
Ochoco National Forest	178	6	4.68%	*		*
Facebook Data Center	157	7	4.13%	*		*
Bureau of Land Management	156	8	4.10%	*		*
Western Heavy Haul & SMAF	93	9	2.45%	*		*
Pioneer Cut Stock	64	10	1.68%	*	8	*
American Pine Products				*	2	*
Government				*	4	*
Clearpine Moldings				*	3	*
Total	2031		53.43%	*		*

* Information not available

Source: 2015 Prineville Area Profile by EDCO. FY 2006 budget narrative talked about large employers but did not give numbers. The 2007 budget listed 7 Employers with numbers, Prineville Crook County Economic Development printed information beginning in 2008.

City of Prineville
FTE's by Function
Current and Nine Years Ago, unaudited

Function/Program	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police	20.66	22.16	20.66	21.66	19.66	17.66	18.41	18.16	18.73	18.73
Dispatch	7.83	8.33	9.33	9.33	10.33	9.33	9.33	9.08	9.08	9.08
Planning	3.00	4.00	4.50	4.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Works										
Streets	3.20	2.00	2.00	2.00	2.00	2.00	2.50	2.00	2.00	2.00
Water	2.40	3.00	4.00	3.00	4.00	4.00	4.00	0.00	0.00	0.00
Sewer	3.10	4.00	4.00	4.00	3.00	3.00	3.00	2.00	2.00	2.00
PW Administration	3.00	4.00	4.00	4.00	5.00	5.00	5.25	10.25	10.25	10.25
Railroad	6.00	6.00	6.00	5.00	5.00	4.00	3.00	3.00	2.00	3.00
Freight Depot	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Dinner Train	2.00	2.00	1.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00
Airport	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	2.00
Golf	7.00	7.00	8.00	7.00	6.00	6.00	6.00	6.00	6.00	7.00
General Government										
Administration	8.50	10.00	13.50	12.51	11.75	10.75	11.00	11.00	11.50	11.50
Total FTEs	68.69	74.49	78.99	76.50	69.74	64.74	66.49	65.49	65.56	67.56
City Population	9990	10190	10370	10370	9320	9260	9245	9270	9385	9385
FTEs per 1,000 of Population	0.0069	0.0073	0.0076	0.0074	0.0075	0.0070	0.0072	0.0071	0.0070	0.0072

Source: City of Prineville's Finance department

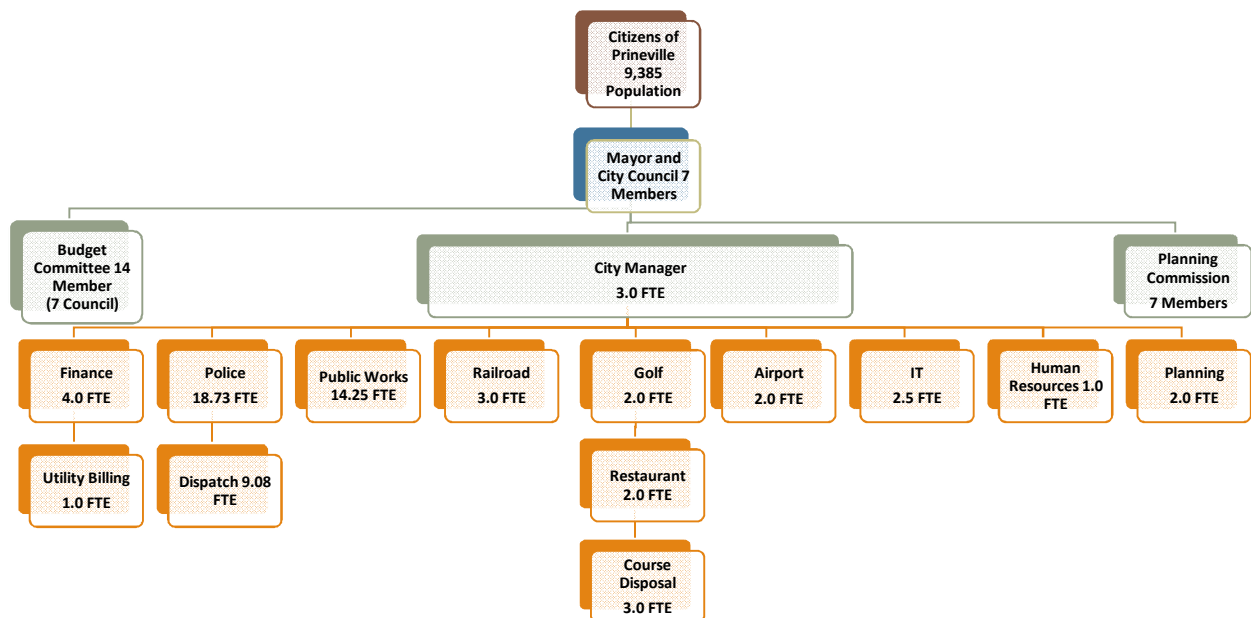
In FY 13 Utility workers non-specific to a certain PW department were moved to PW Administration in order to track time more efficiently

In FY 2006 the Freight Depot hired 2 FTE, prior to that it was not operational.

In FY 2006 the City purchased the Dinner Train and in FY 2010 closed it down due to the economic down turn.

In FY 12 the City took over management of the City-County Airport, prior to this it did not have staff.

*** Not Available



City of Prineville, Oregon
Operating Indicators by Function
Unaudited

Function/Program	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Public Safety*										
Seatbelt	124	208	153	8	57	49	50	15	23	11
Speeding	99	75	61	47	67	59	42	40	33	16
Motor vehicle accidents/accidents	303	297	278	267	239	208	207	241	270	253
Community development										
Residential applications	179	105	70	43	19	11	17	28	36	40
Commercial applications	62	34	48	18	6	12	15	13	18	24
SDC Fees collected	\$ 1,538,320	\$ 1,440,124	\$ 179,258	\$ 109,564	\$ 1,190,765	\$ 114,900	\$ 614,827	\$ 360,041	\$ 254,850	\$ 592,466
Business-type activities:										
Water										
Service connections	3,414	3,474	3,441	3,439	3,460	3,466	3,469	3,470	3,504	3,522
Average mthly consumption (units)	48,796	50,412	50,000	49,767	46,072	45,923	47,860	52,238	51,977	54,211
Water Rates	\$ 11.50	\$ 12.08	\$ 12.68	\$ 13.06	\$ 13.45	\$ 13.45	\$ 14.88	\$ 15.77	\$ 16.24	\$ 17.21
Sanitary sewer										
Service connections	3,500	3,562	3,548	3,565	3,588	3,589	3,591	3,592	3,592	
Average daily sewage treatment	1,247,000	969,000	971,000	934,000	1,028,000	1,165,000	961,000	947,000	1,100,000	1,100,000
Sewer Rates	\$ 38.00	\$ 43.32	\$ 47.65	\$ 50.99	\$ 50.99	\$ 50.99	\$ 48.44	\$ 46.84	\$ 48.25	\$ 49.70
Golf										
Rounds of play	25,878	30,119	31,782	31,486	28,631	27,262	26,433	26,707	27,900	28,044
Pro shop sales	\$ 86,219	\$ 111,488	\$ 105,993	\$ 93,757	\$ 72,587	\$ 56,308	\$ 62,269	\$ 72,650	\$ 85,177	\$ 98,716
Railroad										
Freight revenue	\$ 179,491	\$ 282,604	\$ 228,067	\$ 263,453	\$ 271,135	\$ 341,315	\$ 271,402	\$ 278,673	\$ 212,167	\$ 236,040
Airport**										
Fuel Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 293,684	\$ 455,949	\$ 566,868	\$ 507,296

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

Source: City of Prineville's Finance department, City of Prineville Police Department

**Public Safety records are based on a calendar year. Year to date information showing for 2015 as of November 23, 2015.*

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

City of Prineville, Oregon
Capital Asset Statistics By Activity
Unaudited

Activities	Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	10	12	11	12	12	12	11	12	15	15
Streets										
Street (center lane miles)	50.0	50.0	55.0	55.0	55.0	55.0	55.6	55.6	56.9	56.9
Sidewalks	26.0	28.5	28.5	28.5	29.0	29.0	30.0	30.0	31.5	33.4
Water										
Lineal miles of system	39	39	41	41	41	42	42	43	43	48
Treatment capacity (1,000 gal MGD)	3.0	3.0	4.5	4.5	4.5	4.5	4.5	4.50	4.50	6.00
Sewer										
Lineal miles of system	37	37	38	38	38	39	39	40	44	44
Treatment capacity (MGD)	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67
Railroad										
Diesel Locomotives	3	3	3	3	3	3	3	3	4	4
Steam Locomotives**	1	1	1	1	1	1	1	1	1	1
Cars	12	12	12	11	9	9	9	9	9	8
Main track (miles)	19.1	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01
Yard track (miles)	2.28	2.28	2.28	2.28	2.17	2.12	2.46	2.46	2.46	2.46
Industrial track (miles)	1.61	1.61	1.88	2.18	2.18	2.18	2.18	2.45	2.45	2.45
Transload facilities***	1	1	1	1	1	1	1	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

*2004 The Police Station was combined with City Hall

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

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

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

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

Capital asset information provided by department heads.



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Compliance Section

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



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City of Prineville, Oregon
Independent Auditor's Comments

Year Ended June 30, 2015



PAULY, ROGERS, AND CO., P.C.
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December 21, 2015

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, 2015, and have issued our report thereon dated December 21, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Prineville' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the City of Prineville was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

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

City of Prineville, Oregon
Independent Auditor's Comments

Year Ended June 30, 2015

Independent Auditors' Report Required by Oregon State Regulations

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



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



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