
 **City of Prineville, Oregon**
Comprehensive Annual Financial Report
 **Year Ended June 30, 2016**

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Comprehensive Annual Financial Report
Year Ended June 30, 2016**

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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City of Prineville

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December 21, 2016

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, 2016.

This report presents the financial position of the City as of June 30, 2016 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, 2016. 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 9,645. 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, Crook County, Facebook Data Center, St. Charles Health Systems, Ochoco National Forest, Western Heavy Haul & SMAF, Bureau of Land Management, 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 2017 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 in July 2016 rate increases of 3.70 percent for water and 4.25 percent for wastewater were approved. Similar annual incremental 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 \$21.4 million in long-term debt obligations including \$13.1 million in full faith and credit obligations, which includes \$1.16 million in special assessment debt, \$5.6 million in revenue bonds, and \$2.5 million in interim borrowing as of June 30, 2016.

City's Credit Ratings

In August of fiscal year 2015 Standard and Poor's rating services affirmed the City's "A+" long term rating, their rationale was cited as the City has "strong financial management, very strong budgetary flexibility, very strong liquidity, strong budgetary performance, adequate debt and contingent liabilities, and a strong institutional framework".

Major Initiatives

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

In preparing the budget for fiscal year 2017, 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, downtown enhancement, 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 2015-16 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

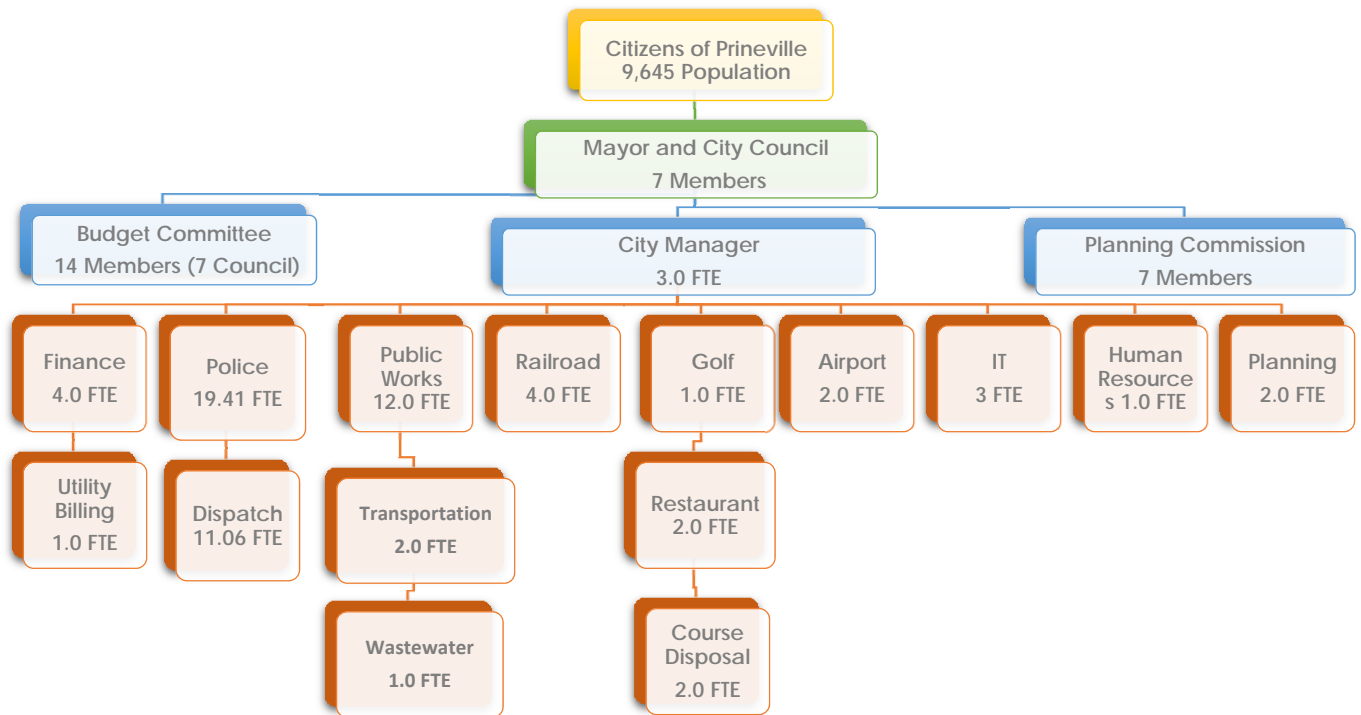
Appointed Officials	Position
Steve Forrester	City Manager
Carl Dutli	City Attorney

Management Team	Position
Dale Cummins	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
Darla Rhoden	Human Resource Director
Liz Schuette	Finance Director
Matt Wiederholt	Railroad and Freight Depot Manager

City Hall

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Financial Section

Independent Auditor's Report Management's Discussion and Analysis



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December 21, 2016

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, 2016, 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, 2016, 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. 72, Fair Value Measurement and Application, for the year ended June 30, 2016. 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, 2016, 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

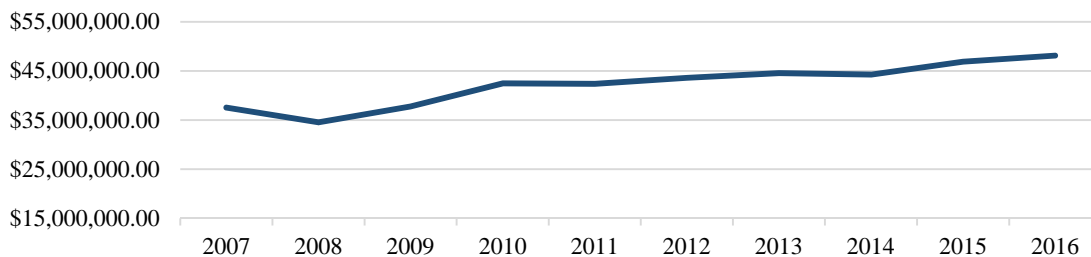
Year Ended June 30, 2016

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, 2016. Information in the MD&A is based on currently known facts, decisions and conditions. Please read the MD&A in conjunction with the basic financial statements and the accompanying notes.

Financial Highlights

- The City’s assets and deferred outflows of resources totaled \$76.9 million at June 30, 2016, consisting of \$61.5 million in capital assets, \$8.1 million in unrestricted cash and investments, \$409,000 in restricted cash and investments, and \$6.9 million in other assets and deferred outflows of resources. Total assets and deferred outflows of resources increased by \$7.4 million from the previous fiscal year.
- The City’s liabilities and deferred inflows of resources totaled \$28.7 million at June 30, 2016 consisting of \$25.1 million in long-term liabilities and \$2.8 million in accounts payable and other liabilities, and \$826,110 in deferred inflows related to pensions.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$48.1 million at the close of fiscal year 2015-16. Unrestricted net position totaled \$4.1 million with the remainder of the City’s net position invested in capital assets totaling 42.8 million, capital projects \$70,107, streets and highways and debt service \$1.2 million.
- For its governmental activities, the City generated \$732,494 in charges for services and received \$1.6 million in operating and capital grants and contributions. Direct expenses, including interest on long-term debt for governmental activities were \$132,677 for the year, resulting in a net direct expense of \$132,677. \$5.1 million of general revenues received and \$2.1 million of transfers out resulted in a change in net position of \$593,958.
- For its business-type activities, the City generated \$9.1 million in charges for services, operating and capital grants and contributions to fund direct expenses totaling \$542,362.
- Fund balance in the City’s governmental funds was \$2.5 million at June 30, 2016, an increase of \$674,036 from June 30, 2015.
- The City’s total long term debt decreased \$934,825 during the fiscal year ended June 30, 2016. The City issued a \$164,325 debt obligation for the acquisition of a street sweeper during the fiscal year, while paying principal of \$1.1 million for previously issued debt.
- Debt per capita decreased from \$2,136 to \$1,964 (-8%), with a City population of 9,645.

Total Net Position



The city’s total net position at June 30, 2016 was \$48.1 million, an increase over the prior year of \$1.3 million.

City of Prineville, Oregon
Management's Discussion and Analysis

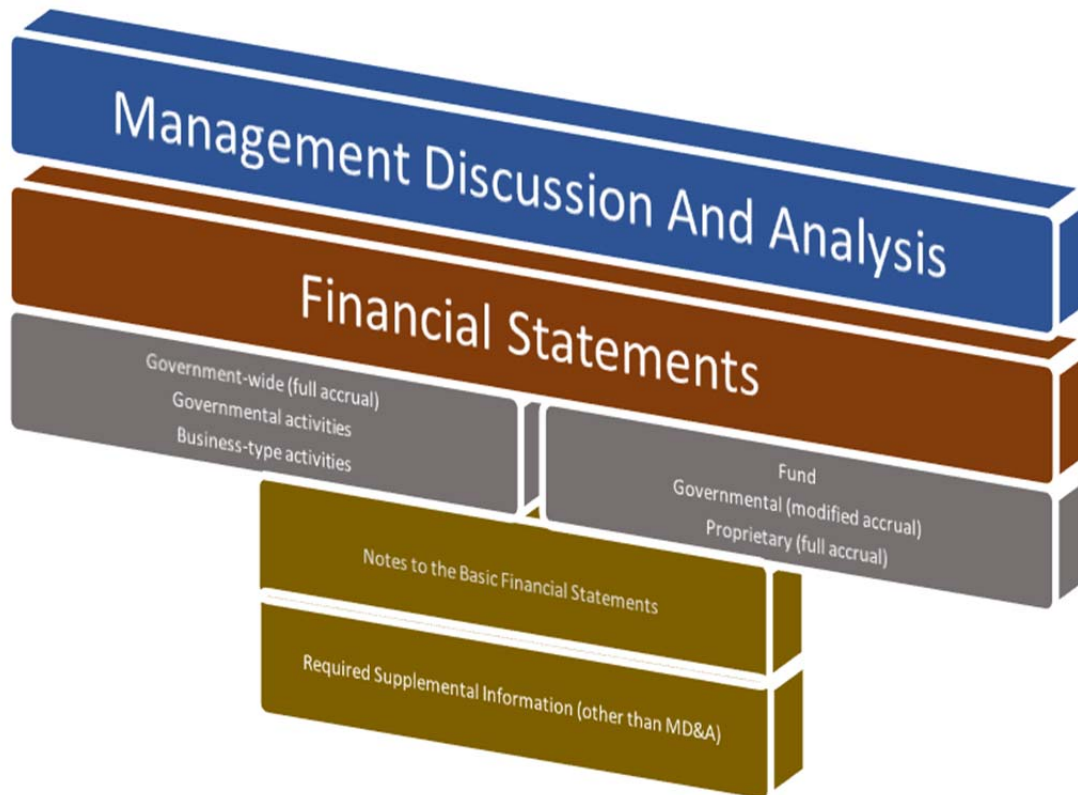
Year Ended June 30, 2016

Overview of the Financial Statements

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

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

Required Elements of the Comprehensive Annual Financial Report



Government-wide financial statements

The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all City assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time increases or decreases in the net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2016

The *Statement of Activities* presents information showing how the City's net position changed during the fiscal year ended June 30, 2016. Changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash, or other financial assets, flows. Thus, revenues and expenses are reported in this statement for some items, such as property taxes and accrued vacation that will result in cash flows in future fiscal periods.

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

The City's government-wide financial statements begin on page 26 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 six individual governmental funds and three internal service funds performing governmental activities during the fiscal year ended June 30, 2016. Information is presented separately in the *Governmental Funds Balance Sheet* and in the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* for the general fund and the City's other major funds (emergency dispatch, transportation, transportation system development charges, local improvement district debt service, and pension obligation debt service). Data from all other governmental funds are combined into a single, aggregated presentation. Individual data for each of these non-major governmental funds, if applicable, is provided in the form of combining statements in the "Other Supplementary Data" section of this report and in the budget to actual comparison schedules.

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

The "Basic Governmental Fund Financial Statements" can be found on pages 28- 31 of this report.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2016

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 34.

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 40.

The combining statements referred to above in connection with non-major governmental funds and business-type funds are presented in the "Additional Supplementary Information" section of this report.

Statement of Net Position

Net position, at a specific point in time, serves as a useful indicator of an entity's financial position. In the case of the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$48.1 million at June 30, 2016.

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, \$42.8 million, 89 percent (88.9%) of total net position. The City's net investment in capital assets in water and wastewater utilities represent approx. 51 percent (51.4%) of total capital assets.

- The net position of the governmental funds equaled \$12.1 million, a decrease of \$593,958 or 5 percent (4.9%) over the prior year-end balance.
- The net position in the water utility totaled \$10.3 million, an increase of \$746,962 or approximately 8 percent (7.7%) over the prior year-end balance.
- The net position in the wastewater utility totaled \$15.6 million, an increase of \$1.1 million or roughly 8 percent (7.8%) over the prior year-end balance.
- The net position in the railroad totaled \$8.4 million, a decrease of -\$13,164 over prior year, or less than 1 percent (-.16%) from the prior year-end balance.
- The net position in the golf course fund totaled \$1.2 million, an increase of \$16,697 or roughly 1 percent (1.47 %) from the prior year-end balance.

Overall the City increased its net position by \$1.3 million during fiscal year 2016 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 \$1,243,047 (2.6%) that is restricted, debt service \$409,000, transportation operations \$763,940, and capital projects \$70,107. The remaining net position of \$4.11 million may be used to meet the City's ongoing obligations to citizens and creditors.

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2016

As of June 30, 2016, the City reports positive balances in all three categories of net position for the government as a whole. For its governmental activities, the City has a negative balance in the unrestricted category of net position.

Net Position at June 30, 2016 and 2015

	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 5,583,707	\$ 5,270,263	\$ 6,371,886	\$ 4,445,628	\$ 11,955,593	\$ 9,715,891
Non-current assets	848,013	1,887,922	202,088	333,386	1,050,101	2,221,308
Capital assets	14,037,812	12,737,404	47,492,625	44,460,667	61,530,437	57,198,071
Total assets	20,469,532	19,895,589	54,066,599	49,239,681	74,536,131	69,135,270
Deferred outflows	2,349,243	326,644	-	-	2,349,243	326,644
Total assets and deferred outflows	22,818,775	20,222,233	54,066,599	49,239,681	76,885,374	69,461,914
Current liabilities	962,659	1,445,820	1,829,820	486,002	2,792,479	1,931,822
Long-term debt - net of current portion	8,922,192	6,074,641	16,194,799	14,556,822	25,116,991	20,631,463
Total liabilities	9,884,851	7,520,461	18,024,619	15,042,824	27,909,470	22,563,285
Deferred inflows	826,110	-	-	-	826,110	-
Total liabilities and deferred inflows	10,710,961	7,520,461	18,024,619	15,042,824	28,735,580	22,563,285
Net investment in capital assets	11,345,910	8,925,578	31,448,889	30,067,137	42,794,799	38,992,715
Restricted	868,940	574,874	374,107	530,699	1,243,047	1,105,573
Unrestricted	(107,036)	3,201,320	4,218,984	3,599,021	4,111,948	6,800,341
Total net position	12,107,814	12,701,772	36,041,980	34,196,857	48,149,794	46,898,629
Total net position, liabilities and deferred inflows	\$ 22,818,775	\$ 20,222,233	\$ 54,066,599	\$ 49,239,681	\$ 76,885,374	\$ 69,461,914

Governmental activities decreased Prineville's net position by \$593,958 during fiscal year ended June 30, 2016 as compared to an increase of approximately a \$2.2 million in the prior year. The key element to this change was the \$2.9 million additional pension liability based on the June 30, 2015 GASB 68 actuarial report allocating the City's share of the Oregon Public Retirement Systems (PERS) funding shortfall. In 2015, the City had a reduction in pension expense of \$3.7 million due to favorable market conditions in the PERS plan assets. Also, the City's governmental funds made capital investments of \$541,551, additions of \$903,373, and incurred depreciation in governmental activities of \$341,526, resulting in a net increase in capital, net of depreciation of \$1,103,398.

Business-type activities increased the City of Prineville's net position by \$1,845,123. Individual fund net position performance included an increase in the water fund of \$746,962 (7.8%), an increase in the wastewater fund of \$1,124,941 (7.6%) largely due to an increase in operating income, an increase in the golf course of \$16,697 (.9%), a decrease in the railroad of -\$13,164 (-.9%) and a decrease in the airport of \$30,313 (5.37%).

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2016

Statement of Activities as of June 30th

	Governmental Activities		Business Type Activities		Total		Change
	2016	2015	2016	2015	2016	2015	
Program revenues							
General government	\$ 203,993	\$ 165,927	\$ -	\$ -	\$ 203,993	\$ 165,927	\$ 38,066
Public safety	811,367	807,171	-	-	811,367	807,171	4,196
Highways and streets	1,363,242	1,221,957	-	-	1,363,242	1,221,957	141,285
Railroad	-	-	943,182	586,937	943,182	586,937	356,245
Water	-	-	2,781,035	2,183,160	2,781,035	2,183,160	597,875
Wastewater	-	-	4,081,021	3,208,361	4,081,021	3,208,361	872,660
Golf and restaurant	-	-	1,143,167	1,132,478	1,143,167	1,132,478	10,689
Airport	-	-	704,347	803,978	704,347	803,978	(99,631)
General revenues							
Taxes	2,157,781	2,031,015	-	-	2,157,781	2,031,015	126,766
Franchise fees	2,085,847	1,864,413	-	-	2,085,847	1,864,413	221,434
Earnings on investments	12,324	11,268	18,290	13,812	30,614	25,080	5,534
Miscellaneous	811,036	425,264	(88,126)	487,394	722,910	912,658	(189,748)
Total revenue	7,445,590	6,527,015	9,582,916	8,416,120	17,028,506	14,943,135	2,085,371
General revenues							
General government	1,111,185	416,640	-	-	1,111,185	416,640	694,545
Public safety	7,639,414	2,921,115	-	-	7,639,414	2,921,115	4,718,299
Highways and streets	1,273,699	1,112,590	-	-	1,273,699	1,112,590	161,109
Railroad	-	-	906,269	797,044	906,269	797,044	109,225
Water	-	-	957,293	916,365	957,293	916,365	40,928
Wastewater	-	-	1,695,870	1,662,325	1,695,870	1,662,325	33,545
Golf and restaurant	-	-	1,361,170	1,340,327	1,361,170	1,340,327	20,843
Airport	-	-	699,764	691,166	699,764	691,166	8,598
Interest on long-term debt	132,677	189,358	-	-	132,677	189,358	(56,681)
Total expenses	10,156,975	4,639,703	5,620,366	5,407,227	15,777,341	10,046,930	5,730,411
Transfers	2,117,427	2,100,938	(2,117,427)	(2,100,938)	-	-	-
Change in net position	(593,958)	3,988,250	1,845,123	907,955	1,251,165	4,896,205	(3,645,040)
Net position - beginning	12,701,772	8,713,522	34,196,857	33,288,902	46,898,629	42,002,424	4,896,205
Net position - ending	\$ 12,107,814	\$ 12,701,772	\$ 36,041,980	\$ 34,196,857	\$ 48,149,794	\$ 46,898,629	\$ 1,251,165

Financial Analysis of Prineville's Funds

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

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

As of June 30, 2016, \$2.5 million is the reported combined ending fund balance for the City of Prineville's governmental funds, an increase of approximately \$700,000 or 39% from June 30, 2015. The increase is primarily the result of budgeted capital improvements and net increases in fund balance as follows:

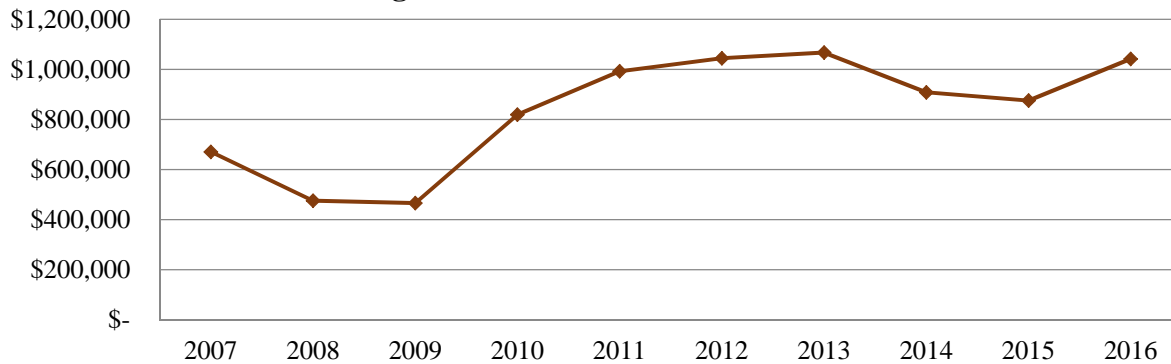
City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2016

General Fund/Community Development	\$166,433	19%
Transportation fund	\$33,606	14.4%
Transportation SDC fund	\$260,460	110.2%
Pension debt service fund	\$188,538	293.9%

As of June 30, 2016, the fund balance of the City of Prineville's general fund is \$1,041,872, an increase of \$166,433, (19.0%). The June 30, 2016 fund balance is approximately 34 percent (33.5%) of the total general fund fiscal year 2015-16 expenditures.

Changes in Fund Balance General Fund



General Fund Budgetary Highlights. General fund actual current year resources were more than budgeted by \$258,104. Positive variances in property taxes of \$53,406, transient room tax of \$105,677, and franchise fees of \$105,847. Beginning fund balance was \$839 less than budgeted. A budget adjustment was made to accommodate the personnel changes at the police department and an additional expense in non-departmental totaling \$121,000. Total actual expenditures were \$54,812 over the original budget, with police spending \$21,938 less than anticipated and non-departmental spending \$44,163 less than the amended budget. The full amount budgeted for the airport transfer was not needed at year-end

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, 2016, the City realized an increase in net position of \$1,845,123 for the combined performance of all proprietary funds. The increase in net position is partially attributable to the City's water operation realizing an increase in operating income of approximately \$318,000, the wastewater operation realized an increase in operating income of \$160,000 and the railroad fund realized an increase in operating income of \$356,000.

Water and wastewater funds operating revenue increase was due to the 3.70 percent rate increase in water and a 4.25 percent rate increase in wastewater along with 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.

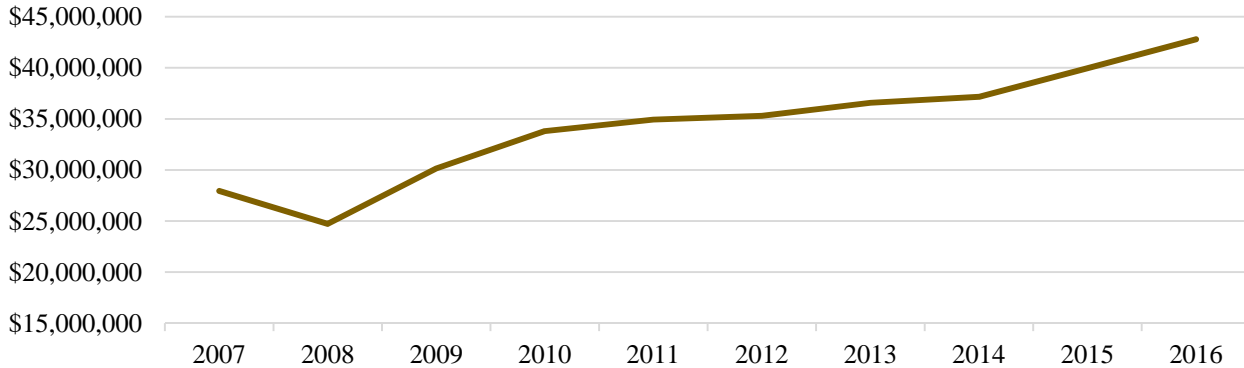
City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2016

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, 2016 is \$43 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, 2016 was \$2,834,951 (7.09 percent).

Net Investment in Capital Assets



Additional information on capital assets is included in “Note 4” to the financial statements of this report on page 52.

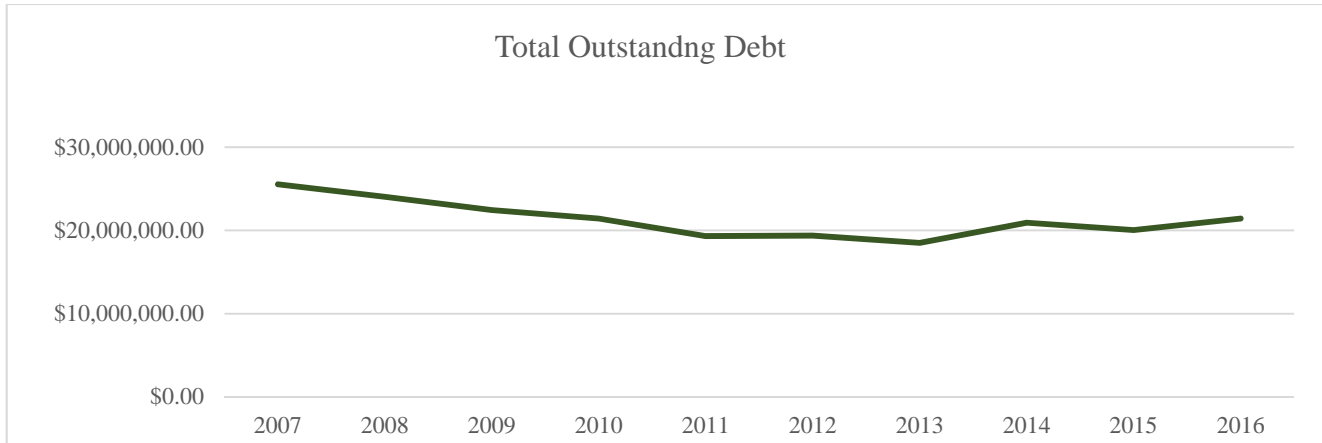
Long-term debt. As of June 30, 2016, the City's outstanding bonded debt was \$21.43 million, \$1.39 million more than at June 30, 2015. Of this, \$13.3 million is backed by the full faith and credit of the City, including \$7.5 million for obligations repaid with water, wastewater and golf revenues, \$2.7 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 \$358,230 for notes payable repaid from various dedicated revenues. The City also had \$5.7 million of revenue bonds outstanding and drew down \$2,490,800 on Oregon DEQ and IFA loans. 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, 2016 and June 30, 2015

	Governmental Activities		Business Type Activities		Total		Change
	2016	2015	2016	2015	2016	2015	
Full faith and credit obligations							
Water, golf, wastewater	\$ -	\$ -	\$ 7,525,000	\$ 7,725,000	\$ 7,525,000	\$ 7,725,000	\$ (200,000)
Pension obligation	2,695,000	2,805,000	-	-	2,695,000	2,805,000	(110,000)
Federal debt	1,394,997	1,438,787	-	-	1,394,997	1,438,787	(43,790)
Special assessments	1,167,081	1,247,595	-	-	1,167,081	1,247,595	(80,514)
Other notes payable	129,824	158,311	228,406	390,869	358,230	549,180	(190,950)
Revenue bonds	-	-	5,651,942	6,119,820	5,651,942	6,119,820	(467,878)
Oregon DEQ and IFA	-	-	2,490,800	-	2,490,800	-	2,490,800
Bond issuance premium	-	-	147,589	157,841	147,589	157,841	(10,252)
Totals	\$ 5,386,902	\$ 5,649,693	\$ 16,043,737	\$ 14,393,530	\$ 21,430,639	\$ 20,043,223	\$ 1,387,416

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2016



Additional information on the City's long-term debt is included in "Note 5" to the financial statements on page 55.

Key Economic Factors and Budget Information for the Future

- **Unemployment and real estate** – Oregon's unemployment rate decreased slightly during fiscal year 2016, 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 2012, Project Pillar received approval to construct a 10,000 square foot data center, a power substation, and 330,000 square foot data center. The Project Pillar Master Plan approval in 2012 also included approval for a second 330,000 square foot data center building which was built in 2016. A third 330,000 square foot data center and a 90,000 square foot logistics center were approved in 2016. Over 1 million square feet of data center buildings have been built with an estimated value of over \$600 million. There are estimated to be over 150 full time employees at the data center.
- **Facebook** – In January 2010, Facebook chose to locate their first company-owned data center in Prineville. The 330,000 square foot facility provides data storage and technical services for the international firm. In 2011, a second 354,000 square foot data center was approved which was completed in 2014. In 2012, a 90,000 square foot data storage facility was approved in 30,000 square foot phases, with the final phase completed in 2016. In 2015, a third 467,000 square foot data center was approved and began construction with an estimated completion date in 2017. Over 1 million square feet of Facebook data center buildings have been built with an estimated value of over \$600 million. There are estimated to be over 150 full time employees at the data center.
- *Total data center development in Prineville, from 2010 through 2016 totals over 2 million square feet with an estimated value of over \$1.2 billion.*

City of Prineville, Oregon
Management's Discussion and Analysis

Year Ended June 30, 2016

- **Commercial and residential development** – From 2010 through 2016, a new hospital was built (\$30 million, 62,000 square feet) and a new 750 student elementary school was built (\$33.5 million, 73,000 square feet). The City has also seen business growth and addition of several businesses to the community (Taco Bell, Secure Storage) and a steady increase in housing development. The housing vacancy rate, which was approximately 15% in 2010, is now below 1% (CORA data - 2016). The City housing inventory saw an increase of over \$20 million dollars in new housing inventory during 2010 through 2016. Half of that inventory was added in 2015 and 2016.
- **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 \$2.583 million as of December 31, 2015, which includes a side account totaling \$3.14 million from December 31, 2015. 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, the suit was referred directly to the Oregon Supreme Court which ruled the Moro decision unconstitutional on April 30, 2015

Effective July 1, 2017, the City's OPERS contribution rate is 12.17. 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. The city is charging all funds that participate in PERS and additional 7 percent to cover the pension obligation bond debt service and to fund future unfunded liabilities the city may incur.

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 12.17%, however, if not for the rate collar 3.94%.

See "Note 7" on page 61 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.



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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, 2016

Assets	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 3,943,825	\$ 4,129,578	\$ 8,073,403
Receivables (net of allowances for uncollectibles)			
Property taxes	124,860	-	124,860
Accounts	311,657	2,242,308	2,553,965
Assessments	1,203,365	-	1,203,365
Notes	-	106,592	106,592
Inventory	20,383	511,426	531,809
Prepaid expenses	-	2,700	2,700
Internal balances	722,630	(722,630)	-
Restricted cash and investments	105,000	304,000	409,000
Capital assets:			
Non-depreciable	1,412,095	4,127,403	5,539,498
Other (net of accumulated depreciation)	12,625,717	43,365,222	55,990,939
<i>Total assets</i>	20,469,532	54,066,599	74,536,131
Deferred outflows of resources			
Pension related deferrals	2,349,243	-	2,349,243
	2,349,243	-	2,349,243
Liabilities, deferred inflows and net position			
<i>Liabilities</i>			
Accounts payable	515,427	1,599,749	2,115,176
Accrued payroll and taxes payable	7,135	-	7,135
Accrued interest	73,616	87,744	161,360
Deposits payable	1,500	84,400	85,900
Other liabilities	258,389	57,927	316,316
Note payable	106,592	-	106,592
Non-current liabilities:			
Due within one year:			
Bonds payable	76,920	759,423	836,343
Notes payable	210,140	97,830	307,970
Due in more than one year:			
Proportionate share of net pension liability	2,939,113	-	2,939,113
Bonds payable	1,318,077	12,565,107	13,883,184
Notes payable	3,781,765	2,621,376	6,403,141
Accrued compensated absences	596,177	151,063	747,240
<i>Total liabilities</i>	9,884,851	18,024,619	27,909,470
Deferred inflows			
Pension related deferrals	826,110	-	826,110
	826,110	-	826,110
Net position			
Net investment in capital assets	11,345,910	31,448,889	42,794,799
Restricted for:			
Streets and highways	763,940	-	763,940
Debt service	105,000	304,000	409,000
Capital projects	-	70,107	70,107
Unrestricted	(107,036)	4,218,984	4,111,948
<i>Total net position</i>	\$ 12,107,814	\$ 36,041,980	\$ 48,149,794

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

City of Prineville, Oregon
Statement of Activities
For the Year Ended June 30, 2016

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	\$ 1,111,185	203,993	\$ -	\$ -	\$ (907,192)		\$ (907,192)
Public safety	7,639,414	33,671	777,696	-	(6,828,047)		(6,828,047)
Highways and streets	1,273,699	494,830	868,412	-	89,543		89,543
Interest on long-term debt	132,677	-	-	-	(132,677)		(132,677)
Total governmental activities	10,156,975	732,494	1,646,108	-	(7,778,373)		(7,778,373)
Business-type activities							
Railroad	906,269	943,182	-	-	-	\$ 36,913	36,913
Water	957,293	2,554,213	-	226,822	-	1,823,742	1,823,742
Wastewater	1,695,870	3,952,199	-	128,822	-	2,385,151	2,385,151
Golf and restaurant	1,361,170	1,143,167	-	-	-	(218,003)	(218,003)
Airport	699,764	517,629	186,718	-	-	4,583	4,583
Total business-type activities	5,620,366	9,110,390	186,718	355,644	-	4,032,386	4,032,386
Total activities	\$ 15,777,341	\$ 9,842,884	\$ 1,832,826	\$ 355,644	(7,778,373)	4,032,386	(3,745,987)
General revenues							
Taxes:							
Property taxes, levied for general purposes					1,842,104	-	1,842,104
Transient room taxes					315,677	-	315,677
Franchise fees					2,085,847	-	2,085,847
Earnings on investments					12,324	18,290	30,614
Miscellaneous					811,036	(88,126)	722,910
Total general revenues					5,066,988	(69,836)	4,997,152
Transfers					2,117,427	(2,117,427)	-
Changes in net position					(593,958)	1,845,123	1,251,165
Net position, July 1, 2015					12,701,772	34,196,857	46,898,629
Net position, June 30, 2016					\$ 12,107,814	\$ 36,041,980	\$ 48,149,794

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

City of Prineville, Oregon

Balance Sheet

Governmental Funds

June 30, 2016

	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	Pension Debt Service Fund	LID Debt Service Fund	Total Governmental Funds
Assets							
Cash and investments	\$ 1,025,107	\$ 375,266	\$ 496,787	\$ 500,680	\$ 252,680	\$ 101,665	\$ 2,752,185
Receivables:							
Property taxes	124,860	-	-	-	-	-	124,860
Accounts	215,786	-	92,250	-	-	-	308,036
Assessments	-	-	-	-	-	1,203,365	1,203,365
Due from other funds	722,630	-	-	-	-	-	722,630
Total assets	\$ 2,088,383	\$ 375,266	\$ 589,037	\$ 500,680	\$ 252,680	\$ 1,305,030	\$ 5,111,076
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ 216,125	\$ 36,060	\$ 67,388	\$ -	\$ -	\$ -	\$ 319,573
Accrued salaries and payroll taxes	7,135	-	-	-	-	-	7,135
Other liabilities	-	-	254,463	3,926	-	-	258,389
Total liabilities	223,260	36,060	321,851	3,926	-	-	585,097
Deferred inflows of resources							
Unavailable revenue - property taxes	100,621	-	-	-	-	-	100,621
Unavailable revenue - other	722,630	-	-	-	-	1,203,365	1,925,995
Total deferred inflows of resources	823,251	-	-	-	-	1,203,365	2,026,616
Fund balance							
Restricted	-	-	267,186	496,754	-	-	763,940
Committed	-	339,206	-	-	252,680	101,665	693,551
Assigned to:							
Other purposes	78,021	-	-	-	-	-	78,021
Unassigned	963,851	-	-	-	-	-	963,851
Total fund balances	1,041,872	339,206	267,186	496,754	252,680	101,665	2,499,363
Total liabilities, deferred inflows of resources and fund balances	\$ 2,088,383	\$ 375,266	\$ 589,037	\$ 500,680	\$ 252,680	\$ 1,305,030	\$ 5,111,076

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, 2016

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

Fund balance - total governmental funds	\$ 2,499,363
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in funds.	14,037,812
Unavailable revenues are deferred on the budgetary financial statements, but in the government wide state they are considered revenues.	2,026,616
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.	1,123,290
The Net Pension Asset (Liability), and deferred inflows and outflows related to the Net Pension Asset is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries	(1,415,980)
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.	(5,983,079)
Note payable	(106,592)
Bond interest is not accrued as a liability in the government funds.	<u>(73,616)</u>
Net position of governmental activities	<u><u>\$ 12,107,814</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, 2016

	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	Pension Debt Service Fund	LID Debt Service Fund	Total Governmental Funds
Revenues							
Taxes	\$ 2,159,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,159,083
Intergovernmental	230,102	705,313	868,412	-	-	-	1,803,827
Franchise fees	1,826,847	-	259,000	-	-	-	2,085,847
Licenses and permits	58,496	-	8,805	-	-	-	67,301
Charges for services	145,497	3,421	-	-	435,824	-	584,742
Systems development charges	-	-	-	486,025	-	-	486,025
Interest	5,361	1,636	1,807	1,772	1,281	467	12,324
Miscellaneous	57,758	-	2,964	-	-	162,437	223,159
Total revenues	4,483,144	710,370	1,140,988	487,797	437,105	162,904	7,422,308
Expenditures							
Current:							
General government	509,906	-	-	-	-	-	509,906
Public safety	2,545,262	960,349	-	-	-	-	3,505,611
Highways and streets	-	-	376,443	208,038	-	-	584,481
Capital outlay	-	88,712	452,839	-	-	-	541,551
Debt service:							
Principal	51,719	-	-	-	110,000	79,187	240,906
Interest	2,694	-	-	-	138,567	70,727	211,988
Total expenditures	3,109,581	1,049,061	829,282	208,038	248,567	149,914	5,594,443
Excess (deficiency) of							
Revenues over expenditures	1,373,563	(338,691)	311,706	279,759	188,538	12,990	1,827,865
Other financing sources (uses)							
Transfers in	18,970	533,700	100,000	-	-	-	652,670
Transfers out	(1,226,100)	(183,000)	(378,100)	(19,299)	-	-	(1,806,499)
Total other financing sources (uses)	(1,207,130)	350,700	(278,100)	(19,299)	-	-	(1,153,829)
Net change in fund balances	166,433	12,009	33,606	260,460	188,538	12,990	674,036
Fund balance, July 1, 2015	875,439	327,197	233,580	236,294	64,142	88,675	1,825,327
Fund balance, June 30, 2016	\$ 1,041,872	\$ 339,206	\$ 267,186	\$ 496,754	\$ 252,680	\$ 101,665	\$ 2,499,363

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, 2016

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

Net change in fund balances - total governmental funds	\$	674,036
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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 greater than depreciation and actual additions.

Capital outlay	541,551	
Additions	903,373	
Depreciation	(341,526)	
		1,103,398

Revenues in the Statement of Activities that do not provide current financial resources and are not reported as revenue in the fund statements:		23,282
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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.		(1,001,564)
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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:		242,233
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------

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.		(1,713,327)
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	-------------

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	77,984	
Accrued interest payable	-	
		77,984

Change in net position of governmental activities	\$	(593,958)
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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, 2016

	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	\$ 1,409,057	\$ 1,509,726	\$ 521,370	\$ 676,795	\$ 12,630	\$ 4,129,578	\$ 1,191,640
Accounts receivable, net	374,287	1,673,343	23,139	106,432	65,107	2,242,308	3,621
Inventory	220,277	38,405	38,955	168,700	45,089	511,426	20,383
Prepaid expenses	-	-	2,700	-	-	2,700	-
Total current assets	2,003,621	3,221,474	586,164	951,927	122,826	6,886,012	1,215,644
Non-current assets							
Restricted cash and investments	-	304,000	-	-	-	304,000	105,000
Note receivable	106,592	-	-	-	-	106,592	-
Capital assets:							
Non-depreciable	274,708	3,706,562	-	146,133	-	4,127,403	-
Capital assets (net of accumulated depreciation)	10,941,386	22,413,983	1,418,299	8,089,018	502,536	43,365,222	2,301,715
Total non-current assets	11,322,686	26,424,545	1,418,299	8,235,151	502,536	47,903,217	2,406,715
Total assets	\$ 13,326,307	\$ 29,646,019	\$ 2,004,463	\$ 9,187,078	\$ 625,362	\$ 54,789,229	\$ 3,622,359
Deferred outflows of resources							
Pension Related Deferrals	-	-	-	-	-	-	953,996
Total assets & deferred outflows	\$ 13,326,307	\$ 29,646,019	\$ 2,004,463	\$ 9,187,078	\$ 625,362	\$ 54,789,229	\$ 4,576,355
Liabilities and net position							
Current liabilities:							
Accounts payable	\$ 112,234	\$ 1,366,269	\$ 57,503	\$ 21,725	\$ 42,018	\$ 1,599,749	\$ 195,854
Accrued interest payable	16,461	68,565	1,907	811	-	87,744	32,114
Deposits payable	26,897	57,503	-	-	-	84,400	1,500
Other liabilities	-	-	42,804	-	15,123	57,927	-
Bonds payable, current portion	163,871	565,552	30,000	-	-	759,423	-
Notes payable, current portion	-	-	48,494	49,336	-	97,830	76,920
Proportionate share of net pension liability	-	-	-	-	-	-	1,193,534
Total current liabilities	319,463	2,057,889	180,708	71,872	57,141	2,687,073	1,499,922
Non-current liabilities							
Accrued compensated absences	-	9,574	110,642	26,825	4,022	151,063	145,512
Due to general fund	-	-	-	722,630	-	722,630	-
Bonds payable, net of current portion	2,659,193	9,478,665	427,249	-	-	12,565,107	-
Notes payable, net of current portion	-	2,490,800	130,576	-	-	2,621,376	1,447,901
Total non-current liabilities	2,659,193	11,979,039	668,467	749,455	4,022	16,060,176	1,593,413
Total liabilities	2,978,656	14,036,928	849,175	821,327	61,163	18,747,249	3,093,335
Deferred Inflows of Resources							
Pension Related Deferrals	-	-	-	-	-	-	335,472
Total assets & deferred outflows	2,978,656	14,036,928	849,175	821,327	61,163	18,747,249	3,428,807
Net position							
Net Investment in Capital Assets	8,393,030	13,585,528	781,980	8,185,815	502,536	31,448,889	776,894
Restricted							
Debt service	-	304,000	-	-	-	304,000	105,000
Capital projects	70,107	-	-	-	-	70,107	-
Unrestricted	1,884,514	1,719,563	373,308	179,936	61,663	4,218,984	265,654
Total net position	10,347,651	15,609,091	1,155,288	8,365,751	564,199	36,041,980	1,147,548
Total liabilities, deferred inflows and net position	\$ 13,326,307	\$ 29,646,019	\$ 2,004,463	\$ 9,187,078	\$ 625,362	\$ 54,789,229	\$ 4,576,355

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

City of Prineville, Oregon
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Water	Wastewater	Golf Course	Railroad	Non-major Funds	Total	
Operating revenues							
Intergovernmental	\$ -	\$ 569,403	\$ -	\$ -	\$ 50,000	\$ 619,403	\$ 10,000
Charges for services	2,549,443	3,353,423	1,134,996	826,982	654,347	8,519,191	187,914
Other operating revenues	4,770	29,373	8,171	116,200	-	158,514	36,077
Total operating revenues	<u>2,554,213</u>	<u>3,952,199</u>	<u>1,143,167</u>	<u>943,182</u>	<u>704,347</u>	<u>9,297,108</u>	<u>233,991</u>
Operating expenses							
Salaries and wages	-	99,059	744,995	296,181	150,789	1,291,024	3,372,486
Materials and supplies	532,764	762,530	523,751	330,478	517,520	2,667,043	971,430
Depreciation	300,286	475,514	68,218	276,797	31,455	1,152,270	158,570
Total operating expenses	<u>833,050</u>	<u>1,337,103</u>	<u>1,336,964</u>	<u>903,456</u>	<u>699,764</u>	<u>5,110,337</u>	<u>4,502,486</u>
Operating income (loss)	<u>1,721,163</u>	<u>2,615,096</u>	<u>(193,797)</u>	<u>39,726</u>	<u>4,583</u>	<u>4,186,771</u>	<u>(4,268,495)</u>
Non-operating revenues (expenses)							
Miscellaneous	-	-	-	(100,900)	-	(100,900)	-
Interest income	6,776	6,638	2,275	2,597	4	18,290	5,565
Interest expense	(124,243)	(358,767)	(24,206)	(2,813)	-	(510,029)	(60,140)
Bond premium amortization	3,871	5,152	1,225	-	-	10,248	-
Sale of assets	-	-	-	2,526	-	2,526	50,250
Total non-operating revenues (expenses)	<u>(113,596)</u>	<u>(346,977)</u>	<u>(20,706)</u>	<u>(98,590)</u>	<u>4</u>	<u>(579,865)</u>	<u>(4,325)</u>
Capital contributions	226,822	128,822	-	-	-	355,644	-
Transfers in	236,235	31,300	370,000	100,900	50,000	788,435	3,406,556
Transfers out	<u>(1,323,662)</u>	<u>(1,303,300)</u>	<u>(138,800)</u>	<u>(55,200)</u>	<u>(84,900)</u>	<u>(2,905,862)</u>	<u>(135,300)</u>
Change in net position	746,962	1,124,941	16,697	(13,164)	(30,313)	1,845,123	(1,001,564)
Net position, July 1, 2015	<u>9,600,689</u>	<u>14,484,150</u>	<u>1,138,591</u>	<u>8,378,915</u>	<u>594,512</u>	<u>34,196,857</u>	<u>2,149,112</u>
Net position, June 30, 2016	<u>\$ 10,347,651</u>	<u>\$ 15,609,091</u>	<u>\$ 1,155,288</u>	<u>\$ 8,365,751</u>	<u>\$ 564,199</u>	<u>\$ 36,041,980</u>	<u>\$ 1,147,548</u>

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

City of Prineville, Oregon

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2016

	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	\$ 2,524,909	\$ 2,726,666	\$ 1,151,565	\$ 918,051	\$ 702,714	\$ 8,023,905	\$ 237,263
Cash paid to suppliers for goods and services	(477,987)	558,702	(552,330)	(313,596)	(530,393)	(1,315,604)	(937,121)
Cash paid to employees for services	-	(107,135)	(769,840)	(287,717)	(153,596)	(1,318,288)	(2,297,624)
Net cash from operating activities	<u>2,046,922</u>	<u>3,178,233</u>	<u>(170,605)</u>	<u>316,738</u>	<u>18,725</u>	<u>5,390,013</u>	<u>(2,997,482)</u>
Cash flow from non-capital activities							
Transfers in	236,235	31,300	370,000	-	50,000	687,535	3,406,556
Transfers out	(1,323,662)	(1,303,300)	(138,800)	(55,200)	(84,900)	(2,905,862)	(135,300)
Interfund loan repayments	51,719	-	-	-	-	51,719	-
Net cash from non-capital activities	<u>(1,035,708)</u>	<u>(1,272,000)</u>	<u>231,200</u>	<u>(55,200)</u>	<u>(34,900)</u>	<u>(2,166,608)</u>	<u>3,271,256</u>
Cash flow from capital and related financing activities							
Debt proceeds	-	2,490,800	-	100,900	-	2,591,700	164,325
Bond/Debt principal paid	(150,000)	(507,878)	(76,652)	(95,811)	-	(830,341)	(78,291)
Interest paid	(125,462)	(367,136)	(22,330)	(4,988)	-	(519,916)	(61,148)
Acquisition of capital assets	(337,767)	(3,301,997)	(179,088)	-	(12,428)	(3,831,280)	(355,580)
Sale of assets	-	-	-	2,526	-	2,526	50,250
Net cash from capital and related financing activities	<u>(613,229)</u>	<u>(1,686,211)</u>	<u>(278,070)</u>	<u>2,627</u>	<u>(12,428)</u>	<u>(2,587,311)</u>	<u>(280,444)</u>
Cash flow from investing activities							
Interest earnings	6,776	6,638	2,275	2,597	4	18,290	5,565
Net cash from investing activities	<u>6,776</u>	<u>6,638</u>	<u>2,275</u>	<u>2,597</u>	<u>4</u>	<u>18,290</u>	<u>5,565</u>
Net change in cash and investments	404,761	226,660	(215,200)	266,762	(28,599)	654,384	(1,105)
Cash and investments, July 1, 2015	1,004,296	1,587,066	736,570	410,033	41,229	3,779,194	1,297,745
Cash and investments, June 30, 2016	<u>\$ 1,409,057</u>	<u>\$ 1,813,726</u>	<u>\$ 521,370</u>	<u>\$ 676,795</u>	<u>\$ 12,630</u>	<u>\$ 4,433,578</u>	<u>\$ 1,296,640</u>
Reconciliation of operating income (loss) to net cash from operating activities							
Operating income/(loss)	\$ 1,721,163	\$ 2,615,096	\$ (193,797)	\$ 39,726	\$ 4,583	\$ 4,186,771	\$ (4,268,495)
Adjustments to reconcile operating income/(loss) to net cash from operating activities:							
Depreciation	300,286	475,514	68,218	276,797	31,455	1,152,270	158,570
Change in assets and liabilities:							
Accounts receivable	(27,959)	(1,225,549)	8,398	(25,131)	(1,633)	(1,271,874)	(18)
Inventory	(5,621)	4,444	(21,522)	(963)	2,341	(21,321)	(1,375)
Prepaid expenses	-	-	-	-	-	-	-
Deposits payable	(1,345)	16	-	-	-	(1,329)	-
Net Pension Asset, Deferred Inflows	-	-	-	-	-	-	(357,524)
Net Pension Asset, Deferred Outflows	-	-	-	-	-	-	1,529,006
Accounts payable	60,398	1,316,788	13,964	19,198	(19,723)	1,390,625	38,974
Accrued payroll and taxes payable	-	(2,802)	(21,454)	(5,144)	(3,265)	(32,665)	(47,522)
Other accrued expenses	-	(5,274)	(21,021)	13,608	458	(12,229)	(49,098)
Other liabilities	-	-	(3,391)	(1,353)	4,509	(235)	-
Total adjustments	<u>325,759</u>	<u>563,137</u>	<u>23,192</u>	<u>277,012</u>	<u>14,142</u>	<u>1,203,242</u>	<u>1,271,013</u>
Net cash from operating activities	<u>\$ 2,046,922</u>	<u>\$ 3,178,233</u>	<u>\$ (170,605)</u>	<u>\$ 316,738</u>	<u>\$ 18,725</u>	<u>\$ 5,390,013</u>	<u>\$ (2,997,482)</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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016, 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, 2016

1. Summary of Significant Accounting Policies (continued)

Accrued Compensated Absences

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

Long-term Debt

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the *Statement of Financial Position* will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

City of Prineville, Oregon

Notes to Financial Statements

Year Ended June 30, 2016

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, 2016

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, 2016

1. Summary of Significant Accounting Policies (continued)

Fair Value Inputs and Methodologies and Hierarchy

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

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

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

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

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

2. Cash and Investments

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

At June 30, 2016, the City’s cash and investments were comprised of the following:

Cash on hand	\$	3,000
Demand checking accounts		2,932,382
Local government investment pool		5,547,021
	<u>\$</u>	<u>8,482,403</u>

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

2. Cash and Investments (continued)

	Governmental Activities	Business-type Activities	Total
Restricted cash and investments	\$ 105,000	304,000	409,000
Cash and investments	3,943,825	4,129,578	8,073,403
Total cash and investments	<u>4,048,825</u>	<u>4,433,578</u>	<u>8,482,403</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, 2016, the City had a total bank balance of \$3,107,625, of which \$500,000 was covered by FDIC and the NCUA, with the remaining amount collateralized by the Oregon Public Collateralization Program.

Custodial Credit Risk

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

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

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

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

2. Cash and Investments (continued)

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

Interest Rate Risk

The City's investment policy limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2016, 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, 2016.

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, 2016, accounts receivable consisted of the following:

Accounts receivable-governmental activities	\$ 1,639,882
Accounts receivable- business type	<u>2,348,900</u>
Total	<u><u>\$ 3,988,782</u></u>

City of Prineville, Oregon

Notes to Financial Statements

Year Ended June 30, 2016

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	\$ 1,203,365
Allowance for uncollectible accounts	<u>-</u>
Total	<u>\$ -</u>
Unavailable Revenue	<u>\$ 1,203,365</u>

Amounts Due from Other Funds

An amount due to the general fund from the railroad fund in the amount of \$621,730, including an increase in the fiscal year ended June 30, 2016 of \$722,630 is recorded. The amount due is the result of transfers from the general fund to the freight depot fund through June 30, 2016 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 \$722,630 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, 2016

4. Capital Assets (continued)

Governmental activities: Capital asset activity for governmental activities for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Governmental activities:				
Capital assets not being depreciated:				
Land and Easements	\$ 1,360,178	\$ -	\$ -	\$ 1,360,178
Work in progress	-	51,917	-	51,917
Total capital assets not being depreciated	1,360,178	51,917	-	1,412,095
Capital assets being depreciated:				
Buildings and improvements	\$ 2,455,558	\$ 33,836	\$ -	\$ 2,489,394
Vehicles and equipment	3,525,308	538,970	-	4,064,278
Infrastructure	24,636,186	1,175,782	-	25,811,968
Total capital assets being depreciated	30,617,052	1,748,588	-	32,365,640
Less accumulated depreciation for:				
Buildings and improvements	665,621	81,395	-	747,016
Vehicles and equipment	3,350,648	63,450	-	3,414,098
Infrastructure	15,223,558	355,251	-	15,578,809
Total accumulated depreciation	19,239,827	500,096	-	19,739,923
Total Capital Assets Net of Depreciation	<u>\$ 12,737,403</u>			<u>\$ 14,037,812</u>

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

Public Safety	\$ 381,118
Highways and streets	63,543
General government	55,435
	500,096
Total	\$ 500,096

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

4. Capital Assets (continued)

Business-type activities: Capital asset activity for business-type activities, by fund, for the year ended June 30, 2016, is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Business-type activities:				
Capital assets not being depreciated:				
Land and Easements	\$ 1,309,131	\$ -	\$ -	\$ 1,309,131
Work in progress	-	2,818,272	-	2,818,272
Total capital assets not being depreciated	1,309,131	2,818,272	-	4,127,403
Capital assets being depreciated:				
Buildings and improvements	\$ 9,443,864	\$ 422,705	\$ -	\$ 9,866,569
Vehicles and equipment	4,452,116	184,368	-	4,636,484
Infrastructure	49,738,276	758,877	-	50,497,153
Total capital assets being depreciated	63,634,256	1,365,950	-	65,000,206
Less accumulated depreciation for:				
Buildings and improvements	2,231,435	722,543	-	2,953,978
Vehicles and equipment	3,807,322	97,786	-	3,905,108
Infrastructure	14,443,963	331,935	-	14,775,898
Total accumulated depreciation	20,482,720	1,152,264	-	21,634,984
Total Capital Assets Net of Depreciation	\$ 44,460,667			\$ 47,492,625

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

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, 2016. The amount due these employees, including benefits, as of June 30, 2016, 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, 2015	Additions	Reductions	Balance June 30, 2016	Amount Due Within One Year
Governmental activities:							
Full faith and credit obligations							
Note payable - Ironhorse LID	\$ 1,750,000	5.50%	\$ 1,247,595	\$ -	\$ 80,514	\$ 1,167,081	\$ 85,140
USDA 2006 - City Hall	1,760,700	4.25%	1,438,787	-	43,790	1,394,997	45,651
Note payable - Pension Obligation	2,950,000	4.94%	2,805,000	-	110,000	2,695,000	125,000
Note Payable - Street Sweeper	164,325	4.98%	-	164,325	34,501	129,824	31,269
Long-term debt obligations	<u>6,625,025</u>		<u>5,491,382</u>	<u>164,325</u>	<u>268,805</u>	<u>5,386,902</u>	<u>287,060</u>
Compensated absences	<u>-</u>		<u>723,259</u>	<u>145,512</u>	<u>272,594</u>	<u>596,177</u>	<u>-</u>
Total governmental activities	<u>\$ 6,625,025</u>		<u>\$ 6,214,641</u>	<u>\$ 309,837</u>	<u>\$ 541,399</u>	<u>\$ 5,983,079</u>	<u>\$ 287,060</u>

	Amount of Original Issue	Interest Rates	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amount Due Within One Year
Business-Type Activities							
Revenue Bonds							
Series 2003 - water	\$ 840,000	5.50%	\$ 425,000	\$ -	\$ 45,000	\$ 380,000	\$ 45,000
State CWSRL - wastewater	8,876,287	4.25%	5,694,820		422,878	5,271,942	435,401
Full faith and credit obligations							
FFCO - Series 2011 - water, golf wastewater	8,225,000	4.94%	7,725,000	-	200,000	7,525,000	270,000
Note Payable - Bank of Cascades golf	176,725	4.94%	176,725	-	21,115	155,610	23,811
Plus: Bond issuance premium	203,951	4.94%	157,841	-	10,252	147,589	10,245
DEQ 2016 - wastewater	4,000,000	0.92%	-	2,235,242	-	2,235,242	-
IFA 2016 - wastewater	750,000	1.00%	-	255,558	-	255,558	-
Note Payable - US Bank golf and railroad	666,000	4.94%	214,144	-	141,348	72,796	72,796
Total business type activities	<u>\$ 23,737,963</u>		<u>\$ 14,393,530</u>	<u>\$2,490,800</u>	<u>\$ 840,593</u>	<u>\$ 16,043,737</u>	<u>\$ 857,253</u>

Governmental Activities

Long-term debt associated with governmental activities include, two separate special assessment debt obligations, one of which matured in fiscal year 2016. 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, 2016

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 \$248,567 in fiscal year 2016, 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, 2016, are as follows:

Governmental Activities

Year	Note Payable Ironhorse		USDA - City Hall		Pension Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	106,456	43,458	53,920	51,018	200,000	102,999
2022-2026	631,359	118,211	305,988	218,703	1,340,000	345,306
2027-2031	58,219	1,070	376,777	147,914	545,000	36,556
2031-2036	-	-	463,734	60,749	-	-
Total	\$ 1,167,081	\$ 391,348	\$ 1,394,997	\$ 703,559	\$ 2,695,000	\$ 976,638

Year	Street Sweeper		Total	
	Principal	Interest	Principal	Interest
2017	\$ 31,269	\$ 3,233	\$ 287,060	\$ 260,427
2018	32,047	2,454	314,669	246,642
2019	32,845	1,656	337,662	231,487
2020	33,663	838	366,058	215,186
2021	-	-	360,376	197,475
2022-2026	-	-	2,277,347	682,220
2027-2031	-	-	979,996	185,540
2031-2036	-	-	463,734	60,749
Totals	\$ 129,824	\$ 8,181	\$ 5,386,902	\$ 2,079,726

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

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, 2016, 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, 2016, are as follows:

<u>Wastewater</u>	Balance June 30, 2015	New Issues	Principal Paid	Balance June 30, 2016		
State CWSRL	\$ 5,694,820	\$ -	\$ 422,878	\$ 5,271,942		
Full Faith and Credit Obligations 2011	4,780,000	-	85,000	4,695,000		
DEQ Loan 2016	-	2,235,242	-	2,235,242		
IFA Loan 2016	-	255,558	-	255,558		
Total Debt	10,474,820	2,490,800	507,878	12,457,742		
Plus: Bond Issuance Premium	82,427	-	5,152	77,275		
 Total Wastewater	 <u>\$ 10,557,247</u>	 <u>\$ 2,490,800</u>	 <u>\$ 513,030</u>	 <u>\$ 12,535,017</u>		
	State CWSRL		Full Faith 2011		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest
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	489,318	97,902	235,000	171,644	724,318	269,546
2022-2026	2,672,743	263,357	1,355,000	706,400	4,027,743	969,757
2027-2031	289,365	4,254	2,390,000	345,391	2,679,365	349,645
Total	<u>\$ 5,271,942</u>	<u>\$ 893,877</u>	<u>\$ 4,695,000</u>	<u>\$ 1,987,811</u>	<u>\$ 9,966,942</u>	<u>\$ 2,881,688</u>

The City entered into a loan agreement with Oregon DEQ, the total amount to received is \$4,000,000, at an interest rate of .92%. At June 30, 2016, the City has drawn down \$2,235,242, all of which is classified as due in more than one year. The City also entered into a loan agreement with IFA, the total amount to be received is \$750,000, at an interest rate of 1.0%. At June 30, 2016, the City has drawn down \$255,558, all of which is classified as due in more than one year.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

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, 2016, are as follows:

<u>Water</u>	Balance June 30, 2015	New Issues	Principal Paid	Balance June 30, 2016
Series 2003	\$ 425,000	\$ -	\$ 45,000	\$ 380,000
Full Faith and Credit Obligations 2011	2,490,000	-	105,000	2,385,000
Total Debt	2,915,000	-	150,000	2,765,000
Plus: Bond Issuance Premium	61,935	-	3,871	58,064
 Total Water	 <u>\$ 2,976,935</u>	 <u>\$ -</u>	 <u>\$ 153,871</u>	 <u>\$ 2,823,064</u>

<u>Year</u>	<u>Series 2003</u>		<u>Full Faith 2011</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	55,000	9,180	135,000	80,636	190,000	89,816
2022-2026	125,000	9,690	780,000	316,305	905,000	325,995
2027-2031	-	-	970,000	135,252	970,000	135,252
 Total	 <u>\$ 380,000</u>	 <u>\$ 81,855</u>	 <u>\$ 2,385,000</u>	 <u>\$ 905,937</u>	 <u>\$ 2,765,000</u>	 <u>\$ 987,792</u>

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 2016 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, 2016, are as follows:

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

5. Long-term Debt (continued)

<u>Golf</u>	Balance June 30, 2015	New Issues	Principal Paid	Balance June 30, 2016
Note payable - US Bank	\$ 68,997	\$ -	\$ 45,537	\$ 23,460
Full Faith and Credit Obligations 2011	455,000	-	10,000	445,000
Note payable - Bank of the Cascades	176,725	-	21,115	155,610
Total Debt	700,722	-	76,652	624,070
Plus: Bond Issuance Premium	13,474	-	1,225	12,249
 Total Golf	 \$ 714,196	 \$ -	 \$ 77,877	 \$ 636,319

<u>Year</u>	<u>Note Payable - US Bank</u>		<u>Full Faith 2011</u>		<u>Note Payable - Bank of Cascades</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	45,000	11,750	56,275	129
2022-2026	-	-	245,000	30,195	-	-
 Total	 \$ 23,460	 \$ 482	 \$ 445,000	 \$ 105,345	 \$ 155,610	 \$ 12,126

<u>Year</u>	<u>Total</u>	
	Principal	Interest
2017	\$ 77,271	\$ 22,454
2018	64,481	20,102
2019	65,170	17,813
2020	70,873	15,510
2021	101,275	11,879
2022-2026	245,000	30,195
 Total	 \$ 624,070	 \$ 117,953

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, 2016, are as follows:

<u>Railroad</u>	Balance June 30, 2015	New Issues	Principal Paid	Balance June 30, 2016
Note payable - US Bank	\$ 145,147	\$ -	\$ 95,811	\$ 49,336
	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	
	2017	\$ 49,336	\$ 1,015	

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

6. Interfund Transfers

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 18,970	\$ 1,226,100
Transportation Fund	100,000	378,100
Emergency Dispatch Fund	533,700	183,000
Transportation SDC	-	19,299
Water	236,235	1,323,662
Wastewater	31,300	1,303,300
Railroad	100,900	55,200
Golf	370,000	138,800
Non-major Enterprise Funds	50,000	84,900
Internal Service Funds	3,406,556	135,300
	<hr/>	<hr/>
Total	<u>\$ 4,847,661</u>	<u>\$ 4,847,661</u>

Transfers from the general fund to the emergency dispatch fund reflect the City's share of the contracted service, to transportation fund for capital improvements, to the railroad fund for the debt service payment, to the airport fund for the operational funding agreement between the City and Crook County, and to the other governmental funds transfers reflect contributions to fund community development operations and pay for internal services such as administration, finance, and information technology. Transfers from other funds to internal service funds reflect the internal cost allocation of internal services such as administration, finance, information technology, facilities, pension liabilities, and public works personnel and support services. The transfer from the wastewater fund to golf and restaurant fund is for payment for treatment services, and the transfers to water and wastewater are 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, 2016

7. Defined Benefit Pension Plan

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

http://www.oregon.gov/pers/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:
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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

7. Defined Benefit Pension Plan (continued)

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, 2013 actuarial valuation, which became effective July 1, 2015. 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, 2016 were \$444,858, excluding amounts to fund employer specific liabilities. In addition approximately \$241,209 in employee contributions were paid or picked up by the City in fiscal 2016. At June 30, 2016, the City reported a net pension liability of \$2,939.113 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2013, 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, 2013, the City's proportion was .051 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 158,492	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	616,105
Changes in proportionate share	13,763	-
Difference between employer contributions and employer's proportionate share of system contributions	-	-
	1,732,130	210,005
Subtotal - Amortized Deferrals (below)	1,904,385	826,110
City contributions subsequent to measuring date	444,858	-
Deferred outflow (inflow) of resources	\$ 2,349,243	\$ 826,110

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

7. Defined Benefit Pension Plan (continued)

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

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ 178,602
2017	178,602
2018	178,602
2019	545,898
2020	(3,430)
Thereafter	-
Total	<u>\$ 1,078,274</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. 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, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 18, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 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. For COLA, a blend of 2% COLA and graded COLA (1.25%/1.5%) in accordance with Moro decision, blend based on service.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

7. Defined Benefit Pension Plan (continued)

	Healthy retirees and beneficiaries:
Mortality	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 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

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.

	(6.75%)	(7.75%)	(8.75%)
District's proportionate share of the net pension liability	\$ 7,093,439	\$ 2,939,113	\$ (561,893)

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers’ projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

7. Defined Benefit Pension Plan (continued)

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

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP.

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

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.

City of Prineville, Oregon
Notes to Financial Statements

Year Ended June 30, 2016

8. Other Information (continued)

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.

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, 2016, 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, 2016, 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, 2016

9. Fund Balances

Below is a schedule of fund balances as of June 30, 2016, based on GASB Statement No. 54 implementation:

Fund Balances:	General Fund	Emergency Dispatch Fund	Transportation Fund	Transportation SDC Fund	LID Debt Service Fund	POB Debt Service Fund	Total
<u>Restricted:</u>							
Highways and streets	-	-	267,186	496,754	-	-	763,940
	-	-	267,186	496,754	-	-	763,940
<u>Committed to:</u>							
Public safety	-	339,206	-	-	-	-	339,206
Debt service	-	-	-	-	252,680	101,665	354,345
	-	339,206	-	-	252,680	101,665	693,551
<u>Assigned to: Other purposes</u>							
	78,021	-	-	-	-	-	78,021
<u>Unassigned:</u>							
	963,851	-	-	-	-	-	963,851
Total Fund Balances	\$ 1,041,872	\$ 339,206	\$ 267,186	\$ 496,754	\$ 252,680	\$ 101,665	\$ 2,499,363

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, 2016

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
2016	0.05 %	\$ 2,939,113	\$ 3,748,420	78.4 %	91.9 %
2015	0.05 %	\$ (1,142,184)	\$ 3,895,646	(29.3) %	103.6 %
2014	0.05 %	\$ 2,571,446	\$ 3,404,867	75.5 %	92.0 %

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 Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	\$ 444,858	\$ 444,858	\$ -	\$ 3,249,137	13.69 %
2015	\$ 317,320	\$ 317,320	\$ -	\$ 3,748,420	8.5 %
2014	\$ 318,177	\$ 318,177	\$ -	\$ 3,895,646	8.5 %

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. 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, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 1,790,000	\$ 1,790,000	\$ 1,843,406	\$ 53,406
Transient room taxes	210,000	210,000	315,677	105,677
Franchise taxes	1,721,000	1,721,000	1,826,847	105,847
Licenses and permits	10,700	10,700	11,082	382
Intergovernmental	233,800	233,800	220,243	(13,557)
Charges for service	131,500	131,500	145,497	13,997
Interest	3,000	3,000	4,894	1,894
Miscellaneous	67,300	67,300	57,758	(9,542)
Total revenues	4,167,300	4,167,300	4,425,404	258,104
Expenditures				
Current				
Police	2,475,000	2,498,000 (1)	2,481,685	16,315
Police facility	69,200	69,200 (1)	63,577	5,623
Non-departmental	207,000	305,000 (1)	260,837	44,163
Debt service				
Principal	54,500	54,500 (2)	51,719	2,781
Interest	-	- (2)	2,694	(2,694)
Contingency	761,398	640,398 (1)	-	640,398
Total expenditures	3,567,098	3,567,098	2,860,512	706,586
Excess of revenues over/ (under) expenditures	600,202	600,202	1,564,892	964,690
Other financing sources/(uses)				
Transfers out	(1,398,100)	(1,398,100) (1)	(1,398,100)	-
Total other financing sources (uses)	(1,398,100)	(1,398,100)	(1,398,100)	-
Net change in fund balance	(797,898)	(797,898)	166,792	964,690
Fund balance, July 1, 2015	797,898	797,898	797,059	(839)
Fund balance, June 30, 2016	\$ -	\$ -	963,851	\$ 963,851
Reconciliation to GAAP fund balance:				
Consolidation of community development fund balance			78,021	
Total fund balance			\$ 1,041,872	

(1) Appropriation Level

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

City of Prineville, Oregon

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

Transportation Fund

Year Ended June 30, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Franchise taxes	\$ 259,000	\$ 259,000	\$ 259,000	\$ -
Licenses and permits	-	-	8,805	8,805
Intergovernmental	828,800	828,800	868,412	39,612
Interest	1,200	1,200	1,807	607
Miscellaneous	10,500	10,500	2,964	(7,536)
Total revenues	1,099,500	1,099,500	1,140,988	41,488
Expenditures				
Current				
Personal services	214,000	214,000 (1)	198,121	15,879
Materials and services	203,500	203,500 (1)	178,322	25,178
Capital outlay	404,600	531,600 (1)	452,839	78,761
Contingency	169,799	42,799 (1)	-	42,799
Total expenditures	991,899	991,899	829,282	162,617
Excess of revenue over/ (under) expenditures	107,601	107,601	311,706	204,105
Other financing sources/(uses)				
Transfers in	100,000	100,000	100,000	-
Transfers out	(378,100)	(378,100) (1)	(378,100)	-
Total other financing sources (uses)	(278,100)	(278,100)	(278,100)	-
Net change in fund balance	(170,499)	(170,499)	33,606	204,105
Fund balance, July 1, 2015	170,499	170,499	233,580	63,081
Fund balance, June 30, 2016	\$ -	\$ -	\$ 267,186	\$ 267,186

(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, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 692,100	\$ 692,100	\$ 705,313	\$ 13,213
Miscellaneous	2,500	2,500	3,421	921
Interest	3,000	3,000	1,636	(1,364)
Total revenues	697,600	697,600	710,370	12,770
Expenditures				
Current				
Personal services	899,100	899,100 (1)	838,986	60,114
Materials and services	101,600	134,600 (1)	121,363	13,237
Capital outlay	94,400	94,400 (1)	88,712	5,688
Contingency	274,035	241,035 (1)	-	241,035
Total expenditures	1,369,135	1,369,135	1,049,061	320,074
Excess of revenues over/ (under) expenditures	(671,535)	(671,535)	(338,691)	332,844
Other financing sources (uses)				
Transfers out	(183,000)	(183,000) (1)	(183,000)	-
Transfers in	533,700	533,700	533,700	-
Total other financing sources (uses)	350,700	350,700	350,700	-
Net change in fund balance	(320,835)	(320,835)	12,009	332,844
Fund balance, July 1, 2015	320,835	320,835	327,197	6,362
Fund balance, June 30, 2016	\$ -	\$ -	\$ 339,206	\$ 339,206

(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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Licenses and permits	\$ 46,000	\$ 46,000	\$ 47,414	\$ 1,414
Intergovernmental	50,000	50,000	9,859	(40,141)
Charges for services	13,700	13,700	-	(13,700)
Interest	200	200	467	267
Total revenues	<u>109,900</u>	<u>109,900</u>	<u>57,740</u>	<u>(52,160)</u>
Expenditures				
Current				
Personal services	231,100	231,100 (1)	226,982	4,118
Materials and services	21,900	27,900 (1)	22,087	5,813
Capital outlay	30,000	30,000 (1)	-	30,000
Contingency	74,372	68,372 (1)	-	68,372
Total expenditures	<u>357,372</u>	<u>357,372</u>	<u>249,069</u>	<u>108,303</u>
Excess of revenues over/ (under) expenditures	(247,472)	(247,472)	(191,329)	56,143
Other financing sources (uses)				
Transfers out	(113,000)	(113,000) (1)	(113,000)	-
Transfers in	285,000	285,000	303,970	18,970
Total other financing sources (uses)	<u>172,000</u>	<u>172,000</u>	<u>190,970</u>	<u>18,970</u>
Net change in fund balance	<u>(75,472)</u>	<u>(75,472)</u>	<u>(359)</u>	<u>75,113</u>
Fund balance, July 1, 2015	<u>75,472</u>	<u>75,472</u>	<u>78,380</u>	<u>2,908</u>
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>78,021</u>	<u>\$ 78,021</u>
Reconciliation to GAAP fund balance:				
Consolidation of fund balance with general fund			(78,021)	
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, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest	2,500	2,500	1,772	(728)
System development charges	245,800	245,800	486,025	240,225
Total revenues	248,300	248,300	487,797	239,497
Expenditures				
Current				
Materials and services	360,000	360,000 (1)	208,038	151,962
Contingency	238,032	231,032 (1)	-	231,032
Total expenditures	598,032	591,032	208,038	382,994
Excess of revenues over/ (under) expenditures	(349,732)	(342,732)	279,759	622,491
Other financing sources (uses)				
Transfers out	(12,300)	(19,300) (1)	(19,299)	1
Net change in fund balance	(362,032)	(362,032)	260,460	622,492
Fund balance, July 1, 2015	362,032	362,032	236,294	(125,738)
Fund balance, June 30, 2016	\$ -	\$ -	\$ 496,754	\$ 496,754

(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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Interest	\$ 300	\$ 467	\$ 167
Assessment payments	162,500	162,437	(63)
Total revenues	162,800	162,904	104
Expenditures			
Debt service			
Principal	79,200 (2)	79,187	13
Interest	70,800 (2)	70,727	73
Contingency	145,529 (1)	-	145,529
Total expenditures	295,529	149,914	145,615
Excess of revenues over/ (under) expenditures	(132,729)	12,990	145,719
Net change in fund balance	(132,729)	12,990	145,719
Fund balance, July 1, 2015	132,729	88,675	(44,054)
Fund balance, June 30, 2016	\$ -	\$ 101,665	\$ 101,665

(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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for Services	\$ 289,900	\$ 435,824	\$ 145,924
Interest	300	1,281	981
Total revenues	290,200	437,105	146,905
Expenditures			
Debt service			
Principal	110,000 (1)	110,000	-
Interest	138,600 (1)	138,567	33
Contingency	108,418 (1)	-	108,418
Total expenditures	357,018	248,567	108,451
Net change in fund balance	(66,818)	188,538	255,356
Fund balance, July 1, 2015	66,818	64,142	(2,676)
Fund balance, June 30, 2016	\$ -	\$ 252,680	\$ 252,680

(1) Appropriation Level

City of Prineville, Oregon
Combining Schedule of Net Position
Water Fund
June 30, 2016

	Water Fund	Water SDC Fund	Totals
Assets			
Current assets			
Cash and investments	\$ 1,335,950	\$ 73,107	\$ 1,409,057
Accounts receivable	374,287	-	374,287
Inventory	220,277	-	220,277
Total current assets	<u>1,930,514</u>	<u>73,107</u>	<u>2,003,621</u>
Non-current assets			
Due from general fund	106,592	-	106,592
Capital assets:			
Non-depreciable	274,708	-	274,708
Other capital assets	14,653,160	-	14,653,160
Accumulated depreciation	<u>(3,711,774)</u>	<u>-</u>	<u>(3,711,774)</u>
Net non-current assets	<u>11,322,686</u>	<u>-</u>	<u>11,322,686</u>
Total assets	<u>\$ 13,253,200</u>	<u>\$ 73,107</u>	<u>\$ 13,326,307</u>
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 109,234	\$ 3,000	\$ 112,234
Deposits	26,897	-	26,897
Accrued interest	16,461	-	16,461
Bonds payable, current portion	<u>163,871</u>	<u>-</u>	<u>163,871</u>
Total current liabilities	<u>316,463</u>	<u>3,000</u>	<u>319,463</u>
Long-term liabilities			
Bond premium	54,193	-	54,193
Bonds payable, net of current portion	<u>2,605,000</u>	<u>-</u>	<u>2,605,000</u>
Total long-term liabilities	<u>2,659,193</u>	<u>-</u>	<u>2,659,193</u>
Total liabilities	<u>2,975,656</u>	<u>3,000</u>	<u>2,978,656</u>
Net position			
Net Investment in Capital Assets	8,393,030	-	8,393,030
Restricted	-	70,107	70,107
Unrestricted	<u>1,884,514</u>	<u>-</u>	<u>1,884,514</u>
Total net position	<u>10,277,544</u>	<u>70,107</u>	<u>10,347,651</u>
Total liabilities and net position	<u>\$ 13,253,200</u>	<u>\$ 73,107</u>	<u>\$ 13,326,307</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Water Fund
Year Ended June 30, 2016

	Water Fund	Water SDC Fund	Totals
Operating revenue			
Charges for services	\$ 2,350,888	\$ -	\$ 2,350,888
System development charges	-	198,555	198,555
Other	4,770	-	4,770
Total operating revenue	<u>2,355,658</u>	<u>198,555</u>	<u>2,554,213</u>
Operating expenses			
Materials and services	532,764	-	532,764
Depreciation	300,286	-	300,286
Total operating expenses	<u>833,050</u>	<u>-</u>	<u>833,050</u>
Operating income (loss)	1,522,608	198,555	1,721,163
Non-operating revenues (expenses)			
Interest income	6,154	622	6,776
Interest expense	(124,243)	-	(124,243)
Bond premium amortization	3,871	-	3,871
Contributed capital	226,822	-	226,822
Transfers in	236,235	-	236,235
Transfers out	(1,077,500)	(246,162)	(1,323,662)
Total non-operating revenues (expenses)	<u>(728,661)</u>	<u>(245,540)</u>	<u>(974,201)</u>
Change in net position	793,947	(46,985)	746,962
Net position, July 1, 2015	<u>9,483,597</u>	<u>117,092</u>	<u>9,600,689</u>
Net position, June 30, 2016	<u>\$ 10,277,544</u>	<u>\$ 70,107</u>	<u>\$ 10,347,651</u>

City of Prineville, Oregon

Combining Schedule of Cash Flows

Water Fund

Year Ended June 30, 2016

	Water Fund	Water SDC Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 2,326,354	\$ 198,555	\$ 2,524,909
Cash payments for goods and services	(474,987)	(3,000)	(477,987)
Net cash flows from operating activities	<u>1,851,367</u>	<u>195,555</u>	<u>2,046,922</u>
Cash flows from non-capital activities			
Transfers out	(1,077,500)	(246,162)	(1,323,662)
Transfers in	236,235	-	236,235
Interfund loan repayments	51,719	-	51,719
Net cash flows from non-capital activities	<u>(789,546)</u>	<u>(246,162)</u>	<u>(1,035,708)</u>
Cash flows from capital financing activities			
Acquisition of capital assets	(337,767)	-	(337,767)
Debt reduction	(150,000)	-	(150,000)
Interest paid on debt	(125,462)	-	(125,462)
Net cash flows from capital financing activities	<u>(613,229)</u>	<u>-</u>	<u>(613,229)</u>
Cash flows from investing activities			
Interest earned	6,154	622	6,776
Net increase (decrease) in cash	454,746	(49,985)	404,761
Cash - July 1, 2015	881,204	123,092	1,004,296
Cash - June 30, 2016	<u>\$ 1,335,950</u>	<u>\$ 73,107</u>	<u>\$ 1,409,057</u>
Reconciliation of operating income to net cash flows from operations			
Operating income (loss)	\$ 1,522,608	\$ 198,555	\$ 1,721,163
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	300,286	-	300,286
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	63,398	(3,000)	60,398
Increase/(decrease) in deposits	(1,345)	-	(1,345)
Decrease/(increase) in inventory	(5,621)	-	(5,621)
Decrease/(increase) in accounts receivable	(27,959)	-	(27,959)
Total adjustments	<u>328,759</u>	<u>(3,000)</u>	<u>325,759</u>
Net cash from operating activities	<u>\$ 1,851,367</u>	<u>\$ 195,555</u>	<u>\$ 2,046,922</u>

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Water Fund
Year Ended June 30, 2016

	Original Budget	Final Amended Budget		Actual	Variance with Final Budget
Revenues					
Charges for service	\$ 2,098,000	\$ 2,098,000		\$ 2,350,888	\$ 252,888
Interest	5,000	5,000		6,154	1,154
Other	5,500	5,500		4,770	(730)
Total revenues	2,108,500	2,108,500		2,361,812	253,312
Expenditures					
Materials and services	588,900	588,900	(1)	532,764	56,136
Capital outlay	722,500	722,500	(1)	337,767	384,733
Debt service					
Principal	155,000	155,000	(1)	150,000	5,000
Interest	127,800	127,800	(1)	124,243	3,557
Contingency	1,130,022	1,130,022	(1)	-	1,130,022
Total expenditures	2,724,222	2,724,222		1,144,774	1,579,448
Excess of revenues over/ (under) expenditures	(615,722)	(615,722)		1,217,038	1,832,760
Other financing sources (uses)					
Transfers in	70,000	70,000		236,235	166,235
Transfers out	(1,077,500)	(1,077,500)	(1)	(1,077,500)	-
Total other financing sources (uses)	(1,007,500)	(1,007,500)		(841,265)	166,235
Net change in fund balance	(1,623,222)	(1,623,222)		375,773	1,998,995
Fund balance, July 1, 2015	1,623,222	1,623,222		1,508,741	(114,481)
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>		1,884,514	<u>\$ 1,884,514</u>
Reconciliation to net position - GAAP Basis:					
Adjustment for capital assets, net of accumulated depreciation				11,322,686	
Adjustment for note payable - due within one year				(160,000)	
Adjustment for unamortized bond premium				(58,064)	
Adjustment for amount due from general fund				(106,592)	
Adjustment for note payable				(2,605,000)	
Net position - GAAP Basis				<u>\$ 10,277,544</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, 2016

	Original and Final Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 100	\$ 100	\$ 622	\$ 522
System development charges	75,500	177,500	198,555	21,055
Total revenues	75,600	177,600	199,177	21,577
Expenditures				
Contingency	2,188	2,188 (1)	-	2,188
Total expenditures	2,188	2,188	-	2,188
Excess of revenues over/ (under) expenditures	73,412	175,412	199,177	23,765
Other financing sources (uses)				
Transfers out	(193,800)	(295,800) (1)	(246,162)	49,638
Total other financing sources (uses)	(193,800)	(295,800)	(246,162)	49,638
Net change in fund balance	(120,388)	(120,388)	(46,985)	73,403
Fund balance, July 1, 2015	120,388	120,388	117,092	(3,296)
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	70,107	<u>\$ 70,107</u>
Reconciliation to net position - GAAP Basis:			<u>-</u>	
Net position - GAAP Basis			<u>\$ 70,107</u>	

(1) Appropriation Level

City of Prineville, Oregon
Combining Schedule of Net Position
Wastewater Fund
June 30, 2016

	Wastewater Fund	Wastewater SDC Fund	Totals
Assets			
Current assets			
Cash and investments	\$ 1,067,060	\$ 442,666	\$ 1,509,726
Accounts receivable	432,927	1,240,416	1,673,343
Inventory	38,405	-	38,405
Total current assets	<u>1,538,392</u>	<u>1,683,082</u>	<u>3,221,474</u>
Non-current assets			
Restricted cash and investments	304,000	-	304,000
Capital assets:			
Non-depreciable	3,706,562	-	3,706,562
Other capital assets, Net	22,413,983	-	22,413,983
Net non-current assets	<u>26,424,545</u>	<u>-</u>	<u>26,424,545</u>
Total assets	<u>\$ 27,962,937</u>	<u>\$ 1,683,082</u>	<u>\$ 29,646,019</u>
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 49,009	\$ 1,317,260	\$ 1,366,269
Accrued interest	68,565	-	68,565
Deposits	57,503	-	57,503
Accrued compensated absences	9,574	-	9,574
Bonds payable, current portion	565,552	-	565,552
Total current liabilities	<u>750,203</u>	<u>1,317,260</u>	<u>2,067,463</u>
Long-term liabilities			
Bond premium	72,124	-	72,124
Notes Payable	-	2,490,800	2,490,800
Bonds payable, net of current portion	9,406,541	-	9,406,541
Total long-term liabilities	<u>9,478,665</u>	<u>2,490,800</u>	<u>11,969,465</u>
Total liabilities	<u>10,228,868</u>	<u>3,808,060</u>	<u>14,036,928</u>
Net position			
Net Investment in Capital Assets	16,076,328	-	16,076,328
Restricted for debt service	304,000	-	304,000
Restricted for capital projects	-	-	-
Unrestricted	1,353,741	(2,124,978)	(771,237)
Total net position	<u>17,734,069</u>	<u>(2,124,978)</u>	<u>15,609,091</u>
Total liabilities and net position	<u>\$ 27,962,937</u>	<u>\$ 1,683,082</u>	<u>\$ 29,646,019</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Wastewater Fund
Year Ended June 30, 2016

	Wasterwater Fund	Wastewater SDC Fund	Totals
Operating revenue			
Intergovernmental	\$ -	\$ 569,403	\$ 569,403
Charges for services	3,194,346	159,077	3,353,423
Other	29,373	-	29,373
Total operating revenue	<u>3,223,719</u>	<u>728,480</u>	<u>3,952,199</u>
Operating expenses			
Salaries and fringe benefits	99,059	-	99,059
Materials and services	655,543	106,987	762,530
Depreciation	475,514	-	475,514
Total operating expenses	<u>1,230,116</u>	<u>106,987</u>	<u>1,337,103</u>
Operating income (loss)	1,993,603	621,493	2,615,096
Non-operating revenues (expenses)			
Interest income	5,244	1,394	6,638
Interest expense	(358,767)	-	(358,767)
Bond premium amortization	5,152	-	5,152
Transfers in	31,300	-	31,300
Transfers out	(1,264,100)	(39,200)	(1,303,300)
Total non-operating revenues (expenses)	<u>(1,581,171)</u>	<u>(37,806)</u>	<u>(1,618,977)</u>
Other non-operating items			
Contributed capital	2,947,094	(2,818,272)	128,822
Change in net position	3,359,526	(2,234,585)	1,124,941
Net position, July 1, 2015	<u>14,374,543</u>	<u>109,607</u>	<u>14,484,150</u>
Net position, June 30, 2016	<u>\$ 17,734,069</u>	<u>\$ (2,124,978)</u>	<u>\$ 15,609,091</u>

City of Prineville, Oregon

Combining Schedule of Cash Flows

Wastewater Fund

Year Ended June 30, 2016

	Wastewater Fund	Wastewater SDC Fund	Totals
Cash flows from operating activities			
Cash received from customers	\$ 3,238,602	\$ (511,936)	\$ 2,726,666
Cash payments for goods and services	(640,225)	1,198,927	558,702
Cash payments to employees	(107,135)	-	(107,135)
Net cash flows from operating activities	<u>2,491,242</u>	<u>686,991</u>	<u>3,178,233</u>
Cash flows from non-capital activities			
Transfers out	(1,264,100)	(39,200)	(1,303,300)
Transfers in	31,300	-	31,300
Net cash flows from non-capital activities	<u>(1,232,800)</u>	<u>(39,200)</u>	<u>(1,272,000)</u>
Cash flows from capital financing activities			
Sale of Assets	-	-	-
Acquisition of capital assets	(483,725)	(2,818,272)	(3,301,997)
Debt proceeds	-	2,490,800	2,490,800
Debt reduction	(507,878)	-	(507,878)
Interest paid on debt	(367,136)	-	(367,136)
Net cash flows from capital financing activities	<u>(1,358,739)</u>	<u>(327,472)</u>	<u>(1,686,211)</u>
Cash flows from investing activities			
Interest earned	5,244	1,394	6,638
Net decrease in cash	(95,053)	321,713	226,660
Cash - July 1, 2015	1,466,113	120,953	1,587,066
Cash - June 30, 2016	<u>\$ 1,371,060</u>	<u>\$ 442,666</u>	<u>\$ 1,813,726</u>
Reconciliation of operating income to net cash flows from operations			
Operating income	\$ 1,993,603	\$ 621,493	2,615,096
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	475,514	-	475,514
Changes in assets and liabilities			
Increase/(decrease) in accounts payable	10,874	1,305,914	1,316,788
Increase/(decrease) in payroll payable	(2,802)	-	(2,802)
Increase/(decrease) in accrued expenses	(5,274)	-	(5,274)
Increase/(decrease) in deposits	16	-	16
Decrease/(increase) in accounts receivable	14,867	(1,240,416)	(1,225,549)
Decrease/(increase) in inventory	4,444	-	4,444
Total adjustments	<u>497,639</u>	<u>65,498</u>	<u>563,137</u>
Net cash from operating activities	<u>\$ 2,491,242</u>	<u>\$ 686,991</u>	<u>\$ 3,178,233</u>

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Wastewater Fund
Year Ended June 30, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 3,180,500	\$ 3,180,500	\$ 3,194,346	\$ 13,846
Interest	3,000	3,000	5,244	2,244
Other	37,500	37,500	29,373	(8,127)
Total revenues	3,221,000	3,221,000	3,228,963	7,963
Expenditures				
Personal services	110,300	110,300 (1)	99,059	11,241
Materials and services	679,300	679,300 (1)	626,327	52,973
Capital outlay	491,700	491,700 (1)	484,467	7,233
Debt service				
Principal	541,900	541,900 (1)	507,878	34,022
Interest	383,300	383,300 (1)	358,767	24,533
Other requirements				
Loan fees	28,500	28,500 (1)	28,474	26
Contingency	1,128,524	1,128,524 (1)	-	1,128,524
Total expenditures	3,363,524	3,363,524	2,104,972	1,258,552
Excess of revenues over/ (under) expenditures	(142,524)	(142,524)	1,123,991	1,266,515
Other financing sources (uses)				
Transfers in	31,300	31,300	31,300	-
Transfers out	(1,264,100)	(1,264,100) (1)	(1,264,100)	-
Net change in fund balance	(1,375,324)	(1,375,324)	(108,809)	1,266,515
Fund balance, July 1, 2015	1,679,324	1,679,324	1,766,550	87,226
Fund balance, June 30, 2016	304,000	304,000	1,657,741	1,353,741
Other requirements				
Restricted for debt service	304,000	304,000	304,000	-
Ending unassigned, unrestricted fund balance	\$ -	\$ -	1,353,741	\$ 1,353,741
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			14,848	
Adjustment for current year change in accrued absences			(5,274)	
Fund balance - modified accrual budgetary basis			1,363,315	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			26,120,545	
Adjustment for accrued compensated absences payable			(9,574)	
Adjustment for note payable - due within one year			(560,401)	
Adjustment for unamortized bond premium			(77,275)	
Adjustment for notes payable			(9,406,541)	
Net position - GAAP Basis			\$ 17,734,069	

(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, 2016

	Original and Final Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 750,000	\$ 750,000	\$ 569,403	\$ (180,597)
Interest	500	500	1,394	894
System development charges	113,500	113,500	159,077	45,577
Total revenues	864,000	864,000	729,874	(134,126)
Expenditures				
Material and services	133,000	133,000 (1)	106,987	26,013
Capital outlay	2,570,000	3,220,000 (1)	2,818,272	401,728
Contingency	96,103	93,903 (1)	-	93,903
Total expenditures	2,799,103	3,446,903	2,925,259	521,644
Excess of revenues over/ (under) expenditures	(1,935,103)	(2,582,903)	(2,195,385)	387,518
Other financing sources (uses)				
Debt proceeds	1,820,000	2,470,000	2,490,800	20,800
Transfers out	(37,000)	(39,200) (1)	(39,200)	-
Total other financing sources (uses)	1,783,000	2,430,800	2,451,600	20,800
Net change in fund balance	(152,103)	(152,103)	256,215	408,318
Fund balance, July 1, 2015	152,103	152,103	109,607	(42,496)
Fund balance, June 30, 2016	\$ -	\$ -	365,822	\$ 365,822
Adjustment for note payable - due within one year			(2,490,800)	
Net position - GAAP Basis			<u>\$ (2,124,978)</u>	

(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, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 493,500	\$ 493,500	\$ 826,982	\$ (333,482)
Interest	-	-	2,597	(2,597)
Miscellaneous	129,300	129,300	116,200	13,100
Total revenues	622,800	622,800	945,779	(322,979)
Expenditures				
Personal services	287,600	299,600 (1)	296,181	3,419
Materials and services	254,700	370,700 (1)	330,478	40,222
Debt service				
Principal	92,000	92,000 (1)	95,811	(3,811)
Interest	8,900	8,900 (1)	2,818	6,082
Contingency	618,863	490,863 (1)	-	490,863
Total expenditures	1,262,063	1,262,063	725,288	536,775
Excess of revenues over/ (under) expenditures	(639,263)	(639,263)	220,491	859,754
Other financing sources (uses)				
Sale of assets	-	-	2,526	2,526
Transfers in	100,900	100,900	100,900	-
Transfers out	(55,200)	(55,200) (1)	(55,200)	-
Total other financing sources (uses)	45,700	45,700	48,226	2,526
Net change in fund balance	(593,563)	(593,563)	268,717	862,280
Fund balance, July 1, 2015	593,563	593,563	633,849	40,286
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	902,566	<u>\$ 902,566</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			13,217	
Adjustment for current year change in accrued absences			13,608	
Fund balance - modified accrual budgetary basis			929,391	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated depreciation			8,235,151	
Adjustment for accrued compensated absences payable			(26,825)	
Adjustment for note payable - due within one year			(49,336)	
Adjustment for amount due from general fund			(722,630)	
Net position - GAAP Basis			<u>\$ 8,365,751</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, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 50,000	\$ (10,000)
Charges for services	850,500	850,500	654,347	(196,153)
Interest	100	100	4	(96)
Total revenues	910,600	910,600	704,351	(206,249)
Expenditures				
Personal services	149,400	152,400 (1)	150,789	1,611
Materials and services	728,500	728,500 (1)	517,520	210,980
Capital outlay	26,100	26,100 (1)	12,428	13,672
Contingency	20,591	17,591 (1)	-	17,591
Total expenditures	924,591	924,591	680,737	243,854
Excess of revenues over/ (under) expenditures	(13,991)	(13,991)	23,614	37,605
Other financing sources (uses)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(84,900)	(84,900) (1)	(84,900)	-
Total other financing sources (uses)	(34,900)	(34,900)	(34,900)	-
Net change in fund balance	(48,891)	(48,891)	(11,286)	37,605
Fund balance, July 1, 2015	48,891	48,891	72,949	24,058
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	61,663	<u>\$ 61,663</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			3,564	
Adjustment for current year change in accrued absences			458	
Fund balance - modified accrual budgetary basis			65,685	
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(4,022)	
Adjustment for capital assets, net of accumulated depreciation			502,536	
Net position - GAAP Basis			<u>\$ 564,199</u>	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Golf Course Fund
Year Ended June 30, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 1,178,800	\$ 1,178,800	\$ 1,134,996	\$ (43,804)
Interest	2,000	2,000	2,275	275
Miscellaneous	7,000	7,000	8,171	1,171
Total revenues	1,187,800	1,187,800	1,145,442	(42,358)
Expenditures				
Waste disposal	449,200	449,200 (1)	422,381	26,819
Golf course	576,100	591,100 (1)	566,946	24,154
Restaurant	446,300	471,300 (1)	455,811	15,489
Debt service: Principal	91,800	91,800 (1)	76,623	15,177
Debt service: Interest	22,800	22,800 (1)	24,235	(1,435)
Contingency	382,894	342,894 (1)	-	342,894
Total expenditures	1,969,094	1,969,094	1,545,996	423,098
Excess of revenues over/ (under) expenditures	(781,294)	(781,294)	(400,554)	380,740
Other financing sources (uses)				
Debt proceeds	178,000	178,000	-	(178,000)
Transfers in	370,000	370,000	370,000	-
Transfers out	(138,800)	(138,800) (1)	(138,800)	-
Total other financing sources (uses)	409,200	409,200	231,200	(178,000)
Net change in fund balance	(372,094)	(372,094)	(169,354)	202,740
Fund balance, July 1, 2015	372,094	372,094	542,662	170,568
Fund balance, June 30, 2016	\$ -	\$ -	373,308	\$ 373,308
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			131,663	
Adjustment for current year change in accrued absences			(21,021)	
Fund balance - modified accrual budgetary basis			483,950	
Reconciliation to net position - GAAP Basis:				
Adjustment for capital assets, net of accumulated deprecia			1,418,299	
Adjustment for accrued compensated absences payable			(110,642)	
Adjustment for unamortized bond premium			(12,249)	
Adjustment for bond payable			(445,000)	
Adjustment for note payable			(179,070)	
Net position - GAAP Basis			\$ 1,155,288	

(1) Appropriation Level

City of Prineville, Oregon

Combining Balance Sheet

Internal Service Funds

June 30, 2016

	Governmental Type Activities			
	Internal Services Funds			
	Administrative Services Fund	City Hall Maintenance	Public Works Support Services	Total
Assets				
Current assets				
Cash and investments	\$ 565,148	\$ 138,569	\$ 487,923	\$ 1,191,640
Restricted cash and investments	-	105,000	-	105,000
Accounts receivable	3,621	-	-	3,621
Inventory	-	-	20,383	20,383
Total current assets	<u>568,769</u>	<u>243,569</u>	<u>508,306</u>	<u>1,320,644</u>
Capital Assets (net of accumulated depreciation)	63,689	1,644,029	593,997	2,301,715
Total assets	<u>632,458</u>	<u>1,887,598</u>	<u>1,102,303</u>	<u>3,622,359</u>
Deferred outflows of resources				
Pension related deferrals	504,412	-	449,584	953,996
Total assets and deferred outflows	<u>1,136,870</u>	<u>1,887,598</u>	<u>1,551,887</u>	<u>4,576,355</u>
Liabilities				
Current liabilities				
Accounts payable	113,211	5,336	77,307	195,854
Accrued interest payable	-	32,114	-	32,114
Deposits	-	-	1,500	1,500
Current portion notes payable	-	45,651	31,269	76,920
Proportionate share of net pension liability	631,064	-	562,470	1,193,534
Total current liabilities	<u>744,275</u>	<u>83,101</u>	<u>672,546</u>	<u>1,499,922</u>
Long-term liabilities				
Accrued compensated absences payable	39,678	-	105,834	145,512
Notes payable	-	1,349,346	98,555	1,447,901
Total long-term liabilities	<u>39,678</u>	<u>1,349,346</u>	<u>204,389</u>	<u>1,593,413</u>
Total liabilities	<u>783,953</u>	<u>1,432,447</u>	<u>876,935</u>	<u>3,093,335</u>
Deferred inflows of resources				
Pension related deferrals	177,376	-	158,096	335,472
Net Position				
Net investment in capital assets	63,689	249,032	464,173	776,894
Restricted - Debt Service	-	105,000	-	105,000
Unrestricted				
Unassigned	111,852	101,119	52,683	265,654
Total net position	<u>\$ 175,541</u>	<u>\$ 455,151</u>	<u>\$ 516,856</u>	<u>\$ 1,147,548</u>
Total liabilities, deferred inflows and net position	<u>\$ 1,136,870</u>	<u>\$ 1,887,598</u>	<u>\$ 1,551,887</u>	<u>\$ 4,576,355</u>

City of Prineville, Oregon
Combining Schedule of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2016

	Governmental Type Activities			Totals
	Internal Services Funds			
	Administrative Services Fund	City Hall Maintenance	Public Works Support Services	
Operating revenue				
Intergovernmental	\$ -	\$ 10,000	\$ -	\$ 10,000
Charges for services	79,330	-	108,584	187,914
Other operating revenues	-	15,452	20,625	36,077
Total operating revenue	<u>79,330</u>	<u>25,452</u>	<u>129,209</u>	<u>233,991</u>
Operating expenses				
Salaries and fringe benefits	1,679,029	-	1,693,457	3,372,486
Materials and services	693,005	112,552	165,873	971,430
Depreciation	9,074	78,587	70,909	158,570
Total operating expenses	<u>2,381,108</u>	<u>191,139</u>	<u>1,930,239</u>	<u>4,502,486</u>
Operating income (loss)	(2,301,778)	(165,687)	(1,801,030)	(4,268,495)
Non-operating revenues (expenses)				
Interest income	2,420	1,136	2,009	5,565
Interest expense	-	(60,140)	-	(60,140)
Sale of assets	-	-	50,250	50,250
Transfer to other funds	(116,600)	(13,700)	(5,000)	(135,300)
Transfers from other funds	1,893,156	197,300	1,316,100	3,406,556
Total non-operating revenue (expense)	<u>1,778,976</u>	<u>124,596</u>	<u>1,363,359</u>	<u>3,266,931</u>
Change in net position	(522,802)	(41,091)	(437,671)	(1,001,564)
Net position, July 1, 2015	<u>698,343</u>	<u>496,242</u>	<u>954,527</u>	<u>2,149,112</u>
Net position, June 30, 2016	<u>\$ 175,541</u>	<u>\$ 455,151</u>	<u>\$ 516,856</u>	<u>\$ 1,147,548</u>

City of Prineville, Oregon

Combining Schedule of Cash Flows

Internal Service Funds

Year Ended June 30, 2016

	Governmental Type Activities			
	Internal Service Funds			
	Admin Services	City Hall Funds	Public Works Services	Totals
Cash flows from operating activities				
Cash received from customers	\$ 79,312	\$ 28,742	\$ 129,209	\$ 237,263
Cash payments for goods and services	(695,404)	(113,100)	(128,617)	(937,121)
Cash payments to employees	(1,150,926)	-	(1,146,698)	(2,297,624)
Net cash flows from operating activities	<u>(1,767,018)</u>	<u>(84,358)</u>	<u>(1,146,106)</u>	<u>(2,997,482)</u>
Cash flows from non-capital activities				
Transfers from other funds	1,893,156	197,300	1,316,100	3,406,556
Transfers to other funds	(116,600)	(13,700)	(5,000)	(135,300)
Net cash flows from non-capital activities	<u>1,776,556</u>	<u>183,600</u>	<u>1,311,100</u>	<u>3,271,256</u>
Cash flows from capital financing activities				
Acquisition of capital assets	(18,496)	-	(337,084)	(355,580)
Debt proceeds	-	-	164,325	164,325
Debt reduction	-	(43,790)	(34,501)	(78,291)
Interest paid on loans	-	(61,148)	-	(61,148)
Sale of assets	-	-	50,250	50,250
Net cash flows from capital financing activities	<u>(18,496)</u>	<u>(104,938)</u>	<u>(157,010)</u>	<u>(280,444)</u>
Cash flows from investing activities				
Interest earned	2,420	1,136	2,009	5,565
Net increase (decrease) in cash	(6,538)	(4,560)	9,993	(1,105)
Cash - July 1, 2015	571,686	248,129	477,930	1,297,745
Cash - June 30, 2016	<u>\$ 565,148</u>	<u>\$ 243,569</u>	<u>\$ 487,923</u>	<u>\$ 1,296,640</u>
Reconciliation of operating income to net cash flows from operations				
Operating income (loss)	\$ (2,301,778)	\$ (165,687)	\$ (1,801,030)	\$ (4,268,495)
Adjustments to reconcile operating income to net cash flows from operating activities				
Depreciation	9,074	78,587	70,909	158,570
Changes in assets and liabilities				
Increase/(decrease) in accounts payable	(2,399)	2,742	38,631	38,974
Increase/(decrease) in payroll payable	(22,914)	-	(24,608)	(47,522)
Decrease/(increase) in Net Pension Asset, Deferred Inflows	(189,036)	-	(168,488)	(357,524)
Increase/(decrease) in Net Pension Liabilities, Deferred Outflows	808,440	-	720,566	1,529,006
Decrease/(increase) in accounts receivable	(18)	-	-	(18)
Decrease/(increase) in inventory	-	-	(1,375)	(1,375)
Increase (decrease) in accrued expenses	(68,387)	-	19,289	(49,098)
Net cash flows from operating activities	<u>\$ (1,767,018)</u>	<u>\$ (84,358)</u>	<u>\$ (1,146,106)</u>	<u>\$ (2,997,482)</u>

City of Prineville, Oregon
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Administrative Services Fund
Year Ended June 30, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Charges for service	\$ 62,400	\$ 62,400	\$ 79,330	\$ 16,930
Interest	1,200	1,200	2,420	1,220
Total revenues	63,600	63,600	81,750	18,150
Expenditures				
City Council	46,400	46,400 (1)	36,237	10,163
Administration/team services	724,400	724,400 (1)	602,941	121,459
Financial services	667,700	667,700 (1)	645,425	22,275
Information technology	371,000	509,000 (1)	486,523	22,477
Contingency	274,867	136,867 (1)	-	136,867
Total expenditures	2,084,367	2,084,367	1,771,126	313,241
Excess of revenues over/ (under) expenditures	(2,020,767)	(2,020,767)	(1,689,376)	331,391
Other financing sources (uses)				
Transfers in	1,867,200	1,867,200	1,893,156	25,956
Transfers out	(116,600)	(116,600) (1)	(116,600)	-
Total other financing sources (uses)	1,750,600	1,750,600	1,776,556	25,956
Net change in fund balance	(270,167)	(270,167)	87,180	357,347
Fund balance, July 1, 2015	270,167	270,167	328,700	58,533
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 415,880</u>	<u>\$ 415,880</u>
Reconciliation to fund balance - modified accrual budgetary basis				
Adjustment for beginning fund balance			108,065	
Adjustment for current year change in accrued absences			(68,387)	
Fund balance - modified accrual budgetary basis			455,558	
Reconciliation to net position - GAAP Basis:				
Adjustment for accrued compensated absences			(39,678)	
Adjustment for proportionate share of net pension asset, deferred outflows			504,412	
Adjustment for proportionate share of net pension liability, deferred inflows			(808,440)	
Adjustment for capital assets, net of accumulated depreciation			63,689	
Net position - GAAP Basis			<u>\$ 175,541</u>	

(1) Appropriation Level

City of Prineville, Oregon

Combining Balance Sheet

City Hall Funds

June 30, 2016

	City Hall Maintenance	Plaza Maintenance	Total
Assets			
Current assets			
Cash and investments	\$ 109,517	\$ 29,052	\$ 138,569
Restricted cash and investments	105,000	-	105,000
Total current assets	<u>214,517</u>	<u>29,052</u>	<u>243,569</u>
Non-current assets			
Capital assets:			
Improvements	2,357,617	-	2,357,617
Accumulated depreciation	(713,588)	-	(713,588)
Net non-current assets	<u>1,644,029</u>	<u>-</u>	<u>1,644,029</u>
Total assets	<u>\$ 1,858,546</u>	<u>\$ 29,052</u>	<u>\$ 1,887,598</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 5,336	\$ -	\$ 5,336
Accrued interest payable	32,114	-	32,114
Notes payable, current portion	45,651	-	45,651
Total current liabilities	<u>83,101</u>	<u>-</u>	<u>83,101</u>
Long-term liabilities			
Notes payable, net of current portion	1,349,346	-	1,349,346
Total liabilities	<u>1,432,447</u>	<u>-</u>	<u>1,432,447</u>
Net position			
Net Investment in Capital Assets	249,032	-	249,032
Restricted for debt service	105,000	-	105,000
Unrestricted			
Unreserved	72,067	29,052	101,119
Total net position	<u>426,099</u>	<u>29,052</u>	<u>455,151</u>
Total liabilities and net position	<u>\$ 1,858,546</u>	<u>\$ 29,052</u>	<u>\$ 1,887,598</u>

City of Prineville, Oregon
Combining Schedule of Revenue, Expenses and Changes in Net Position
City Hall Funds
Year Ended June 30, 2016

	City Hall Maintenance	Plaza Maintenance	Total
Operating revenue			
Intergovernmental	\$ -	\$ 10,000	\$ 10,000
Other	5,197	10,255	15,452
Total operating revenue	<u>5,197</u>	<u>20,255</u>	<u>25,452</u>
Operating expenses			
Materials and services	71,679	40,873	112,552
Depreciation	78,587	-	78,587
Total operating expenses	<u>150,266</u>	<u>40,873</u>	<u>191,139</u>
Operating income (loss)	(145,069)	(20,618)	(165,687)
Non-operating revenues (expenses)			
Interest income	981	155	1,136
Interest expense	(60,140)	-	(60,140)
Transfers from other funds	187,300	10,000	197,300
Transfers to other funds	(10,000)	(3,700)	(13,700)
Total non-operating revenues (expenses)	<u>118,141</u>	<u>6,455</u>	<u>124,596</u>
Change in net position	(26,928)	(14,163)	(41,091)
Net position, July 1, 2015	<u>453,027</u>	<u>43,215</u>	<u>496,242</u>
Net position, June 30, 2016	<u>\$ 426,099</u>	<u>\$ 29,052</u>	<u>\$ 455,151</u>

City of Prineville, Oregon

Combining Schedule of Cash Flows

City Hall Funds

Year Ended June 30, 2016

	City Hall Maintenance	Plaza Maintenance	Total
Cash flows from operating activities			
Cash received from customers	\$ 8,487	\$ 20,255	\$ 28,742
Cash payments for goods and services	(71,679)	(41,421)	(113,100)
Net cash flows from operating activities	<u>(63,192)</u>	<u>(21,166)</u>	<u>(84,358)</u>
Cash flows from non-capital activities			
Transfers from other funds	187,300	10,000	197,300
Transfers to other funds	(10,000)	(3,700)	(13,700)
Net cash flows from non-capital activities	<u>177,300</u>	<u>6,300</u>	<u>183,600</u>
Cash flows from capital financing activities			
Debt reduction	(43,790)	-	(43,790)
Interest paid on loans	(61,148)	-	(61,148)
Net cash flows from capital financing activities	<u>(104,938)</u>	<u>-</u>	<u>(104,938)</u>
Cash flows from investing activities			
Interest earned	981	155	1,136
Net decrease in cash	10,151	(14,711)	(4,560)
Cash - July 1, 2015	<u>204,366</u>	<u>43,763</u>	<u>248,129</u>
Cash - June 30, 2016	<u>\$ 214,517</u>	<u>\$ 29,052</u>	<u>\$ 243,569</u>
Reconciliation of operating income to net cash flows from operations			
Operating income/(loss)	\$ (145,069)	\$ (20,618)	\$ (165,687)
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	3,290	(548)	2,742
Net cash flows from operating activities	<u>\$ (63,192)</u>	<u>\$ (21,166)</u>	<u>\$ (84,358)</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, 2016

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Interest	\$ 800	\$ 981	\$ 181
Miscellaneous income	8,700	5,197	(3,503)
Total revenues	9,500	6,178	(3,322)
Expenditures			
Materials and services	80,100 (1)	71,679	8,421
Debt service			
Principal	44,000 (1)	43,790	210
Interest	62,000 (1)	60,140	1,860
Other requirements			
Debt service reserve	105,000 (1)	-	105,000
Contingency	55,744 (1)	-	55,744
Total expenditures	346,844	175,609	171,235
Excess of revenues over/ (under) expenditures	(337,344)	(169,431)	167,913
Other financing sources (uses)			
Transfers out	(10,000) (1)	(10,000)	-
Transfers in	183,600	187,300	3,700
Total other financing sources (uses)	173,600	177,300	3,700
Net change in fund balance	(163,744)	7,869	171,613
Fund balance, July 1, 2015	163,744	169,198	5,454
Fund balance, June 30, 2016	<u>\$ -</u>	<u>177,067</u>	<u>\$ 177,067</u>
Reconciliation to net position - GAAP Basis:			
Adjustment for capital assets, net of accumulated depreciation		1,644,029	
Adjustment for note payable - due within one year		(45,651)	
Adjustment for note payable		(1,349,346)	
Net position - GAAP Basis		<u>\$ 426,099</u>	

(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, 2016

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Interest	100	100	155	55
Other	-	-	10,255	10,255
Total revenues	10,100	10,100	20,410	10,310
Expenditures				
Materials and services	49,800	49,800 (1)	40,873	8,927
Contingency	8,044	8,044 (1)	-	8,044
Total expenditures	57,844	57,844	40,873	16,971
Excess of revenues over/ (under) expenditures	(47,744)	(47,744)	(20,463)	27,281
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)	6,300	6,300	6,300	-
Net change in fund balance	(41,444)	(41,444)	(14,163)	27,281
Fund balance, July 1, 2015	41,444	41,444	43,215	1,771
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,052</u>	<u>\$ 29,052</u>
Reconciliation to net position - GAAP Basis:				
No adjustment			-	
Net position - GAAP Basis			<u>\$ 29,052</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, 2016

	Original Budget	Final Amended Budget		Actual	Variance with Final Budget
Revenues					
Charges for service	\$ -	\$ -		\$ 108,584	\$ 108,584
Interest	1,500	1,500		2,009	509
Other	22,000	22,000		20,625	(1,375)
Total revenues	23,500	23,500		131,218	107,718
Expenditures					
Public works support services	1,236,300	1,236,300	(1)	1,178,018	58,282
Public works fleet and vehicles	244,999	486,899	(1)	470,370	16,529
Public works facilities	35,000	35,000	(1)	30,449	4,551
Contingency	293,085	258,085	(1)	-	258,085
Total expenditures	1,809,384	2,016,284		1,678,837	337,447
Excess of revenues over/ (under) expenditures	(1,785,884)	(1,992,784)		(1,547,619)	445,165
Other financing sources (uses)					
Debt Proceeds	-	164,400		164,325	(75)
Sale of assets	-	42,500		50,250	7,750
Transfers out	(5,000)	(5,000)	(1)	(5,000)	-
Transfers in	1,454,100	1,454,100		1,316,100	(138,000)
Total other financing sources (uses)	1,449,100	1,656,000		1,525,675	(130,325)
Net change in fund balance	(336,784)	(336,784)		(21,944)	314,840
Fund balance, July 1, 2015	336,784	336,784		345,609	8,825
Fund balance, June 30, 2016	\$ -	\$ -		323,665	\$ 323,665
Reconciliation to fund balance - modified accrual budgetary basis					
Adjustment for beginning fund balance				86,545	
Adjustment for current year change in accrued absences				19,289	
Fund balance - modified accrual budgetary basis				429,499	
Reconciliation to net position - GAAP Basis:					
Adjustment for accrued compensated absences				(105,834)	
Adjustment for note payable				(129,824)	
Adjustment for proportionate share of net pension asset, deferred outflows				449,584	
Adjustment for proportionate share of net pension liability, deferred inflows				(720,566)	
Adjustment for capital assets, net of accumulated depreciation				593,997	
Net position - GAAP Basis				\$ 516,856	

(1) Appropriation Level

City of Prineville, Oregon
Schedule of Property Tax Transactions
Year Ended June 30, 2016

Tax Year	Beginning Balance and Current Levy	Adjustments	Interest (Discounts)	Turnovers from County Treasurer	Taxes Receivable June 30, 2016
2015-16	\$ 1,880,116	\$ (6,094)	\$ (43,952)	\$ 1,764,279	\$ 65,791
2014-15	61,106	14	2,629	33,245	30,504
2013-14	27,818	93	2,201	12,920	17,192
2012-13	14,688	(57)	3,380	13,625	4,386
2011-12	7,168	(48)	2,319	8,081	1,358
Prior	7,890	(173)	1,668	3,756	5,629
	<u>\$ 1,998,786</u>	<u>\$ (6,265)</u>	<u>\$ (31,755)</u>	1,835,906	<u>\$ 124,860</u>

Reconciliation to Revenue

Other Taxes	6
Tax accrual	
June 30, 2015	(16,746)
June 30, 2016	<u>24,240</u>
	<u>\$ 1,843,406</u>



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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
- Principal Employers - Current Year and Nine Years Ago

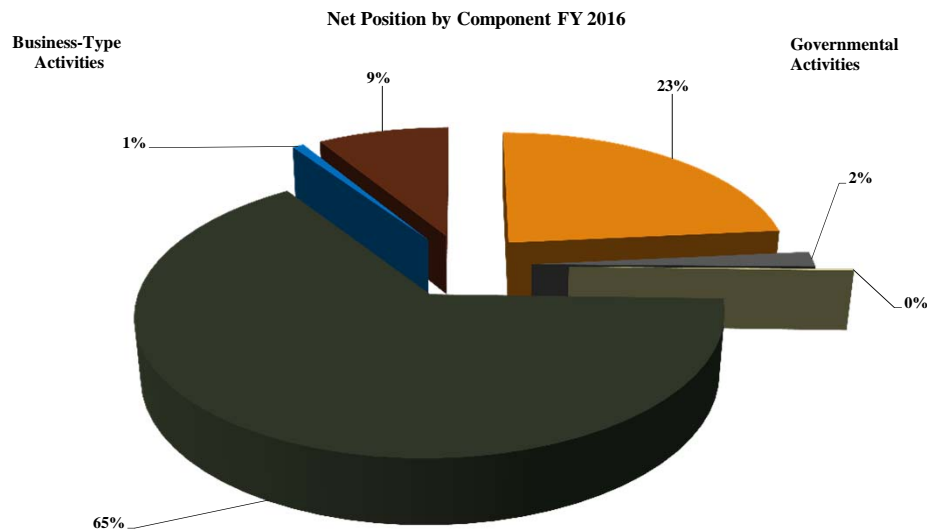
Operating Information

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

CITY OF PRINEVILLE, OREGON
Net Position by Component
Unaudited

	Fiscal Year Ended									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 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	11,345,910
Restricted	1,320,652	1,248,998	1,016,455	757,363	380,200	247,542	455,491	676,131	574,874	868,940
Unrestricted	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	(107,036)
Total governmental activities net position	\$ 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	\$ 12,107,814
Business-type activities										
Net investment in capital assets	\$ 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	\$ 31,448,889
Restricted	-	-	-	748,266	748,266	1,262,067	498,958	493,156	530,699	374,107
Unrestricted (deficit)	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	4,218,984
Total business-type activities net position	\$ 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	\$ 36,041,980
Primary government										
Net investment in capital assets	\$ 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	\$ 42,794,799
Restricted	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	1,243,047
Unrestricted (deficit)	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	4,111,948
Total primary government net position	\$ 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	\$ 48,149,794

Source: Annual financial statements of the City of Prineville



CITY OF PRINEVILLE, OREGON
Changes in Net Position
for the last ten fiscal years

	Fiscal Year Ended									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 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	\$ 1,111,185
Public safety	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	7,639,414
Highways and streets	459,590	440,022	413,027	466,497	537,446	545,421	1,322,898	1,245,218	1,112,590	1,273,699
Interest on long term debt	336,623	254,883	234,976	205,514	172,340	159,550	143,408	210,106	189,358	132,677
Unallocated depreciation	787,536	874,947	888,219	903,526	938,563	1,192,056	-	-	-	-
Total governmental activities expenses	\$ 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	\$ 10,156,975
Business-type activities:										
Railroad	\$ 1,120,023	\$ 1,036,782	\$ 983,320	\$ 935,425	\$ 902,757	\$ 841,917	\$ 755,747	\$ 813,586	\$ 797,044	\$ 906,269
Public Works										
Water	834,174	974,176	933,598	1,019,350	1,026,160	1,147,332	918,606	937,947	916,365	957,293
Wastewater	2,033,002	1,944,770	2,216,674	1,799,877	1,779,296	1,988,549	1,865,971	1,909,784	1,653,325	1,695,870
Golf and Restaurant	1,932,808	1,809,607	1,556,638	1,409,735	1,411,174	1,260,944	1,263,133	1,317,873	1,305,927	1,361,170
Airport	-	689,338	302,372	-	-	316,056	533,317	711,440	685,166	699,764
Freight Depot	1,098,569	-	98,824	188,870	370,885	332,607	310,926	194,071	-	-
Total business-type activities expenses	7,018,576	6,454,673	6,091,426	5,353,257	5,490,272	5,887,405	5,647,700	5,884,701	5,357,827	5,620,366
Total primary government expenses	\$ 13,325,574	\$ 13,253,567	\$ 12,702,960	\$ 11,453,308	\$ 12,284,152	\$ 13,152,891	\$ 13,517,409	\$ 17,074,683	\$ 9,997,530	\$ 15,777,341
Program Revenues										
Governmental activities:										
Charges for service:										
General government	\$ 397,104	\$ 277,130	\$ 276,405	\$ 407,783	\$ 222,037	\$ 238,335	\$ 304,693	\$ 413,761	\$ 165,927	\$ 203,993
Public safety	-	-	-	-	-	-	-	-	37,884	33,671
Highways and streets	541,316	96,580	31,828	47,008	55,946	84,884	172,494	316,398	353,328	494,830
Operating grants and contributions	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	1,646,108
Capital grants and contributions	1,683,575	-	143,265	21,100	-	252,000	216,224	-	-	-
Total governmental activities program revenues	\$ 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	\$ 2,378,602
Business-type activities:										
Charges for service:										
Railroad	\$ 462,206	\$ 317,107	\$ 432,546	\$ 698,145	\$ 650,754	\$ 395,050	\$ 445,302	\$ 455,849	\$ 586,937	\$ 943,182
Public Works										
Water	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	2,554,213
Wastewater	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	3,952,199
Golf and Restaurant	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	1,143,167
Airport	-	-	-	-	-	-	521,923	645,943	803,978	517,629
Freight Depot	-	-	60,433	132,124	131,188	95,584	138,045	-	-	-
Other Non-major	1,064,952	1,153,841	255,352	-	-	373,886	-	-	-	-
Operating grants and contributions	-	-	-	-	-	51,243	65,929	-	-	186,718
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	-	355,644
Total business-type activities program revenues	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	9,652,752
Total primary government program revenues	\$ 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	\$ 12,031,354
Net (Expense) Revenue										
Governmental activities	(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)	(7,778,373)
Business-type activities	4,460,320	1,280,010	4,293,875	5,358,768	1,624,713	3,023,190	3,019,443	4,877,502	2,557,087	4,032,386
Total primary government expenses	\$ 1,813,731	\$ (3,872,637)	\$ (70,964)	\$ 1,476,273	\$ (3,032,957)	\$ (2,007,228)	\$ (2,547,733)	\$ (3,886,866)	\$ 112,439	\$ (3,745,987)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for:										
General purposes	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	1,842,104
Debt Service	92,958	78,531	80,363	83,905	65,726	-	-	-	-	-
Transient room taxes	197,250	194,401	164,130	149,374	176,156	179,945	206,988	191,015	253,174	315,677
Franchise Fees	623,759	661,478	680,305	779,429	700,965	1,117,583	1,455,369	1,462,295	1,864,413	2,085,847
Earnings on investments	117,565	113,136	52,137	21,624	14,644	7,223	10,117	13,739	11,268	12,324
Intergovernmental										
Miscellaneous	301,940	270,366	439,269	339,351	217,537	301,891	220,782	225,107	375,864	811,036
Total governmental activities	\$ 3,547,417	\$ 3,019,496	\$ 3,226,021	\$ 3,192,640	\$ 2,938,105	\$ 3,220,741	\$ 3,464,814	\$ 3,559,593	\$ 4,282,560	\$ 5,066,988
Business-type activities:										
Earnings on investments	254,618	202,093	68,391	24,324	12,042	8,857	14,144	14,535	13,812	18,290
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	72,181	10,248	10,247	487,394	(88,126)
Total business-type activities	254,618	202,093	68,391	24,324	12,042	81,038	24,392	24,782	501,206	(69,836)
Total primary government	\$ 3,802,035	\$ 3,221,589	\$ 3,294,412	\$ 3,216,964	\$ 2,950,147	\$ 3,301,779	\$ 3,489,206	\$ 3,584,375	\$ 4,783,766	\$ 4,997,152
Transfers										
Governmental activities										
Governmental activities	\$ 1,212,800	\$ 1,326,613	\$ 1,569,350	\$ 1,324,000	\$ 1,313,620	\$ 1,378,440	\$ 1,902,421	\$ 1,902,301	\$ 2,150,338	\$ 2,117,427
Business-type activities	(1,212,800)	(1,326,613)	(1,569,350)	(1,324,000)	(1,313,620)	(1,378,440)	(1,902,421)	(1,902,301)	(2,150,338)	(2,117,427)
Total Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 2,113,628	\$ (806,538)	\$ 430,532	\$ 634,145	\$ (405,945)	\$ (431,237)	\$ (199,941)	\$ (3,302,474)	\$ 3,988,250	\$ (593,958)
Business-type activities	3,502,138	155,490	2,792,916	4,059,092	323,135	1,725,788	1,141,414	2,999,983	907,955	1,845,123
Total primary government	\$ 5,615,766	\$ (651,048)	\$ 3,223,448	\$ 4,693,237	\$ (82,810)	\$ 1,294,551	\$ 941,473	\$ (302,491)	\$ 4,896,205	\$ 1,251,165

Source: Annual financial statements of the City of Prineville

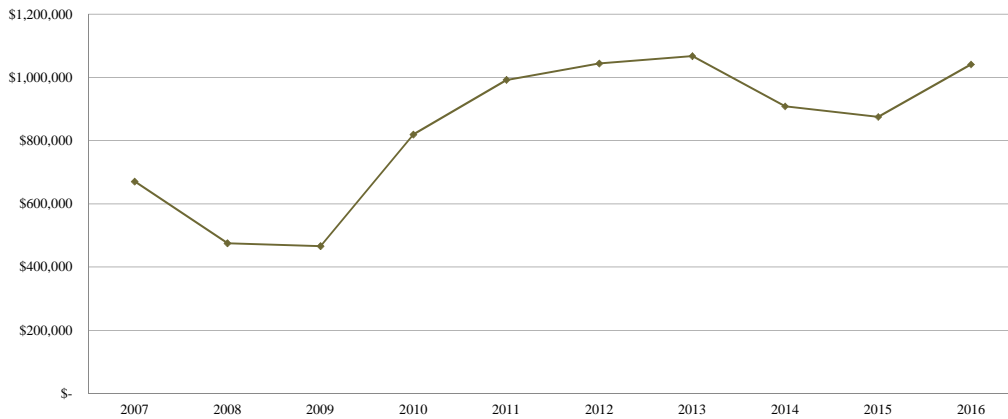
Changes in net position is intended to provide the user with summary data to analyze changes in the activities.

CITY OF PRINEVILLE, OREGON
Fund Balances of Governmental Funds
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ended									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nondspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	105,569	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	94,069	87,672	78,380	78,021
Unassigned	670,496	475,311	465,841	819,315	992,278	938,926	973,273	820,598	797,059	963,851
Total general fund	\$ 670,496	\$ 475,311	\$ 465,841	\$ 819,315	\$ 992,278	\$ 1,044,495	\$ 1,067,342	\$ 908,270	\$ 875,439	\$ 1,041,872
All other governmental funds										
Nondspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	438,186	571,131	469,874	763,940
Committed	-	-	-	-	-	-	289,086	413,182	480,014	693,551
Assigned	1,866,002	1,809,168	1,979,546	1,728,491	1,368,306	921,736	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,866,002	\$ 1,809,168	\$ 1,979,546	\$ 1,728,491	\$ 1,368,306	\$ 921,736	\$ 727,272	\$ 984,313	\$ 949,888	\$ 1,457,491
Total all funds	\$ 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	\$ 2,499,363

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue										
Taxes	\$ 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	\$ 2,159,083
Intergovernmental	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	1,803,827
Franchise fees	623,759	661,478	680,305	779,429	700,965	1,117,583	1,455,369	1,703,395	1,864,413	2,085,847
Licenses and permits	157,028	56,800	59,156	36,701	33,917	36,613	61,201	49,121	59,926	67,301
Charges for services	211,119	184,536	168,919	115,670	94,412	64,333	117,645	173,432	425,954	584,742
System development fees	541,316	96,580	31,828	47,008	55,946	84,884	172,494	75,298	328,922	486,025
Interest	111,743	102,618	48,044	19,174	11,837	5,657	7,494	9,917	11,268	12,324
Miscellaneous	275,522	301,051	453,499	284,991	290,414	275,974	238,424	260,794	205,938	223,159
Total Revenue	\$ 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	\$ 7,422,308
Expenditures										
General government	\$ 671,100	\$ 725,460	\$ 418,249	\$ 317,937	\$ 305,015	\$ 297,885	\$ 357,061	\$ 3,335,032	\$ 432,270	\$ 509,906
Public Safety	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	3,505,611
Highways and streets	459,590	440,022	413,027	466,497	532,880	539,650	525,241	369,670	392,512	584,481
Capital Outlay	340,722	403,350	383,960	622,138	621,414	571,452	501,797	791,430	967,133	541,551
Debt Service										
Principal	458,480	416,965	497,068	263,446	252,034	156,335	155,660	174,654	224,417	240,906
Interest	157,400	193,030	166,702	124,469	107,337	94,935	87,485	136,152	223,417	211,988
Total Expenditures	\$ 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	\$ 5,594,443
Excess of Revenues Over (Under) Expenditures	\$ 929,652	\$ 404,710	\$ 654,508	\$ 840,686	\$ 637,664	\$ 566,900	\$ 892,421	\$ (2,039,371)	\$ 1,027,135	\$ 1,827,865
Other Financing Sources (Uses):										
Proceeds - Issuance of debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,208,700	\$ -	\$ -
Transfers in	236,200	289,200	451,800	655,477	561,160	269,855	647,587	941,840	671,453	652,670
Transfers out	(779,200)	(945,929)	(945,400)	(1,393,744)	(1,386,046)	(1,065,046)	(1,585,725)	(1,912,300)	(1,765,844)	(1,806,499)
Transfers to record as amount due general fund	-	-	-	-	-	(75,000)	(125,900)	(100,900)	-	-
Total Other Financing Sources (Uses)	(543,000)	(656,729)	(493,600)	(738,267)	(824,886)	(870,191)	(1,064,038)	2,137,340	(1,094,391)	(1,153,829)
Net Changes in Fund Balance	\$ 386,652	\$ (252,019)	\$ 160,908	\$ 102,419	\$ (187,222)	\$ (303,291)	\$ (171,617)	\$ 97,969	\$ (67,256)	\$ 674,036
Ratio of total debt expenditures to noncapital expenditures	0.15	0.14	0.16	0.11	0.09	0.06	0.06	0.04	0.09	0.09

Source: Annual financial statements of the City of Prineville

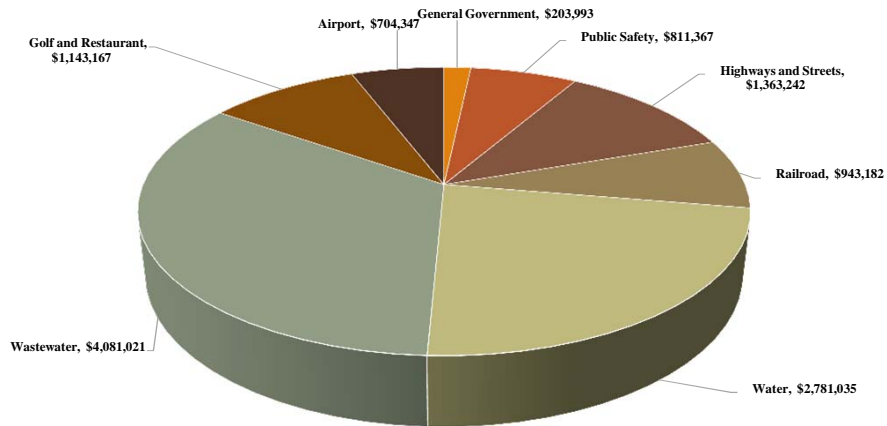
Note: Proceeds from the issuance of debt are as follows: City Hall (Note Payable 2004), CWSRL (Wastewater 2005), CWSRL and USDA (Wastewater and City Hall 2006), UAL Pension Obligation (OPERS 2014)

CITY OF PRINEVILLE, OREGON
 Program Revenues by Function/Program
(accrual basis of accounting)
 unaudited

	Fiscal Year Ended									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
General Government	\$ 2,080,679	\$ 277,130	\$ 551,409	\$ 750,743	\$ 610,763	\$ 526,764	\$ 575,793	\$ 693,655	\$ 165,927	\$ 203,993
Public Safety	372,248	407,266	518,957	530,450	575,645	647,987	645,333	598,721	807,171	811,367
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	1,363,242
Total Governmental Activities	\$ 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	\$ 2,378,602
Business-type Activities										
Railroad	\$ 462,206	\$ 317,107	\$ 432,546	\$ 1,791,054	\$ 1,027,541	\$ 1,167,515	\$ 1,167,833	\$ 1,073,395	\$ 586,937	\$ 943,182
Water	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	2,781,035
Wastewater	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	4,081,021
Golf and Restaurant	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	1,143,167
Freight Depot	-	-	3,099,089	2,128,595	131,188	95,584	138,045	-	-	-
Airport	-	-	-	-	-	-	587,852	1,025,974	803,978	704,347
Other non Major	1,190,643	1,664,143	255,352	-	-	425,129	-	-	-	-
Total Business-type Activities	\$ 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	\$ 9,652,752
Total Primary Government	\$ 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	\$ 12,031,354

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

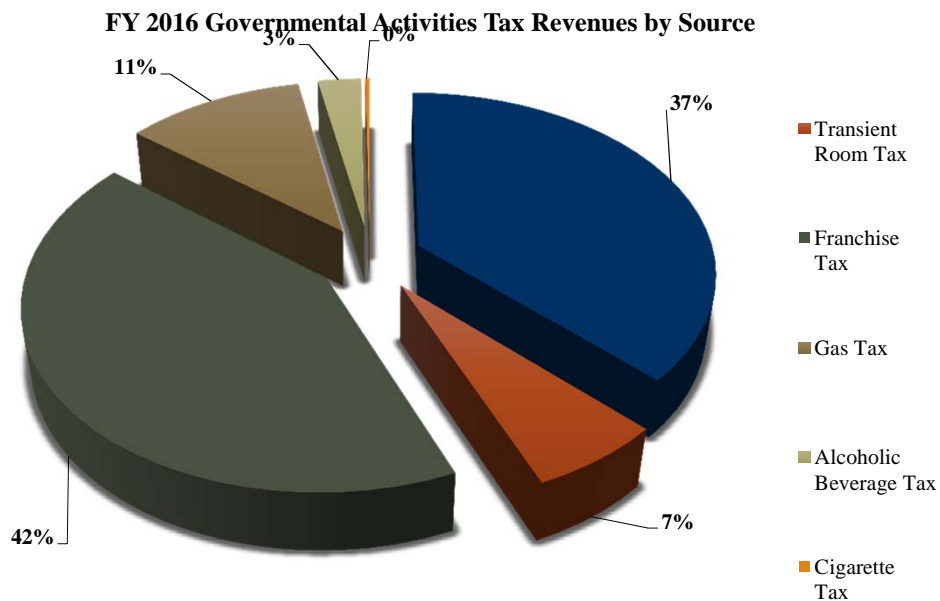
Program Revenue by Function/Program for 2016



CITY OF PRINEVILLE, OREGON
 Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
unaudited

Fiscal Year	Property Tax	Transient Room Tax	Franchise Tax	Gas Tax	Alcoholic Beverage Tax	Cigarette Tax	
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
2016	1,843,406	315,677	2,085,847	557,424	135,430	12,430	\$ 4,950,215

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.



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

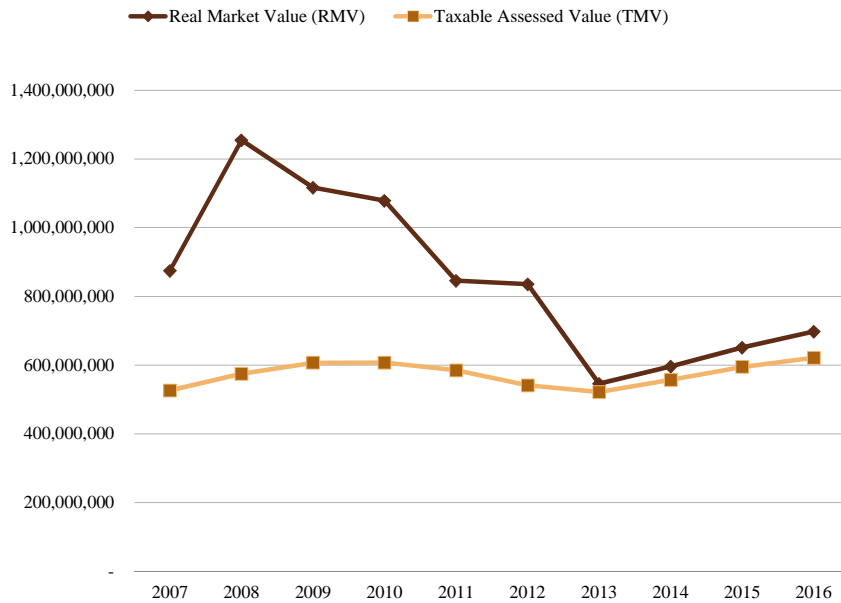
Fiscal Year	Real Property	Personal Property	Manufactured Property	Utility Property	Total Taxable Assessed Value (TMV)	Total Direct Tax Rate	Real Market Value (RMV)	Assessed Value as a % of Real Market Value (RMV)
2007	-	-	-	-	526,913,368	3.1838	874,445,278	60.257%
2008	-	-	-	-	575,260,629	3.1615	1,254,614,495	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%
2016	573,856,718	22,761,299	2,983,543	21,811,200	621,412,760	3.0225	698,143,446	89.009%

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 2016.



CITY OF PRINEVILLE, OREGON
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
Unaudited

Fiscal Year	City direct rates (a)			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	
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	4.5263	1.5900	0.7569	0.7400	0.6226	16.6400
2016	3.0225	-	3.0225	5.5606	4.1417	1.5900	0.7569	0.7376	0.4760	16.2853

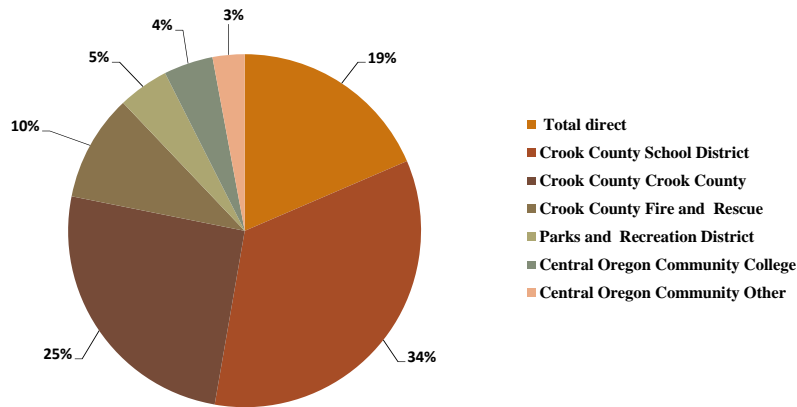
Source: Crook County Assessor's Office

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

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

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

Property tax percentage split by Government Type FY 2016



City of Prineville
Principal Property Taxpayers
Current and Nine Years Ago

Unaudited

Taxpayer	FY 2016			FY 2007		
	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.	\$ 21,289,450	1	3.43%	\$ 39,670,010	1	7.529%
Contact Properties	9,739,732	2	1.57%	8,373,280	2	1.589%
WG Prineville LLC	6,762,785	3	1.09%	-	-	-
New Systems Venture	4,731,487	4	0.76%	-	-	-
Apple Inc.	4,708,020	5	0.76%	-	-	-
GA HC Reit II Prineville OR ALF LLC	4,295,118	6	0.69%	-	-	-
Brian & Laura Barney	3,096,069	7	0.51%	2,577,110	7	0.489%
Amity Mtn. Development LLC	3,195,850	8	0.50%	-	-	-
Porfily Ventures Et al.	2,535,385	9	0.41%	-	-	-
Ochoco Lumber	2,519,705	10	0.41%	2,377,600	8	0.451%
Pioneer Cut Stock				4,529,020	3	0.860%
Huttig Building Products**				4,739,210	4	0.899%
Holding CO of Ochoco Assisted Living				4,034,893	5	0.766%
Stafford G W LLC				2,820,490	6	0.535%
Cassidy Bayou Partners LLC				2,321,130	9	0.441%
Dale & Catherine Tompkins				2,311,010	10	0.439%
Total	<u>\$ 62,873,601</u>		<u>10.118%</u>	<u>\$ 73,753,753</u>		<u>13.997%</u>
City Assessed Value	<u>\$ 621,412,760</u>			<u>\$ 526,913,368</u>		

*Taxable Assessed Values are estimates base on records provided by Crook County and research through the Property Assessment Taxation website

<http://apps.janecounty.org/PropertyAssessmentTaxationSearch/crook>

*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

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

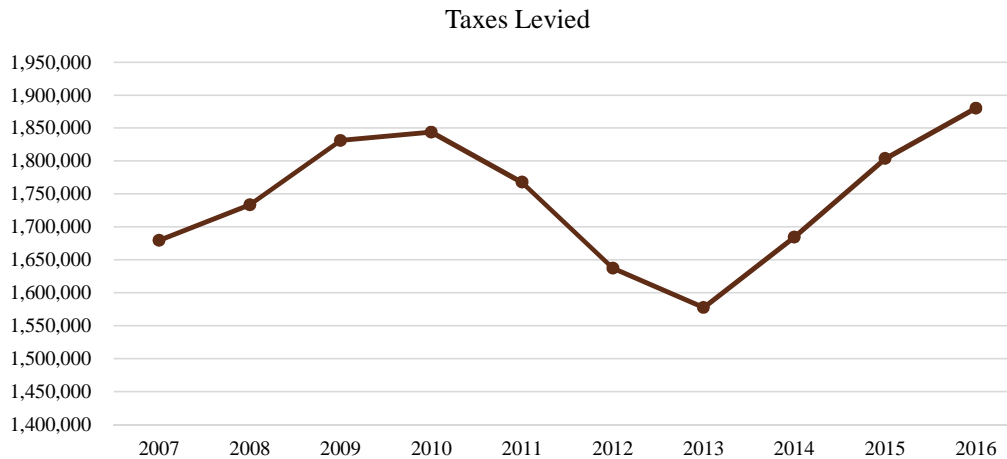
CITY OF PRINEVILLE, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

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)
2007	1,679,591	1,566,485	93%	66,203	1,632,688	97%
2008	1,733,433	1,603,614	93%	81,851	1,685,465	97%
2009	1,831,272	1,640,293	90%	142,084	1,782,377	97%
2010	1,843,811	1,687,983	92%	117,186	1,805,169	98%
2011	1,767,835	1,613,133	91%	116,565	1,729,698	98%
2012	1,637,414	1,486,046	91%	113,101	1,599,147	98%
2013	1,577,563	1,476,165	94%	59,724	1,535,889	97%
2014	1,684,361	1,593,602	95%	33,510	1,627,113	97%
2015	1,803,653	1,713,778	95%	30,647	1,744,425	97%
2016	1,880,116	1,783,248	95%	-	1,783,248	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

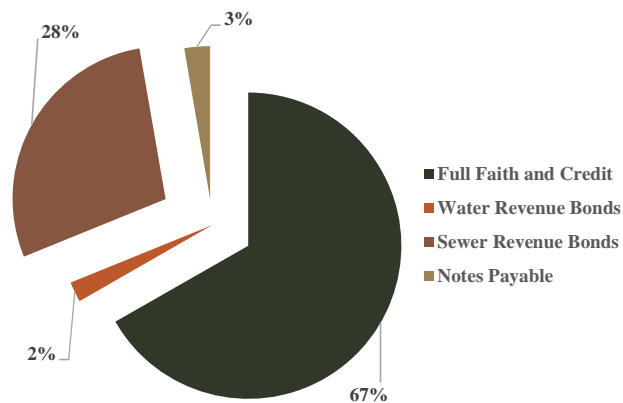
Fiscal Year	General Obligation <u>bonds</u>	Special Assessment <u>bonds</u>	Capital <u>Leases</u>	State <u>Agencies</u>	Notes <u>Payable</u>	Full Faith and Credit <u>Obligations</u>	Total Governmental <u>Activities</u>
2007	315,000	2,453,728	114,923	2,323,596	234,375	-	5,441,622
2008	240,000	2,267,055	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
2016	-	-	-	-	129,824	5,257,078	5,386,902

Business-type Activities

Fiscal Year	Water Revenue <u>bonds</u>	Sewer Revenue <u>Bonds</u>	Full Faith and Credit <u>obligations</u>	State <u>Agencies</u>	Notes <u>Payable</u>	Capital <u>Leases</u>	Total Business-type <u>Activities</u>
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
2016	380,000	5,271,942	7,672,589	-	228,406	-	13,552,937

Total Primary Government

Fiscal Year	Total Primary government	Percentage of income	Per capita
2007	25,535,124	7.91%	2,506
2008	24,049,273	7.01%	2,319
2009	22,442,083	6.24%	2,164
2010	21,431,789	6.56%	2,300
2011	19,317,844	5.64%	2,086
2012	19,376,280	5.20%	2,096
2013	18,758,135	5.04%	2,024
2014	20,753,928	5.32%	2,211
2015	20,043,223	4.96%	2,119
2016	18,939,839	4.60%	1,964



*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, 2016
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	\$ 2,270,640,774	\$ -	30.75%	\$ -
Crook County Schools	2,295,968,780	51,045,465	30.41%	15,521,599
Central Oregon Community College	34,331,993,269	56,958,936	2.03%	1,158,260
High Desert ESD	31,465,666,905	3,830,602	2.22%	84,990
Subtotal Overlapping Debt	<u>\$ 70,364,269,728</u>	<u>\$ 111,835,003</u>		<u>16,764,849</u>
Direct debt outstanding:				
City of Prineville	<u>698,143,446</u>	<u>4,098,207</u>	100.00%	<u>4,098,207</u>
Total direct and overlapping debt				<u><u>\$ 20,863,056</u></u>

Source: Oregon State Treasury Overlapping Debt report for the City of Prineville as of 6/30/16

CITY OF PRINEVILLE, OREGON
 Legal Debt Margin Information
 Last Ten Fiscal Years-Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 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	\$ 20,944,303
Total net debt applicable to limit	315,000	240,000	165,000	85,000	-	-	-	2,889,882	2,695,000	3,993,207
Debt margin	\$ 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	\$ 16,951,096
Total net debt applicable to the limit as a percentage of debt limit	1.2%	0.6%	0.5%	0.3%	0.0%	0.0%	0.0%	16.1%	13.8%	19.1%

Legal debt margin calculation for fiscal year 2016

Total real market value of real estate within Prineville	\$698,143,446
Debt limitation - 3% of total real market value	<u>3.0%</u>
Legal debt limit	\$ <u>20,944,303</u>
Amount of debt applicable to debt limit	\$ 19,260,384
Less debt excluded from debt limit:	
Full faith and credit obligations	\$ (9,064,249)
Revenue bonds	<u>\$ (6,097,928)</u>
Total general obligation bonded debt	\$ 4,098,206.68
Less: amount held for repayment of principal	<u>\$ (105,000)</u>
Net amount of debt applicable to debt limit	\$ <u>3,993,207</u>
Legal debt margin	\$ <u>16,951,096</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							
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	1,663,175	1,545,186	490,714	385,642	876,356	1.76%
2016	3,952,199	1,731,903	2,220,296	507,878	358,767	866,645	2.56%

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							
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%
2016	2,554,213	1,491,150	1,063,063	150,000	124,243	274,243	3.88%

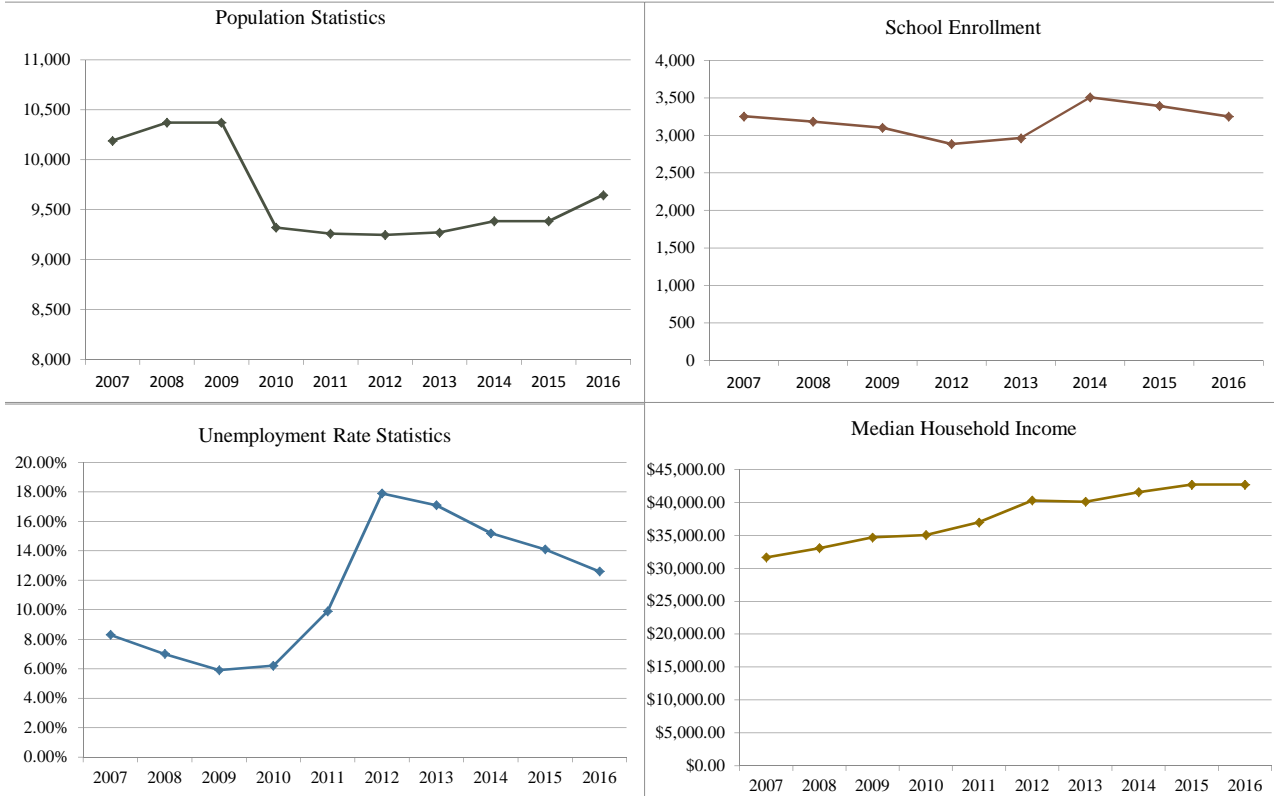
Source: Annual financial statements of the City of Prineville

CITY OF PRINEVILLE, OREGON
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Population	Total RMV	Median income	School enrollment	Unemployment rate
2007	10190	874,445,278	31,664	3254	6.20%
2008	10370	1,254,614,495	33,073	3182	9.90%
2009	10370	1,116,543,323	34,694	3104	17.90%
2010	9320	1,078,578,670	35,064	2977	17.10%
2011	9260	845,651,805	36,993	2921	15.20%
2012	9245	835,246,297	40,320	2885	14.10%
2013	9270	546,110,980	40,118	2964	12.60%
2014	9385	596,659,061	41,566	3508	8.40%
2015	9385	651,077,035	42,727	3391	8.20%
2016	9645	698,143,446	42,725	3250	7.10%

* Information not available yet

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



CITY OF PRINEVILLE, OREGON
Principal Employers
Current and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Les Schwab Distribution Facility	400	1	10.52%	912	1	*
Crook County School District	383	2	10.08%	360	4	*
Contact Industries	240	3	6.31%	*		*
Crook County	191	4	5.02%	160	5	*
Facebook Data Center	178	5	4.68%	*		*
St. Charles Health Systems	166	6	4.37%	*		*
Ochoco National Forest	117	7	3.08%	*		*
Western Heavy Haul & SMAF	93	8	2.45%	*		*
Bureau of Land Management	109	9	2.87%	*		*
Pioneer Cut Stock	64	10	1.68%	150	7	*
American Pine Products				450	2	*
Government				410	3	*
Pioneer Memorial Hospital				160	6	*
Total	1941		51.07%	*		*

* Information not available

Source: 2016 Prineville Area Profile by EDCO and FY 2007 City of Prineville budget.

CITY OF PRINEVILLE, OREGON
FTE's by Function
Current and Nine Years Ago

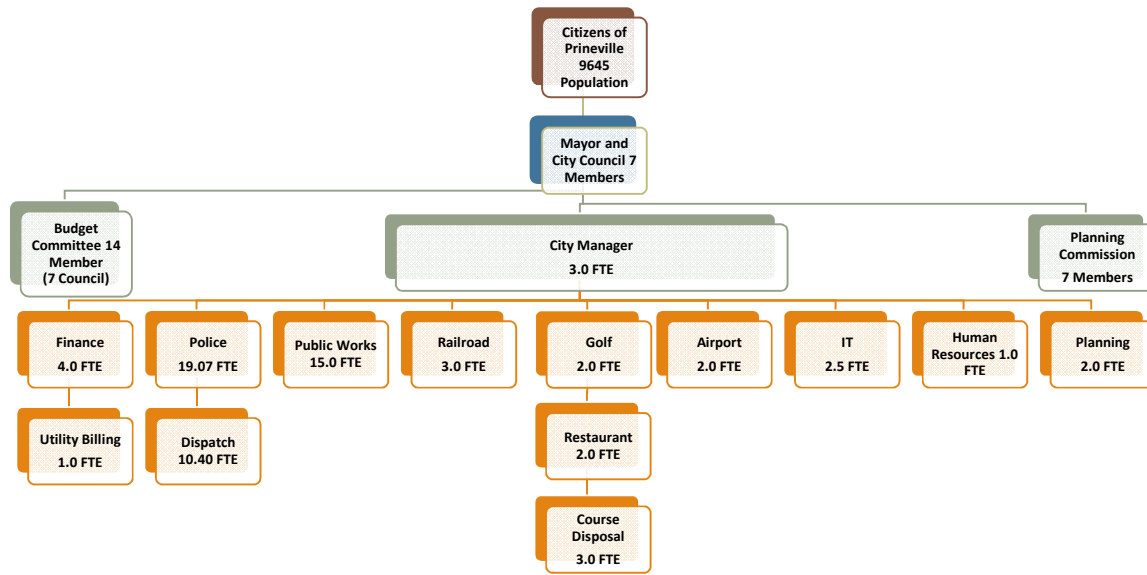
Function/Program	Fiscal Year Ended									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police	22.16	20.66	21.66	19.66	17.66	18.41	18.16	18.73	18.73	19.07
Dispatch	8.33	9.33	9.33	10.33	9.33	9.33	9.08	9.08	9.08	10.40
Planning	4.00	4.50	4.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Works										
Streets	2.00	2.00	2.00	2.00	2.00	2.50	2.00	2.00	2.00	2.00
Water	3.00	4.00	3.00	4.00	4.00	4.00	0.00	0.00	0.00	0.00
Sewer	4.00	4.00	4.00	3.00	3.00	3.00	2.00	2.00	2.00	1.00
PW Administration	4.00	4.00	4.00	5.00	5.00	5.25	10.25	10.25	10.25	12.00
Railroad	6.00	6.00	5.00	5.00	4.00	3.00	3.00	2.00	3.00	3.00
Freight Depot	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Dinner Train	2.00	1.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Airport	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	2.00	2.00
Golf	7.00	8.00	7.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00
General Government										
Administration	10.00	13.50	12.51	11.75	10.75	11.00	11.00	11.50	11.50	11.50
Total FTEs	74.49	78.99	76.50	69.74	64.74	66.49	65.49	65.56	67.56	69.97
City Population	10190	10370	10370	9320	9260	9245	9270	9385	9385	9645
FTEs per 1,000 of Population	0.0073	0.0076	0.0074	0.0075	0.0070	0.0072	0.0071	0.0070	0.0072	0.0073

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 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Public Safety*										
Seatbelt	208	153	8	57	49	50	15	23	11	4
Speeding	75	61	47	67	59	42	40	33	17	25
Motor vehicle accidents/accidents	297	278	267	239	208	207	241	270	203	193
Community development										
Residential applications	105	70	67	27	15	25	34	51	54	76
Commercial applications	34	48	36	27	27	26	40	34	44	27
SDC Fees collected	\$ 1,440,124	\$ 179,258	\$ 109,564	\$ 1,190,765	\$ 114,900	\$ 614,827	\$ 360,041	\$ 254,850	\$ 592,466	\$ 843,658
Business-type activities:										
Water										
Service connections	3,474	3,441	3,439	3,460	3,466	3,469	3,470	3,504	3,506	3,556
Average mthly consumption (units)	50,412	50,000	49,767	46,072	45,923	47,860	52,238	51,977	54,211	65,674
Water Rates	\$ 12.08	\$ 12.68	\$ 13.06	\$ 13.45	\$ 13.45	\$ 14.88	\$ 15.77	\$ 16.24	\$ 17.21	\$ 17.73
Sanitary sewer										
Service connections	3,562	3,548	3,565	3,588	3,589	3,591	3,592	3,592	3,615	3,653
Average daily sewage treatment	969,000	971,000	934,000	1,028,000	1,165,000	961,000	947,000	1,100,000	1,100,000	1,100,000
Sewer Rates	\$ 43.32	\$ 47.65	\$ 50.99	\$ 50.99	\$ 50.99	\$ 48.44	\$ 46.84	\$ 48.25	\$ 49.70	\$ 51.81
Golf										
Rounds of play	30,119	31,782	31,486	28,631	27,262	26,433	26,707	27,900	28,044	27,135
Pro shop sales	\$ 111,488	\$ 105,993	\$ 93,757	\$ 72,587	\$ 56,308	\$ 62,269	\$ 72,650	\$ 85,177	\$ 98,716	\$ 94,638
Railroad										
Freight revenue	\$ 282,604	\$ 228,067	\$ 263,453	\$ 271,135	\$ 341,315	\$ 271,402	\$ 278,673	\$ 212,167	\$ 236,040	\$ 339,255
Airport**										
Fuel Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 293,684	\$ 455,949	\$ 566,868	\$ 507,296	\$ 519,490

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 2016 as of November 30, 2016.*

*** 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Station	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	12	11	12	12	12	11	12	15	15	15
Streets										
Street (center lane miles)	50.0	55.0	55.0	55.0	55.0	55.6	55.6	56.9	56.9	56.9
Sidewalks	28.5	28.5	28.5	29.0	29.0	30.0	30.0	31.5	33.4	35.8
Water										
Lineal miles of system	39	41	41	41	42	42	43	43	48	48
Treatment capacity (1,000 gal MGD)	3.0	4.5	4.5	4.5	4.5	4.5	4.50	4.50	6.00	6.00
Sewer										
Lineal miles of system	37	38	38	38	39	39	40	44	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	4	4	4
Steam Locomotives**	1	1	1	1	1	1	1	1	1	1
Cars	12	12	11	9	9	9	9	9	8	8
Main track (miles)	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01	18.01
Yard track (miles)	2.28	2.28	2.28	2.17	2.12	2.46	2.46	2.46	2.46	2.46
Industrial track (miles)	1.61	1.88	2.18	2.18	2.18	2.18	2.45	2.45	2.45	2.45
Transload facilities***	1	1	1	1	1	1	2	2	2	2
Public team track (acres)	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Airport****										
Runways	2	2	2	2	2	2	2	2	2	2
Terminal	1	1	1	1	1	1	1	1	1	1
Golf										
Club House	1	1	1	1	1	1	1	1	1	1
18 Hole course	1	1	1	1	1	1	1	1	1	1

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

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

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

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

Capital asset information provided by department heads.



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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, 2016



PAULY, ROGERS, AND CO., P.C.
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www.paulyrogersandcocpas.com

December 21, 2016

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, 2016, and have issued our report thereon dated December 21, 2016. 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, 2016

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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