



*City of Prineville, Oregon
Financial Report
First Quarter Ended September 30, 2008*

September 30, 2008

Executive Summary

During the first quarter ended September 30, 2008, despite what is now viewed by many as a development slowdown that will last through 2009, the City's financial condition declined only slightly as combined fund balances decreased approximately four percent (4%) or approximately \$.231 million (\$5.635 million to \$5.404 million). The overall fund balance decrease is primarily the result of reductions in the general fund (\$.537 million, 114%), railroad fund (\$.090 million, 12%), wastewater fund (\$.328 million, 31%) and freight depot fund (\$.067 million, 146%).

The general fund reductions are primarily the result of deferred receipt of property tax revenue, and reduced planning fees. The railroad fund reduction is due to less than expected revenue from freight activity, in the wastewater fund significant scheduled debt payments were made, and in the freight depot fund there is a timing difference for grant income to pay for capital project expenditures.

Funds that realized significant positive changes to their respective fund balances during the first quarter include the transportation fund (\$86,472, 28%), water fund (\$233,406, 30%), emergency dispatch fund (\$206,295, 82%), and the golf fund (\$43,226, 14%). In the transportation fund additional intergovernmental income was received, additional water sales due to irrigation was realized in the water fund, intergovernmental payments were realized in the emergency dispatch fund and increased play during the summer increased revenue in the golf fund.

Fund balances are generally adequate and the City has taken the following actions to stabilize fund balances:

- Planning Tech position has been eliminated
- Planning activities have been directed to areas that were previously outsourced
- Community Development Director outsourced to Freight depot as contract manager
- Capital investment paid with Water and Wastewater SDCs have been completed and future investment is subject to available funding
- Implemented community development fees to recover a portion of costs incurred

The City continues to realize significantly reduced development related revenue in the general fund and SDC funds. Additionally, the slowdown in growth has slowed revenue growth in the water and wastewater funds. The impacts of the slowdown in growth is expected to continue through fiscal year 2009 and possibly beyond. The organization continues to adjust spending plans and is using City staff (recovering costs for its services) where possible to perform work previously outsourced. Adjustments to capital spending plans have been made and additional scrutiny to City infrastructure commitments is ongoing.

The financial activity in the City's dinner train, freight depot and railroad activities continue to be monitored closely and efforts to secure additional customers is ongoing.

A summary is presented in each fund to provide an explanation of financial performance and operating issues. We appreciate comments on how we may be able to improve this report to enhance your understanding of the City's finances.

Sincerely,

Wayne Van Matre,
Interim City Manager

Andy Parks,
Contract CFO

Liz Schuette,
Finance Officer

Page 2 of 22

City of Prineville, Oregon
Financial Report

Unaudited

First Quarter Ended September 30, 2008

September 30, 2008

All City Funds

Fund	Beginning Fund Balance	Current Year Resources	Current Year Expenditures	Ending Fund Balance	Percentage	
					Change in Fund Balance	Change in Fund Balance
General	\$ 472,999	\$ 283,527	\$ 821,150	\$ (64,624)	\$ (537,623)	-114%
Transporation	309,233	257,533	171,061	395,705	86,472	28%
Emergency Dispatch	252,476	372,107	165,812	458,771	206,295	82%
Transportation SDC	836,079	22,118	5,530	852,667	16,588	2%
Water SDC	260,069	19,241	5,563	273,747	13,678	5%
Wastewater SDC	2,824	34,030	-	36,854	34,030	1205%
LID Debt Service	405,509	133,004	101,214	437,299	31,790	8%
Fire Station/Water Debt Service	41,925	89	7,464	34,550	(7,375)	-18%
Industrial Park Debt Service	543	33,000	9,375	24,168	23,625	4351%
Railroad	741,767	127,603	217,772	651,598	(90,169)	-12%
Water	777,434	554,838	321,432	1,010,840	233,406	30%
Wastewater	1,065,145	887,210	1,215,243	737,112	(328,033)	-31%
Golf Course and Restaurant	306,991	620,374	577,148	350,217	43,226	14%
Dinner Train	17,731	181,401	168,452	30,680	12,949	73%
Freight Depot	(46,424)	26,787	94,538	(114,175)	(67,751)	146%
Administration and Financial Services	93,802	371,948	348,371	117,379	23,577	25%
Public Works Support Services	30,683	159,968	103,845	86,806	56,123	183%
City Hall	66,354	37,334	18,432	85,256	18,902	28%
Totals	\$ 5,635,140	\$ 4,122,112	\$ 4,352,402	\$ 5,404,850	\$ (230,290)	-4%

General Fund

The general fund accounts for the City’s community development, police and non-departmental operations and activities. The primary sources of revenue include property taxes, transient lodging taxes, franchise fees, and intergovernmental revenue.

Expenditures for the first quarter were as anticipated. Police spending for the first quarter of the year was at approx 25% of budget. Community development first quarter expenditures was at approx 28% of budget.

Overall, the general fund realized a reduction in fund balance of 114% or \$537,623 compared to last year at 92% or 613,580. This is due to the timing differences of the receipt in property tax revenues, and the slowdown in the economy, which is affecting planning fees.

Staffing in the community development department has been reduced by 2 full time equivalents, and the remaining community development staff are utilizing available time on infrastructure related planning programs that are funded with non-general fund resources.

These initial steps are anticipated to result in the general fund maintaining its fund balance at levels consistent with the beginning fund balance. Staff will continue to monitor and take further steps if necessary to ensure fund balance is not further reduced.

Revenue	Current Quarter			Year to Date			Annual Budget	Balance
	Budget	Actual	%	Budget	Actual	%		
Property taxes	\$ 453,400	\$ -	-	\$ 453,400	\$ -	-	\$ 1,813,600	\$ 1,813,600
Transient lodging tax	49,500	72,223	146%	49,500	72,223	146%	198,000	125,777
Franchise fees	167,250	111,871	67%	167,250	111,871	67%	669,000	557,129
Licenses and permits	65,975	8,905	13%	65,975	8,905	13%	263,900	254,995
Intergovernmental revenues	72,875	52,547	72%	72,875	52,547	72%	291,500	238,953
Charges for services	108,250	969	1%	108,250	969	1%	433,000	432,031
Interest	3,750	649	17%	3,750	649	17%	15,000	14,351
Miscellaneous	22,625	36,363	161%	22,625	36,363	161%	90,500	54,137
Transfers	-	-	-	-	-	-	-	-
Total revenue	\$ 943,625	\$ 283,527	30%	\$ 943,625	\$ 283,527	30%	\$ 3,774,500	\$ 3,490,973
Expenditures								
Community development	\$ 166,375	\$ 137,807	83%	\$ 166,375	\$ 137,807	83%	545,500	407,693
Police	761,925	672,533	88%	761,925	672,533	88%	3,047,700	2,375,167
Police facility	35,850	10,236	29%	35,850	10,236	29%	131,400	121,164
Non-departmental	73,000	574	1%	73,000	574	1%	88,000	87,426
Contingency							373,696	373,696
Total expenditures	\$ 1,037,150	\$ 821,150	79%	\$ 1,037,150	\$ 821,150	79%	\$ 4,186,296	\$ 3,365,146
Revenue over (under) expenditures	(93,525)	(537,623)	-	(93,525)	(537,623)	-	(411,796)	
Beginning fund balance	411,796	472,999	115%	411,796	472,999	115%	411,796	\$ (61,203)
Ending fund balance	\$ 318,271	\$ (64,624)	-	\$ 318,271	\$ (64,624)	-	\$ -	

Transportation Fund

The transportation fund accounts for the operation and maintenance of the City’s street, bike lane, and sidewalk systems. Principal sources of revenue are state gas taxes allocated to cities, permits, and interest. .Principal expenditures are for public works staff, patching, painting, electricity for streetlights and signals, insurance and asphalt.

Revenue collection for the first quarter is at 88% of budget due to the receipt of dollars from Crook County (100% of budget or 175,000), and expenditures for the period are as anticipated.

Overall the transportation fund realized an increase of 28% or \$86,452 compared to a 35% increase in fiscal year 2007, or \$147,592. This difference is due to the timing of gas tax receipts and high cost of fuel resulting in less usage than estimated by the state.

Revenue	Current Quarter			Year to Date			Annual	
	Budget	Actual	%	Budget	Actual	%	Budget	Balance
Licenses & permits	\$ 2,500	\$ 210		\$ 2,500	\$ 210	8%	\$ 10,000	\$ 9,790
Intergovernmental	282,050	241,999	86%	282,050	241,999	86%	1,128,200	886,201
Charges for service	5,000	-	-	5,000	-	-	20,000	20,000
Interest	1,750	564	-	1,750	564	-	7,000	6,436
Miscellaneous	-	14,760	-	-	14,760	-	-	(14,760)
Total revenue	\$ 291,300	\$ 257,533	88%	\$ 291,300	\$ 257,533	88%	\$ 1,165,200	\$ 907,667
Expenditures								
Personal services	\$ 38,900	\$ 35,638	92%	\$ 38,900	\$ 35,638	92%	\$ 155,600	\$ 119,962
Material & services	88,700	66,700	75%	88,700	66,700	75%	354,800	288,100
Capital outlay								
Improvements	118,250	10,923	9%	118,250	10,923	9%	473,000	462,077
Debt service								
Capital lease - street sweeper	-	-	-	-	-	-	0	-
Transfers	57,800	57,800	100%	57,800	57,800	100%	231,200	173,400
Contingency							208,456	208,456
Total expenditures	\$ 303,650	\$ 171,061	56%	\$ 303,650	\$ 171,061	56%	\$ 1,423,056	\$ 1,251,995
Revenue over (under) expenditures	\$ (12,350)	\$ 86,472		\$ (12,350)	\$ 86,472		\$ (257,856)	
Beginning fund balance	257,856	309,233	120%	257,856	309,233	120%	257,856	
Ending fund balance	\$ 245,506	\$ 395,705	161%	\$ 245,506	\$ 395,705	161%	\$ -	

September 30, 2008

Emergency Dispatch Fund

This fund accounts for the emergency dispatch operation. The operation provides dispatching and records management services for the public safety departments serving the Crook County area, with the exception of the State Police. The primary revenue sources are payments by users for services provided, including a transfer from the City's police department in the general fund. The operation is managed by the City's Police Department.

Revenues for the first quarter are above budget due to the receipt of funds from participating agencies that are paid at the beginning of the fiscal year. Expenditures for the quarter are well below budgeted amounts as the department continues to be staffed below approved levels pending hiring. Overall the emergency dispatch fund has an 82% or \$206,295 increase in fund balance.

Revenue	Current Quarter			Year to Date			Annual	
	Budget	Actual	%	Budget	Actual	%	Budget	Balance
Intergovernmental	\$ 133,450	\$ 296,000	222%	\$ 133,450	\$ 296,000	222%	\$ 533,800	\$ 237,800
Charges for services	2,950	137	5%	2,950	137	5%	11,800	11,663
Interest	1,750	520	30%	1,750	520	30%	7,000	6,480
Transfers from other funds	83,950	75,450	90%	83,950	75,450	90%	335,800	260,350
Total revenue	\$ 222,100	\$ 372,107	168%	\$ 222,100	\$ 372,107	168%	\$ 888,400	\$ 516,293
Expenditures								
Personal services	\$ 185,175	\$ 127,844	69%	\$ 185,175	\$ 127,844	69%	\$ 740,700	\$ 612,856
Material & services	36,825	27,868	76%	36,825	27,868	76%	147,300	119,432
Capital outlay								
Equipment	12,950	-	-	12,950	-	-	51,800	51,800
Transfers	10,100	10,100	100%	10,100	10,100	100%	40,400	30,300
Contingency							138,994	138,994
Total expenditures	\$ 245,050	\$ 165,812	68%	\$ 245,050	\$ 165,812	68%	\$ 1,119,194	\$ 953,382
Revenue over (under) expenditures	\$ (22,950)	\$ 206,295	-899%	\$ (22,950)	\$ 206,295	-899%	\$ (230,794)	
Beginning fund balance	230,794	252,476	109%	230,794	252,476	109%	230,794	
Ending fund balance	\$ 207,844	\$ 458,771	221%	\$ 207,844	\$ 458,771	221%	\$ -	

September 30, 2008

LID Construction Fund

This fund accounts for property owner initiated local improvements, such as streets, sidewalks, water, and sewer infrastructure. The primary revenue sources are debt proceeds this is repaid by benefited property owners and property owner payments. Expenditures are for requested infrastructure improvements.

Although there were not any local improvement projects budgeted during the year several are under continuing discussion with interested property owners.

Revenue	Current Quarter			Year to Date			Annual	
	Budget	Actual	%	Budget	Actual	%	Budget	Balance
Intergovernmental	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-
Debt proceeds	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Total revenue	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -
Expenditures								
Capital outlay								
Street improvements				\$ -	\$ -			
Water improvements	-	-	-	-	-	-	\$ -	\$ -
Wastewater improvements	-	-	-	-	-	-	-	-
Interest								
Interim bank financing	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Contingency								
Total expenditures	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -
Revenue over (under) expenditures	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	
Beginning fund balance	-	-	-	-	-	-	-	
Ending fund balance	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	

September 30, 2008

Transportation SDC Fund

This fund accounts for the collection and expenditure of transportation system development charges. The primary revenue source is SDCs. Expenditures are for qualified capital improvement projects and related costs.

As noted previously development activity has significantly reduced SDC collections, however, we anticipated this in our budget estimates and first quarter collection of improvement fees was 33% or \$20,254 of the overall budget. Projects planned and budgeted in this fiscal year continue to receive attention, however significant movement will not occur until funds are secured.

	Current Quarter			Year to Date			Annual	Balance
	Budget	Actual	%	Budget	Actual	%	Budget	
Revenue								
Intergovernmental	\$ 125,000	\$ -	-	\$ 125,000	\$ -	-	\$ 500,000	\$ 500,000
Interest	3,000	1,864	62%	3,000	1,864	62%	12,000	10,136
System development charges	15,000	20,254	135%	15,000	20,254	135%	60,000	39,746
Total revenue	\$ 143,000	\$ 22,118	15%	\$ 143,000	\$ 22,118	15%	\$ 572,000	\$ 549,882
Expenditures								
Material & services	\$ 7,500	\$ 2,692	36%	\$ 7,500	\$ 2,692	36%	\$ 30,000	\$ 27,308
Capital outlay								
Improvements	293,750	2,838	1%	293,750	2,838	1%	1,175,000	1,172,162
Debt service - interest note payable								-
Transfers	7,000	-	-	7,000	-	-	28,000	28,000
Contingency							45,833	45,833
Total expenditures	\$ 308,250	\$ 5,530	2%	\$ 308,250	\$ 5,530	2%	\$ 1,278,833	\$ 1,273,303
Revenue over (under) expenditures	\$ (165,250)	\$ 16,588	-10%	\$ (165,250)	\$ 16,588	-10%	\$ (706,833)	
Beginning fund balance	706,833	836,079	118%	706,833	836,079	118%	706,833	
Ending fund balance	\$ 541,583	\$ 852,667	157%	\$ 541,583	\$ 852,667	157%	\$ -	

Water SDC Fund

This fund accounts for the collection and expenditure of water system development charges. The primary revenue source is SDCs. Expenditures are for qualified capital improvement projects and related costs.

As noted previously development activity has significantly reduced SDC collections, however, we anticipated this in our budget estimates and first quarter collection of improvement fees was approximately 30% or \$17,911 of overall budget. Projects have been planned and budgeted in the current fiscal year, but projects will be deferred until funds become fully available.

The \$1.8 million financing in fiscal year 2007 was refinanced in December 2007 to lower the interest rate and require interest only payments. SDC collections are adequate to make interest payments. If SDC collections improve, principal payments on outstanding debt will be made with available revenue. This will reduce the possibility of identifying and using non-SDC revenue to repay the debt used for capital expansion projects. An SDC methodology update has been budgeted and is expected in Spring 2009.

Revenue	Current Quarter			Year to Date			Annual Budget	Balance
	Budget	Actual	%	Budget	Actual	%		
Interest	\$ 500	\$ 610	122%	\$ 500	\$ 610	122%	\$ 2,000	\$ 1,390
System development charges	15,000	17,911	119%	15,000	17,911	119%	60,000	42,089
Debt proceeds	-	-	-	-	-	-	-	-
Miscellaneous	-	720	#DIV/0!	-	720	#DIV/0!	-	-
Total revenue	\$ 15,500	\$ 19,241	124%	\$ 15,500	\$ 19,241	124%	\$ 62,000	\$ 43,479
Expenditures								
Material & services	\$ 5,000	\$ 2,580	52%	\$ 5,000	\$ 2,580	52%	\$ 20,000	\$ 17,420
Capital outlay								
Improvements	45,750	2,983	7%	45,750	2,983	7%	183,000	180,017
Debt service								
Principal - short-term borrowing	-	-	-	-	-	-	-	-
Interest - short-term borrowing	-	-	-	-	-	-	92,000	92,000
Transfers	750	-	-	750	-	-	3,000	3,000
Contingency							30,895	30,895
Total expenditures	\$ 51,500	\$ 5,563	11%	\$ 51,500	\$ 5,563	11%	\$ 328,895	\$ 323,332
Revenue over (under) expenditures	\$ (36,000)	\$ 13,678	-38%	\$ (36,000)	\$ 13,678	-38%	\$ (266,895)	
Beginning fund balance	266,895	260,069	97%	266,895	260,069	97%	266,895	
Ending fund balance	\$ 230,895	\$ 273,747	119%	\$ 230,895	\$ 273,747	119%	\$ -	

Wastewater SDC Fund

This fund accounts for the collection and expenditure of wastewater system development charges. The primary revenue source is SDCs. Expenditures are for qualified capital improvement projects and related costs.

First quarter improvement fees were well above projections at 40% or \$33,921 of overall budget, however, our budget estimate was very conservative due to the current economic condition. An existing \$445,000 loan was refinanced in December 2007 to lower the interest rate and require interest only payments. If SDC collections are adequate principal payments can be made. The refinancing will reduce the possibility of having to identify and use non-SDC revenue to repay the debt used for capital expansion projects.

No improvement projects have been budgeted this fiscal year.

Revenue	Current Quarter			Year to Date			Annual	Balance
	Budget	Actual	%	Budget	Actual	%	Budget	
Interest	\$ 600	\$ 109	-	\$ 600	\$ 109	-	\$ 2,400	2,291
System development charges	21,075	33,921	161%	21,075	33,921	161%	84,300	50,379
Debt proceeds	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Total revenue	\$ 21,675	\$ 34,030	157%	\$ 21,675	\$ 34,030	157%	\$ 86,700	\$ 52,670
Expenditures								
Material & services	\$ 10,000	\$ -	-	\$ 10,000	\$ -	-	\$ 40,000	\$ 40,000
Capital outlay								
Improvements		-	-	-	-	-	-	-
Debt service								
Principal - short-term borrowing	-	-	-	-	-	-	-	-
Interest - short-term borrowing	-	-	-	-	-	-	32,500	32,500
Transfers	1,075	-	-	1,075	-	-	4,300	4,300
Contingency							41,970	41,970
Total expenditures	\$ 11,075	\$ -	-	\$ 11,075	\$ -	-	\$ 118,770	\$ 118,770
Revenue over (under) expenditures	\$ 10,600	\$ 34,030	321%	\$ 10,600	\$ 34,030	321%	\$ (32,070)	
Beginning fund balance	32,070	2,824	9%	32,070	2,824	9%	32,070	
Ending fund balance	\$ 42,670	\$ 36,854	86%	\$ 42,670	\$ 36,854	86%	\$ -	

September 30, 2008

LID Debt Service Fund

This fund accounts for the repayment of debt issued to finance property owner requested infrastructure projects. The primary revenue source is payment of assessments by benefited property owners.

Activity in this fund is as anticipated.

Revenue	Current Quarter			Year to Date			Annual Budget	Balance
	Budget	Actual	%	Budget	Actual	%		
Intergovernmental	\$ -	\$ 35,000	#DIV/0!	\$ -	\$ 35,000	#DIV/0!	\$ -	\$ (35,000)
Interest	2,500	586	23%	2,500	586	23%	10,000	9,414
Assessment repayments	47,575	97,418	205%	47,575	97,418	205%	190,300	92,882
Total revenue	\$ 50,075	\$ 133,004	266%	\$ 50,075	\$ 133,004	266%	\$ 200,300	\$ 67,296
Expenditures								
Materials and services	\$ 325	\$ -	-	\$ 325	\$ -	-	\$ 1,300	\$ 1,300
Debt service								
Principal								
Spruce Lane LID - 2001	9,200	9,200	100%	9,200	9,200	100%	9,200	-
10th St/Madras Hwy LID - 2003	1,800	1,763	98%	1,800	1,763	98%	7,200	5,437
Northridge LID - 2003	13,750	-	-	13,750	-	-	55,000	55,000
Ochoco Hwy LID - 2004	4,750	5,579	117%	4,750	5,579	117%	19,000	13,421
Ironhorse LID - 2006	24,250	26,830	111%	24,250	26,830	111%	97,000	70,170
Interest								
Spruce Lane LID - 2001	1,200	966	81%	1,200	966	81%	1,700	734
10th Street/Madras Hwy LID - 2003	675	695	103%	675	695	103%	2,700	2,005
Northridge LID - 2003	4,725	7,119	151%	4,725	7,119	151%	18,900	11,781
Ochoco Hwy LID - 2004	1,775	935	53%	1,775	935	53%	7,100	6,165
Ironhorse LID - 2006	13,250	48,127	363%	13,250	48,127	363%	53,000	4,873
Contingency							297,832	297,832
Total expenditures	\$ 75,700	\$ 101,214	134%	\$ 75,700	\$ 101,214	134%	\$ 569,932	\$ 468,718
Revenue over (under) expenditures	\$ (25,625)	\$ 31,790	-124%	\$ (25,625)	\$ 31,790	-124%	\$ (369,632)	
Beginning fund balance	369,632	405,509	110%	369,632	405,509	110%	369,632	
Ending fund balance	\$ 344,007	\$ 437,299	127%	\$ 344,007	\$ 437,299	127%	\$ -	

September 30, 2008

Fire Hall/Water G.O. Debt Service Fund

This fund accounts for the repayment of debt issued to finance the construction of the fire hall and water improvements. The primary revenue source is voter approved property taxes.

Activity in this fund is as anticipated.

Revenue	Current Quarter			Year to Date			Annual	Balance
	Budget	Actual	%	Budget	Actual	%	Budget	
Property taxes	\$ 18,750	\$ -	-	\$ 18,750	\$ -	-	\$ 75,000	\$ 75,000
Interest	250	89	36%	250	89	36%	1,000	911
Total revenue	\$ 19,000	\$ 89	0%	\$ 19,000	\$ 89	0%	\$ 76,000	\$ 75,911
Expenditures								
Debt service								
Principal								
G.O. Bonds	\$ -	-	-	\$ -	\$ -	-	\$ 75,000	\$ 75,000
Interest								
G.O. Bonds	8,348	7,464	89%	8,348	7,464	89%	12,720	5,256
Other requirements							25,941	25,941
Total expenditures	\$ 8,348	\$ 7,464	89%	\$ 8,348	\$ 7,464	89%	\$ 113,661	\$ 106,197
Revenue over (under) expenditures	\$ 10,652	\$ (7,375)	-	\$ 10,652	\$ (7,375)	-	\$ (37,661)	
Beginning fund balance	37,661	41,925	111%	37,661	41,925	111%	37,661	
Ending fund balance	\$ 48,313	\$ 34,550	72%	\$ 48,313	\$ 34,550	72%	\$ -	

September 30, 2008

Industrial Park Debt Service Fund

This fund accounts for the repayment of debt issued to finance construction of infrastructure improvements to the City's industrial park area. The primary revenue source is land rent to the Railroad and later the Freight Depot.

Activity in this fund is as anticipated.

Revenue	Current Quarter			Year to Date			Annual Budget	Balance
	Budget	Actual	%	Budget	Actual	%		
Interest	\$ -	-	-	\$ -	\$ -	-	\$ -	\$ -
Land rent	33,000	33,000	100%	33,000	33,000	100%	132,000	99,000
Land sales	33,750	-	-	33,750	-	-	135,000	135,000
Total revenue	\$ 66,750	\$ 33,000	49%	\$ 66,750	\$ 33,000	49%	\$ 267,000	\$ 234,000
Expenditures								
Materials and services	\$ 1,500	\$ -	-	\$ 1,500	\$ -	-	\$ 800	\$ 800
Debt service								
Principal								
126 - 1996	-	-	-	-	-	-	54,700	54,700
Natural gas loan	9,375	9,375	100%	9,375	9,375	100%	37,500	28,125
Railroad note payable	35,000	-	-	35,000	-	-	140,000	140,000
Interest								
126 - 1996	-	-	-	-	-	-	32,500	32,500
Railroad note payable	1,500	-	-	1,500	-	-	500	500
Contingency							1,427	1,427
Total expenditures	\$ 47,375	\$ 9,375	20%	\$ 47,375	\$ 9,375	20%	\$ 267,427	\$ 258,052
Revenue over (under) expenditures	\$ 19,375	\$ 23,625	122%	\$ 19,375	\$ 23,625	122%	\$ (427)	
Beginning fund balance	427	543	127%	427	543	127%	427	
Ending fund balance	\$ 19,802	\$ 24,168	122%	\$ 19,802	\$ 24,168	122%	\$ -	

Railroad Fund

This fund accounts for the activities of the City's railroad operation. Primary revenue sources are payments for the use of railroad facilities and related services. Expenditures are for the railroad operation, including repair and capital improvements. Additionally, transfers and loans to other City operations are budgeted.

During the first quarter, railcar traffic is down 6% and continues to suffer through a depressed housing market resulting in fewer timber related carloads. Other revenue is below budget due to a land sale of city property that has fallen through. Planned rail pick-up and sale as scrap has been delayed due to the significant drop in value of scrap and reusable rail, and use of money & property (interest) is below budget due to available balances being below estimated amounts.

Expenditures are well under first quarter budget estimates and overall fund balance has decreased 12% or \$90,169. Management and the railroad commission continue to pursue additional business and reduce expenditures.

Revenue	Current Quarter			Year to Date			Annual	
	Budget	Actual	%	Budget	Actual	%	Budget	Balance
Charges for services	\$ 137,600	\$ 105,037	76%	\$ 137,600	\$ 105,037	76%	\$ 550,400	\$ 445,363
Use of money & property	14,125	4,799	34%	14,125	4,799	34%	56,500	51,701
Miscellaneous	93,600	17,767	19%	93,600	17,767	19%	374,400	356,633
Transfers	1,875	-	-	1,875	-	-	7,500	7,500
Total revenue	\$ 247,200	\$ 127,603	52%	\$ 247,200	\$ 127,603	52%	\$ 988,800	\$ 861,197
Expenditures								
Personal services	\$ 116,600	\$ 115,554	99%	\$ 116,600	\$ 115,554	99%	\$ 466,400	\$ 350,846
Material and services	98,000	78,593	80%	98,000	78,593	80%	392,000	313,407
Capital outlay								
Improvements	18,000	-	-	18,000	-	-	72,000	72,000
Transfers	23,625	23,625	100%	23,625	23,625	100%	94,500	70,875
Contingency							739,644	739,644
Total expenditures	\$ 256,225	\$ 217,772	85%	\$ 256,225	\$ 217,772	85%	\$ 1,764,544	\$ 1,546,772
Revenue over (under) expenditures	\$ (9,025)	\$ (90,169)	-	\$ (9,025)	\$ (90,169)	-	(775,744)	
Beginning fund balance	775,744	741,767	96%	775,744	741,767	96%	775,744	
Ending fund balance	\$ 766,719	\$ 651,598	85%	\$ 766,719	\$ 651,598	85%	\$ -	

September 30, 2008

Water Fund

This fund accounts for the activities of the City's water utility. The primary source of revenue is water sales and expenditures are for the operation of system including repair and maintenance of infrastructure.

First quarter revenues are slightly ahead of budget estimates at 147% for the quarter despite a significant reduction in building activity and customer growth. Water connection charges are approx 19% of overall budget estimate. During the first quarter water sales increased due to irrigation, next quarter revenues should come in line with budget estimates.

Expenditures for the first quarter are well below budget estimates, however the completion of planned projects in subsequent quarters will bring expenditures within approved amounts.

Overall water fund has a 30% or \$233,406 increase in fund balance.

Revenue	Current Quarter			Year to Date			Annual Budget	Balance
	Budget	Actual	%	Budget	Actual	%		
Charges for services	\$ 371,050	\$ 552,980	149%	\$ 371,050	\$ 552,980	149%	\$ 1,484,200	\$ 931,220
Interest	5,250	1,858	35%	5,250	1,858	35%	21,000	19,142
Miscellaneous	125	-	-	125	-	-	500	500
Total revenue	\$ 376,425	\$ 554,838	147%	\$ 376,425	\$ 554,838	147%	\$ 1,505,700	\$ 950,862
Expenditures								
Personal services	\$ 57,675	\$ 48,294	84%	\$ 57,675	\$ 48,294	84%	\$ 230,700	\$ 182,406
Materials and services	140,100	73,832	53%	140,100	73,832	53%	560,400	486,568
Capital outlay								
Equipment	-	-	-	-	-	-	-	-
Improvements	120,000	37,436	31%	120,000	37,436	31%	480,000	442,564
Debt service								
Principal								
Water revenue bond 2003	-	-	-	-	-	-	35,000	35,000
Interest								
Water revenue bond 2003	16,900	16,370	97%	16,900	16,370	97%	32,800	16,430
Transfers	145,500	145,500	100%	145,500	145,500	100%	582,000	436,500
Contingency							445,750	445,750
Total expenditures	\$ 480,175	\$ 321,432	67%	\$ 480,175	\$ 321,432	67%	\$ 2,366,650	\$ 2,045,218
Revenue over (under) expenditures	\$ (103,750)	\$ 233,406	-225%	\$ (103,750)	\$ 233,406	-225%	\$ (860,950)	
Beginning fund balance	860,950	777,434	90%	860,950	777,434	90%	860,950	
Ending fund balance	\$ 757,200	\$ 1,010,840	133%	\$ 757,200	\$ 1,010,840	133%	\$ -	

Wastewater Fund

This fund accounts for the activities of the City's wastewater and treatment facilities. The primary source of revenue is sales and expenditures are for the operation of system including repair and maintenance of infrastructure and debt service related to infrastructure costs.

First quarter revenue was at 116% or \$887,210 of budget estimate, and expenditures are 267% or \$1,215,243 due to debt service payments paid during the first quarter, totaling \$788,922. Other expenditures are as anticipated.

Overall fund balance for wastewater is down 31% or \$328,033, as mentioned above this is due to debt service payments.

Revenue	Current Quarter			Year to Date			Annual	Balance
	Budget	Actual	%	Budget	Actual	%	Budget	
Charges for services	\$ 733,000	\$ 867,939	118%	\$ 733,000	\$ 867,939	118%	\$ 2,932,000	\$ 2,064,061
Interest	7,500	2,923	39%	7,500	2,923	39%	30,000	27,077
Miscellaneous	13,350	6,814	51%	13,350	6,814	51%	53,400	46,586
SDCs - reimbursement fees	8,000	9,534	119%	8,000	9,534	119%	32,000	22,466
Total revenue	\$ 761,850	\$ 887,210	116%	\$ 761,850	\$ 887,210	116%	\$ 3,047,400	\$ 2,160,190
Expenditures								
Personal services	\$ 75,775	\$ 71,981	95%	\$ 75,775	\$ 71,981	95%	\$ 303,100	\$ 231,119
Materials and services	146,475	127,089	87%	146,475	127,089	87%	585,900	458,811
Capital outlay								
Improvements	6,250	-	-	6,250	-	-	25,000	25,000
Debt service								
Principal								
SRRB 1998	220,000	220,000	100%	220,000	220,000	100%	220,000	-
SRF 1992	-	-	-	-	-	-	142,000	142,000
SPWF 1992	-	-	-	-	-	-	69,600	69,600
DEQ CWSRF R74682/1	97,566	97,566	100%	97,566	97,566	100%	196,900	99,334
DEQ CWSRF R74682/2	171,111	171,111	100%	171,111	171,111	100%	356,700	185,589
Interest								
SRRB 1998	25,538	25,538	100%	25,538	25,538	100%	46,600	21,062
SRF 1992	-	-	-	-	-	-	22,600	22,600
SPWF 1992	-	-	-	-	-	-	20,000	20,000
DEQ CWSRF R74682/1	86,248	86,248	100%	86,248	86,248	100%	170,800	84,552
DEQ CWSRF R74682/2	122,499	122,499	100%	122,499	122,499	100%	242,100	119,601
Fees								
DEQ CWSRF R74682/1 & 2	65,900	65,961	100%	65,900	65,961	100%	65,900	(61)
Transfers	227,250	227,250	100%	227,250	227,250	100%	909,000	681,750
Contingency							65,280	65,280
Total expenditures	\$ 1,244,612	\$ 1,215,243	98%	\$ 1,244,612	\$ 1,215,243	98%	\$ 3,441,480	\$ 2,226,237
Revenue over (under) expenditures	(482,762)	(328,033)	-	(482,762)	(328,033)	-	(394,080)	(66,047)
Other resources/(requirements)								
Debt service reserve	748,266	748,266	100%	748,266	748,266	100%	748,266	
Beginning fund balance	1,142,346	1,065,145	93%	1,142,346	1,065,145	93%	1,142,346	
Ending fund balance	\$ 659,585	\$ 737,112	112%	\$ 659,585	\$ 737,112	112%	\$ 748,266	

September 30, 2008

Golf Course and Restaurant Fund

This fund accounts for the activities of Meadow Lakes Golf Course and Restaurant. Revenue is generated through user fees, restaurant sales, and operating payment from the City's wastewater fund for treatment.

First quarter overall fund balance for golf course is showing a slight increase of 14% or \$43,226. Revenues for first quarter compared to last fiscal year are approx 5% less. Expenditures in all activities are as anticipated with reduced costs anticipated as the summer season activities are reduced. The overall performance is consistent with the business plan.

Revenue	Current Quarter			Year to Date			Annual Budget	Balance
	Budget	Actual	%	Budget	Actual	%		
Charges for services								
Golf Course	\$ 242,950	\$ 378,464	156%	\$ 242,950	\$ 378,464	156%	\$ 971,800	\$ 593,336
Waste disposal	87,500	87,500	100%	87,500	87,500	100%	350,000	262,500
Restaurant	118,750	152,618	129%	118,750	152,618	129%	475,000	322,382
Other	-	-	-	-	-	-	-	-
Interest	2,500	674	-	2,500	674	-	10,000	9,326
Miscellaneous	2,550	1,118	44%	2,550	1,118	44%	10,200	9,082
Total revenue	\$ 454,250	\$ 620,374	137%	\$ 454,250	\$ 620,374	137%	\$ 1,817,000	\$ 1,196,626
Expenditures								
Golf Course	\$ 177,500	\$ 251,297	142%	\$ 177,500	\$ 251,297	142%	\$ 710,000	\$ 458,703
Waste disposal	127,575	158,949	125%	127,575	158,949	125%	510,300	351,351
Restaurant	140,100	156,902	112%	140,100	156,902	112%	560,400	403,498
Debt service								
Principal - note payable	12,025	8,031	67%	12,025	8,031	67%	48,100	40,069
Interest - note payable	4,000	1,969	49%	4,000	1,969	49%	16,000	14,031
Contingency							298,335	298,335
Total expenditures	\$ 461,200	\$ 577,148	125%	\$ 461,200	\$ 577,148	125%	\$ 2,143,135	\$ 1,565,987
Revenue over (under) expenditures	(6,950)	43,226	-622%	(6,950)	43,226	-622%	(326,135)	
Beginning fund balance	326,135	306,991	94%	326,135	306,991	94%	326,135	
Ending fund balance	\$ 319,185	\$ 350,217	110%	\$ 319,185	\$ 350,217	110%	\$ -	

September 30, 2008

Dinner Train Fund

The Crooked River Dinner Train is in its third year of operation under City ownership. The Dinner Train contributes to the revenues of the City of Prineville Railway and to the administrative costs of the City of Prineville.

First quarter revenues are at 134% of budget or \$181,643, expenditures 132% or 168,452. Overall change in fund balance has increased 73% or \$12,949. The economic slowdown has impacted the dinner trains ability to fill trains to capacity, and with the end of the summer season the train will operate on a limited basis.

Revenue	Current Quarter			Year to Date			Annual	
	Budget	Actual	%	Budget	Actual	%	Budget	Balance
Charges for services	\$ 134,825	\$ 181,229	134%	\$ 134,825	\$ 181,229	134%	\$ 539,300	\$ 358,071
Interest	375	172	46%	375	172	46%	1,500	1,328
Total revenue	\$ 135,200	\$ 181,401	134%	\$ 135,200	\$ 181,401	134%	\$ 540,800	\$ 359,399
Expenditures								
Personal services	\$ 42,800	\$ 58,010	136%	\$ 42,800	\$ 58,010	136%	\$ 171,200	\$ 113,190
Materials and services	73,000	99,067	136%	73,000	99,067	136%	292,000	192,933
Debt service								
Interest - note payable Railroad		0	-	-	-	-	5,000	5,000
Transfers	11,375	11,375	100%	11,375	11,375	100%	45,500	34,125
Contingency							59,865	59,865
Total expenditures	\$ 127,175	\$ 168,452	132%	\$ 127,175	\$ 168,452	132%	\$ 573,565	\$ 405,113
Revenue over (under) expenditures	8,025	12,949	161%	8,025	12,949	161%	(32,765)	(45,714)
Beginning fund balance	32,765	17,731	54%	32,765	17,731	54%	32,765	15,034
Ending fund balance	\$ 40,790	\$ 30,680	75%	\$ 40,790	\$ 30,680	75%	\$ -	

Freight Depot Fund

This fund accounts for the activities of the City's freight loading and storage activities. A part of a coordinated strategy to increase railroad activity, the City launched a freight storage and reload operation in 2005. The facility has been successful in bringing additional traffic to the railroad as well as providing non-rail served industry in Central Oregon a connection to the National Rail network.

Revenues are derived from customers for freight loading and unloading, reloading and storage. During fiscal year 2008, the Freight Depot has suffered in car loadings due to our primary customer Louisiana Pacific Burns closing their doors. Although the City has added numerous customers and now has over 22 current customers, every customer product is building product related and their rail traffic has suffered as a result of the housing market decline.

Freight Depot revenue for the first quarter of fiscal year 2009 came in at 2% of budget projections. Charges for service are 75% of first quarter budget projections, while intergovernmental revenue is 1% of budget estimates. The intergovernmental revenue will increase to match capital expenditures due to the timing of reimbursement from the Connect Oregon project, and expenditures are 19% of budget. Overall change in fund balance is at -146% or \$(67,751).

This practice is expected to continue during the construction of the freight facilities and transition to operating purposes as business activity increases.

Revenue	Current Quarter			Year to Date			Annual Budget	Balance
	Budget	Actual	%	Budget	Actual	%		
Intergovernmental	\$ 1,291,825	\$ 7,201	1%	\$ 1,291,825	\$ 7,201	1%	\$ 5,167,300	\$ 5,160,099
Charges for services	26,200	19,586	75%	26,200	19,586	75%	104,800	85,214
Interest	-	-	-	-	-	-	-	-
Miscellaneous	3,000	-	-	3,000	-	-	12,000	12,000
Total revenue	\$ 1,321,025	\$ 26,787	2%	\$ 1,321,025	\$ 26,787	2%	\$ 5,284,100	\$ 5,257,313
Expenditures								
Personal services	\$ 16,375	\$ 14,923	91%	\$ 16,375	\$ 14,923	91%	\$ 65,500	\$ 50,577
Materials and services	9,125	10,822	119%	9,125	10,822	119%	29,000	18,178
Capital outlay	467,500	60,018	13%	467,500	60,018	13%	1,870,000	1,809,982
Debt service								
Interest - note payable Railroad	2,500	-	-	2,500	-	-	10,000	10,000
Transfers	8,775	8,775	100%	8,775	8,775	100%	35,100	26,325
Contingency							3,294,440	3,294,440
Total expenditures	\$ 504,275	\$ 94,538	19%	\$ 504,275	\$ 94,538	19%	\$ 5,304,040	\$ 5,209,502
Revenue over (under) expenditures	816,750	(67,751)	-	816,750	(67,751)	-	(19,940)	47,811
Beginning fund balance	19,940	(46,424)	-	19,940	(46,424)	-	19,940	
Ending fund balance	\$ 836,690	\$ (114,175)	-	\$ 836,690	\$ (114,175)	-	\$ -	

Administration and Financial Support Services Fund

This fund accounts for the activities of the City Manager’s office, human resources, recorder, finance, Council directed contributions, and information technology services. The primary source of revenue is charges to other funds for services.

First quarter revenue is 99% or \$371,948 of budgeted projections, expenditures are under budget at 90% or \$348,371. The lack of a permanent city manager has reduced expenses of this fund, and an adjustment will be made in the allocation of personnel related costs for the interim manager. Overall change in fund balance shows an increase of 25% or \$23,577.

	Current Quarter			Year to Date			Annual	Balance
	Budget	Actual	%	Budget	Actual	%	Budget	
Revenue								
Charges for services	\$ 372,825	\$ 371,716	100%	\$ 372,825	\$ 371,716	100%	\$ 1,491,300	\$ 1,119,584
Interest	1,000	232	23%	1,000	232	23%	4,000	3,768
Total revenue	\$ 373,825	\$ 371,948	99%	\$ 373,825	\$ 371,948	99%	\$ 1,495,300	\$ 1,123,352
Expenditures								
City Council	\$ 18,500	\$ 21,390	116%	\$ 18,500	\$ 21,390	116%	\$ 74,000	\$ 52,610
Administration/team services	167,375	147,403	88%	167,375	147,403	88%	669,500	522,097
Financial services	107,550	92,463	86%	107,550	92,463	86%	430,200	337,737
Non-departmental	-	-	-	-	-	-	-	-
Information technology	92,100	87,115	95%	92,100	87,115	95%	338,400	251,285
Contingency							126,038	126,038
Total expenditures	385,525	348,371	90%	385,525	348,371	90%	1,638,138	1,289,767
Revenue over (under) expenditures	(11,700)	23,577	-202%	(11,700)	23,577	-202%	(142,838)	(166,415)
Beginning fund balance	142,838	93,802	66%	142,838	93,802	66%	142,838	49,036
Ending fund balance	\$ 131,138	\$ 117,379	90%	\$ 131,138	\$ 117,379	90%	\$ -	

September 30, 2008

Public Works Support Services Fund

This fund accounts for the activities of the Public Works management and support staff, fleet and vehicle maintenance and public works office space operating costs. The primary source of revenue is charges to other funds for services.

First quarter revenue and expenditures are below budget (97% and 61% respectively). Budgeted expenditures in fleet/vehicles, and facilities in future quarters will bring fund balances back in line with budget. Overall fund balance reflects a 183% increase or \$56,123. Fund activity is as anticipated.

Revenue	Current Quarter			Year to Date			Annual	
	Budget	Actual	%	Budget	Actual	%	Budget	Balance
Intergovernmental	\$ -	-	-	\$ -	\$ -	-	\$ -	\$ -
Licenses and permits	500	1,644	-	500	1,644	-	2,000	356
Charges for services	163,200	158,235	97%	163,200	158,235	97%	652,800	494,565
Interest	225	89	40%	225	89	40%	900	811
Miscellaneous	375	-	-	375	-	-	1,500	1,500
Total revenue	164,300	159,968	97%	164,300	159,968	97%	657,200	497,232
Expenditures								
Public Works Support Services	93,500	83,626	89%	93,500	83,626	89%	374,000	290,374
Public Works Fleet & Vehicles	70,700	17,792	25%	70,700	17,792	25%	237,800	220,008
Public Works Facilities	4,900	2,427	50%	4,900	2,427	50%	19,600	17,173
Contingency							45,743	45,743
Total expenditures	169,100	103,845	61%	169,100	103,845	61%	677,143	573,298
Revenue over (under) expenditures	(4,800)	56,123	-1169%	(4,800)	56,123	-1169%	(19,943)	(76,066)
Beginning fund balance	19,943	30,683	154%	19,943	30,683	154%	19,943	(10,740)
Ending fund balance	\$ 15,143	\$ 86,806	573%	\$ 15,143	\$ 86,806	573%	\$ -	

September 30, 2008

City Hall Fund

This fund accounts for the operating costs of the city hall facility and related debt service. Revenue is received through rental charges to user departments and activities.

Revenue and expenditures during the first quarter were as anticipated.

	Current Quarter			Year to Date			Annual Budget	Balance
	Budget	Actual	%	Budget	Actual	%		
Revenue								
Rent	\$ 37,175	\$ 37,175	100%	\$ 37,175	\$ 37,175	100%	\$ 148,700	\$ 111,525
Interest	625	159	-	625	159	-	2,500	2,341
Total revenue	37,800	37,334	99%	37,800	37,334	99%	151,200	113,866
Expenditures								
Personal services	625	185	30%	625	185	30%	2,500	2,315
Materials and services	12,000	18,247	152%	12,000	18,247	152%	48,000	29,753
Debt service								
Principal - USDA 2005	-	-	-	-	-	-	32,800	32,800
Interest - USDA - 2005	-	-	-	-	-	-	72,300	72,300
Contingency							25,995	25,995
Total expenditures	12,625	18,432	146%	12,625	18,432	146%	181,595	163,163
Revenue over (under) expenditures	25,175	18,902	75%	25,175	18,902	75%	(30,395)	(49,297)
Other requirements								
Debt service reserve	21,000	21,000	100%	21,000	21,000	100%	31,500	10,500
Beginning fund balance	61,895	66,354	107%	61,895	66,354	107%	61,895	(4,459)
Ending fund balance	\$ 87,070	\$ 85,256	98%	\$ 87,070	\$ 85,256	98%	\$ 31,500	