

*City of Prineville,
Oregon
Financial Report
First Quarter Ended
September 30, 2016*



September 30, 2016

Executive Summary

During the first quarter ending September 30, 2016 the City's financial condition decreased by approximately 16 percent or \$1.39 million. Funds contributing significantly to the decrease in the City's ending fund balance include the General fund, Transportation, Emergency Dispatch, Wastewater SDC, Airport, Wastewater and Administration fund. Timing of property tax collection, capital improvements, and scheduled debt service payments contributed to the decrease in the City's financial condition. Funds with a positive impact to fund balance include the Transportation SDC, Water SDC, POB Debt Service and the Building Facilities fund. Overall unaudited beginning fund balances totaled approximately \$1 million more than budget estimates.

In the first quarter, General fund revenues came in at roughly 14 percent of the annual budget or \$759,000. Overall revenue collection for the first quarter has increased approximately \$117,000 over the prior year. Property tax revenue is at \$31,000 for the first quarter, up compared to the prior year of roughly \$26,000. Transient lodging taxes are up over prior year by roughly \$25,000 and franchise fees are at roughly 28 percent of the annual budget with collection increasing approximately \$168,000 over prior year's first quarter. Electrical franchise fees have increased over the prior year at quarter end roughly \$170,000 due to the increased activities of the data centers. Overall, the General fund realized a reduction in fund balance of roughly -38 percent or approximately \$371,000 in the first quarter, bringing the fund balance to roughly \$593,000. With the collection of property taxes beginning in November, the fund balance will significantly improve. Prior year tax collections for November totaled approximately \$1.2 million.

The Transportation fund balance decreased by approximately \$156,000 or -58 percent. Timing in which intergovernmental revenues are collected contributed to this decrease in fund balance and budgeted capital projects like the Lynn Blvd and Knowledge crosswalk work and 2016 grind and inlay project. Capital expenditures in the first quarter came in at approximately \$263,000 or 64 percent of the annual budget.

The Transportation SDC and Water SDC funds both realized gains to their fund balances with no expenditures and 10 housing starts during the first quarter. Capital expenditures totaling \$916,000 for the wetlands project is the largest contributor to the fund balance decrease of \$192,000 or -53% in the Wastewater SDC fund.

Charges for services in Railroad is approximately 40 percent of annual budget, while Freight Depot revenue collection came in at 24 percent for the first quarter. Combined revenue for the first quarter in charges for services totals approximately \$252,000. Operating revenue is up roughly 21 percent in comparison to the prior year at quarter end largely due to increased traffic from Les Schwab resulting in increased demurrage charges. First quarter expenditures are approximately 20 percent or \$352,000 of annual budget, materials and services are approximately 40 percent of annual budget which includes the annual payment for liability insurance, and the semiannual debt service payment was also taken out in the first quarter.

The Airport fund balance decreased approximately \$226,000 through the first quarter. Fuel sales are down in comparison to the prior year at quarter end, partly due to a slower fire season in comparison to the prior year. The debt service for the Les Schwab hanger at \$25,000, the annual

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insurance payment, and the timing in which capital projects are reimbursed is largely responsible for the decrease. FAA and Connect Oregon funds are anticipated to start coming in during the second quarter. Dollars from the county totaling \$130,000 were received in October. Fuel inventory at first quarter end is approximately \$32,000.

The Wastewater fund balance decreased roughly 25 percent or \$418,000. This decrease is a result of budgeted debt service payments made in the first quarter totaling roughly \$619,000.

Meadow Lakes Golf shows a decrease in fund balance for the first quarter of approximately \$21,600 or -6 percent. Contributing to this decrease is budgeted debt service payments of approximately \$79,000 and annual insurance costs. Overall operating revenues are up slightly in both golf and restaurant in comparison to the prior year at quarter end. Golf course operating expenditures are down approximately 8 percent over prior year while restaurant operating expenditures have increased roughly 2 percent. Course maintenance expenditures decreased roughly 15 percent in comparison to the prior year at quarter end. Expenditure decreases in both the maintenance and golf departments are attributed to the staff restructuring that took place at the beginning of the fiscal year. Management continues to monitor expenditures closely.

Internal service funds are as anticipated and will balance out during the remaining quarters.

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,

Steve Forrester
City Manager
All City Funds

Liz Schuette,
Finance Director

| Fund | Current Budget Beginning Fund Balance | Unaudited Actual Fund Balance | Current Year Resources | Current Year Expenditures | Ending Fund Balance | Change in Fund Balance | Percentage | Budget/Actual Variance Over/(Under) |
|---------------------------------------|---|-------------------------------------|------------------------------|---------------------------------|---------------------------|------------------------------|------------------------------|---|
| | | | | | | | Change in Fund Balance | |
| General | \$ 871,859 | \$ 963,852 | \$ 759,443 | \$ 1,130,420 | \$ 592,875 | \$ (370,977) | -38% | \$ 91,993 |
| Transportation | 205,281 | 267,186 | 302,255 | 458,323 | 111,117 | (156,069) | -58% | 61,905 |
| Emergency Dispatch | 316,697 | 339,206 | 206,781 | 271,928 | 274,059 | (65,147) | -19% | 22,509 |
| Planning | 58,380 | 78,021 | 97,974 | 93,575 | 82,420 | 4,399 | 6% | 19,641 |
| Transportation SDC | 459,094 | 496,755 | 81,709 | - | 578,464 | 81,709 | 16% | 37,661 |
| Water SDC | 10,592 | 70,107 | 28,403 | - | 98,510 | 28,403 | 41% | 59,515 |
| Wastewater SDC | 115,207 | 365,822 | 723,322 | 915,814 | 173,329 | (192,493) | -53% | 250,615 |
| LID Debt Service | 101,475 | 101,666 | 81,298 | 74,957 | 108,007 | 6,341 | 6% | 191 |
| PERS / POB Fund | 185,342 | 252,680 | 142,446 | - | 395,126 | 142,446 | 56% | 67,338 |
| Railroad | 784,649 | 625,769 | 306,277 | 351,816 | 580,230 | (45,539) | -7% | (158,880) |
| Airport | 37,449 | 30,210 | 166,427 | 392,263 | (195,626) | (225,836) | -748% | (7,239) |
| Water | 1,524,941 | 1,887,167 | 849,998 | 975,789 | 1,761,376 | (125,791) | -7% | 362,226 |
| Wastewater | 1,554,950 | 1,654,523 | 854,421 | 1,272,575 | 1,236,369 | (418,154) | -25% | 99,573 |
| Golf Course and Restaurant | 330,462 | 374,533 | 496,904 | 518,485 | 352,952 | (21,581) | -6% | 44,071 |
| Administration and Financial Services | 324,600 | 415,879 | 516,815 | 593,562 | 339,132 | (76,747) | -18% | 91,279 |
| Public Works Support Services | 348,934 | 332,100 | 357,398 | 359,637 | 329,861 | (2,239) | -1% | (16,834) |
| Building Facilities | 169,999 | 176,061 | 90,766 | 42,697 | 224,130 | 48,069 | 27% | 6,062 |
| Plaza Maintenance | 15,916 | 29,052 | 28 | 1,095 | 27,985 | (1,067) | - | 13,136 |
| Totals | \$ 7,415,827 | \$ 8,460,589 | \$ 6,062,664 | \$ 7,452,936 | \$ 7,070,318 | \$ (1,390,271) | -16% | 1,044,762 |

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General Fund

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

Overall revenue collection for the first quarter has increased approximately \$117,000 over prior year at quarter end. Property tax revenue is at \$31,000 for the first quarter, up compared to the prior year of roughly \$26,000. Transient lodging taxes are up over prior year by roughly \$25,000 and franchise fees are at roughly 28 percent of the annual budget with collection increasing approximately \$168,000 over prior year's first quarter. Electrical franchise fees have increased over the prior year at quarter end roughly \$170,000 due to the increased activities of the data centers.

Police spending for the first quarter of the year was at approximately 26 percent of the annual budget. Personnel services are at roughly 26 percent of the annual budget and over time is approximately 39 percent of the annual budget with summer time activities requiring increased services.

Overall, the General fund realized a reduction in fund balance of roughly -38 percent or approximately \$371,000 in the first quarter, bringing the fund balance to roughly \$593,000. With the collection of property taxes beginning in November, the fund balance will significantly improve. Prior year tax collections for November totaled approximately \$1.2 million.

| Revenue | Current Quarter | | Quarter Budget % | Year to Date | | Annual Budget % | Annual Budget | Annual Balance |
|-----------------------------------|---------------------|---------------------|------------------|---------------------|---------------------|-----------------|---------------------|---------------------|
| | Budget | Actual | | Budget | Actual | | | |
| Property taxes | \$ 480,000 | \$ 31,020 | 6% | \$ 480,000 | \$ 31,020 | 2% | \$ 1,920,000 | \$ 1,888,980 |
| Transient lodging tax | 75,000 | 131,487 | 175% | 75,000 | 131,487 | 44% | 300,000 | 168,513 |
| Franchise fees | 479,750 | 538,869 | 112% | 479,750 | 538,869 | 28% | 1,919,000 | 1,380,131 |
| Licenses and permits | 2,675 | 3,251 | 122% | 2,675 | 3,251 | 30% | 10,700 | 7,449 |
| Intergovernmental revenues | 58,250 | 43,902 | 75% | 58,250 | 43,902 | 19% | 233,000 | 189,098 |
| Charges for services | 25 | - | - | 25 | - | - | 100 | 100 |
| Interest | 1,000 | 653 | 65% | 1,000 | 653 | 16% | 4,000 | 3,347 |
| Miscellaneous | 72,925 | 10,262 | 14% | 72,925 | 10,262 | 4% | 291,700 | 281,438 |
| Transfers | 25,000 | - | - | 25,000 | - | 0% | 100,000 | 100,000 |
| Debt Proceeds | 175,000 | - | - | 175,000 | - | 0% | 700,000 | 700,000 |
| Total revenue | \$ 1,369,625 | \$ 759,443 | 55% | \$ 1,369,625 | \$ 759,443 | 14% | \$ 5,478,500 | \$ 4,719,057 |
| Expenditures | | | | | | | | |
| Police | \$ 927,725 | 950,852 | 102% | \$ 927,725 | \$ 950,852 | 26% | \$ 3,710,900 | \$ 2,760,049 |
| Non-departmental | 415,250 | 179,569 | 43% | 415,250 | 179,569 | 11% | 1,661,000 | 1,481,431 |
| Contingency | | | | | | | 978,459 | 978,459 |
| Total expenditures | \$ 1,342,975 | \$ 1,130,420 | 84% | \$ 1,342,975 | \$ 1,130,420 | 18% | \$ 6,350,359 | \$ 5,219,939 |
| Revenue over (under) expenditures | 26,650 | (370,977) | -38% | 26,650 | (370,977) | -38% | (871,859) | |
| Beginning fund balance | 871,859 | 963,852 | 111% | 871,859 | 963,852 | 111% | 871,859 | \$ (91,993) |
| Ending fund balance | \$ 898,509 | \$ 592,875 | 66% | \$ 898,509 | \$ 592,875 | 66% | \$ - | |

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Transportation Fund

The Transportation fund accounts for the operation and maintenance of the City's streets, bike lanes, 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, slurry seals, signals, insurance and asphalt.

First quarter revenue for the Transportation fund came in at approximately 25 percent of the annual budget. Intergovernmental revenue collection is at 25 percent of annual budget with State of Oregon gas tax and State revenue sharing totaling approximately \$182,700.

Expenditures in the first quarter came in as anticipated at approximately 32 percent of annual budget. Capital improvements are roughly 64 percent of the annual budget with the completion of the Lynn Blvd and Knowledge crosswalk work and 2016 grind and inlay project during the first quarter.

Timing in which intergovernmental revenues are collected and the expenditures for the budgeted capital projects in the first quarter have created the -58 percent decrease in fund balance.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|-------------------|---------------------|-------------|-------------------|---------------------|-------------|---------------------|-------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Franchise Fees | \$ 69,250 | \$ 69,250 | 100% | \$ 69,250 | \$ 69,250 | 25% | \$ 277,000 | \$ 207,750 |
| Intergovernmental | 205,000 | 206,116 | 101% | 205,000 | 206,116 | 25% | 820,000 | 613,884 |
| Transfers | 25,000 | 25,000 | 100% | 25,000 | 25,000 | 25% | 100,000 | 75,000 |
| Interest | 300 | 414 | 138% | 300 | 414 | 35% | 1,200 | 786 |
| Miscellaneous | 2,125 | 1,474 | 69% | 2,125 | 1,474 | 17% | 8,500 | 7,026 |
| Total revenue | \$ 301,675 | \$ 302,255 | 100% | \$ 301,675 | \$ 302,255 | 25% | \$ 1,206,700 | \$ 904,445 |
| Expenditures | | | | | | | | |
| Personal services | \$ 54,350 | \$ 56,627 | 104% | \$ 54,350 | \$ 56,627 | 26% | \$ 217,400 | \$ 160,773 |
| Material & services | 51,600 | 38,094 | 74% | 51,600 | 38,094 | 18% | 206,400 | 168,306 |
| Capital outlay | | | | | | | | |
| Improvements | 102,600 | 263,227 | 257% | 102,600 | 263,227 | 64% | 410,400 | 147,173 |
| Transfers | 100,375 | 100,375 | 100% | 100,375 | 100,375 | 25% | 401,500 | 301,125 |
| Contingency | | | | | | | 176,281 | 176,281 |
| Total expenditures | \$ 308,925 | \$ 458,323 | 148% | \$ 308,925 | 458,323 | 32% | \$ 1,411,981 | \$ 953,658 |
| Revenue over (under) expenditures | \$ (7,250) | \$ (156,069) | -58% | \$ (7,250) | \$ (156,069) | -58% | \$ (205,281) | |
| Beginning fund balance | 205,281 | 267,186 | 130% | 205,281 | 267,186 | 130% | 205,281 | (61,905) |
| Ending fund balance | \$ 198,031 | \$ 111,117 | 56% | \$ 198,031 | \$ 111,117 | 56% | \$ - | |

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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.

Revenue collection for the Emergency Dispatch fund was approximately \$207,000 or 17 percent of the annual budget. First quarter intergovernmental revenue collection was as anticipated at roughly \$76,000 largely from the receipt of E-911 funds. The annual revenue from Crook County Fire District has historically been received during the second quarter.

Expenditures came in at approximately \$272,000 or 83 percent of the quarter budget. Personnel services are 20 percent of the annual budget or approximately \$188,000 with this department having dispatcher positions looking to be filled during the first quarter. Other expenditures came in as anticipated at first quarter end.

Timing in which intergovernmental revenue is collected contributed to the decrease in fund balance of approximately \$65,000 or -19 percent. Unaudited beginning fund balance comparison to budget shows a favorable variance of roughly \$22,500.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|--------------------|--------------------|-------------|--------------------|--------------------|-------------|---------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Intergovernmental | \$ 173,325 | \$ 76,112 | 44% | \$ 173,325 | \$ 76,112 | 11% | \$ 693,300 | \$ 617,188 |
| Charges for services | 875 | | - | 875 | - | - | 3,500 | 3,500 |
| Interest | 500 | 319 | 64% | 500 | 319 | 16% | 2,000 | 1,681 |
| Transfers from other funds | 130,350 | 130,350 | 100% | 130,350 | 130,350 | 25% | 521,400 | 391,050 |
| Total revenue | \$ 305,050 | \$ 206,781 | 68% | \$ 305,050 | \$ 206,781 | 17% | \$ 1,220,200 | \$ 1,013,419 |
| Expenditures | | | | | | | | |
| Personal services | \$ 231,500 | \$ 187,671 | 81% | \$ 231,500 | \$ 187,671 | 20% | \$ 926,000 | \$ 738,329 |
| Material & services | 45,625 | 42,032 | 92% | 45,625 | 42,032 | 23% | 182,500 | 140,468 |
| Capital outlay | | | | | | | | |
| Equipment | 7,500 | | - | 7,500 | - | - | 30,000 | 30,000 |
| Transfers | 42,225 | 42,225 | 100% | 42,225 | 42,225 | 25% | 168,900 | 126,675 |
| Contingency | | | | | | | 229,497 | 229,497 |
| Total expenditures | \$ 326,850 | \$ 271,928 | 83% | \$ 326,850 | \$ 271,928 | 18% | \$ 1,536,897 | \$ 1,264,969 |
| Revenue over (under) expenditures | \$ (21,800) | \$ (65,147) | -19% | \$ (21,800) | \$ (65,147) | -19% | \$ (316,697) | |
| Beginning fund balance | 316,697 | 339,206 | 107% | 316,697 | 339,206 | 107% | 316,697 | (22,509) |
| Ending fund balance | \$ 294,897 | \$ 274,059 | 93% | \$ 294,897 | \$ 274,059 | 93% | \$ - | |

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Planning Fund

The Planning fund accounts for the planning activities of the City. A transfer of funds from General fund to Planning helps support the short term planning needs of the city. General administrative costs are paid through internal charges to the Internal Services Fund for the following services based upon the cost to the department for using these services; administrative and financial services, risk management, computer and phone services. The costs of these services are at full cost, including replacement cost, thereby providing a more accurate cost of providing services.

First quarter revenue collection came in at approximately \$98,000 or 98 percent of the quarter budget. Revenue collection for the licenses and permits is at approximately \$16,333 which is up over prior year first quarter by roughly \$5,300 as building activity continues to be on the rise.

Expenditures are as anticipated during the first quarter at approximately \$93,600 or 96 percent of the quarter budget.

| Notes: | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|------------------|------------------|-------------|------------------|------------------|-------------|--------------------|-------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Licenses & Permits | \$ 10,000 | \$ 16,333 | 163% | \$ 10,000 | \$ 16,333 | 41% | \$ 40,000 | \$ 23,668 |
| Intergovernmental | 1,325 | - | - | 1,325 | - | - | 5,300 | 5,300 |
| Charges for services | 9,725 | 2,799 | 29% | 9,725 | 2,799 | 7% | 38,900 | 36,101 |
| Interest | 100 | 92 | 92% | 100 | 92 | 23% | 400 | 308 |
| Transfers from other funds | 78,750 | 78,750 | 100% | 78,750 | 78,750 | 25% | 315,000 | 236,250 |
| Total revenue | \$ 99,900 | \$ 97,974 | 98% | \$ 99,900 | \$ 97,974 | 25% | \$ 399,600 | \$ 301,626 |
| Personal services | \$ 60,500 | \$ 59,484 | 98% | \$ 60,500 | \$ 59,484 | 25% | \$ 242,000 | \$ 182,517 |
| Material & services | 6,950 | 4,466 | 64% | 6,950 | 4,466 | 16% | 27,800 | 23,334 |
| Transfers | 29,625 | 29,625 | 100% | 29,625 | 29,625 | 25% | 118,500 | 88,875 |
| Contingency | | | | | | | 69,680 | 69,680 |
| Total expenditures | \$ 97,075 | \$ 93,575 | 96% | \$ 97,075 | \$ 93,575 | 20% | \$ 457,980 | \$ 364,405 |
| Revenue over (under) expenditures | \$ 2,825 | \$ 4,399 | 6% | \$ 2,825 | \$ 4,399 | 6% | \$ (58,380) | |
| Beginning fund balance | 58,380 | 78,021 | 134% | 58,380 | 78,021 | 134% | 58,380 | (19,641) |
| Ending fund balance | \$ 61,205 | \$ 82,420 | 135% | \$ 61,205 | \$ 82,420 | 135% | \$ - | |

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Transportation SDC Fund

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

Revenue collection for the Transportation SDC fund is at approximately 23 percent of the annual budget. SDC collection at quarter end is at roughly \$81,000 with 10 housing starts in the first quarter.

Expenditures at quarter end were at zero. Capital dollars are budgeted to acquire right of way for the future extensions of NE Combs Flat Rd and NE Peters Rd which is dependent on the purchase of Iron Horse property the City is currently looking at.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|-------------------|-------------------|-------------|-------------------|-------------------|-------------|---------------------|-------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Interest | \$ 500 | \$ 578 | 116% | \$ 500 | \$ 578 | 29% | \$ 2,000 | \$ 1,422 |
| System development charges | 87,500 | 81,132 | 93% | 87,500 | 81,132 | 23% | 350,000 | 268,868 |
| Total revenue | \$ 88,000 | \$ 81,709 | 93% | \$ 88,000 | \$ 81,709 | 23% | \$ 352,000 | \$ 270,291 |
| Expenditures | | | | | | | | |
| Capital outlay | | | | | | | | |
| Improvements | \$ 62,500 | \$ - | - | \$ 62,500 | \$ - | - | \$ 250,000 | \$ 250,000 |
| Transfers | 4,375 | - | - | 4,375 | - | - | 17,500 | 17,500 |
| Contingency | | | | | | | 543,594 | 543,594 |
| Total expenditures | \$ 66,875 | \$ - | - | \$ 66,875 | \$ - | - | \$ 811,094 | \$ 811,094 |
| Revenue over (under) expenditures | \$ 21,125 | \$ 81,709 | 16% | \$ 21,125 | \$ 81,709 | 16% | \$ (459,094) | |
| Beginning fund balance | 459,094 | 496,755 | 108% | 459,094 | 496,755 | 108% | 459,094 | (37,661) |
| Ending fund balance | \$ 480,219 | \$ 578,464 | 120% | \$ 480,219 | \$ 578,464 | 120% | \$ - | |

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Water SDC Fund

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

Revenue for the first quarter was at approximately \$28,000 or 14 percent of the annual budget. There were 10 housing starts in the first quarter.

Expenditures are at zero and there is no capital projects budgeted in this fund for FY 17.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|------------------|------------------|-------------|------------------|------------------|-------------|--------------------|-------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Interest | \$ 150 | \$ 86 | 57% | \$ 150 | \$ 86 | 14% | \$ 600 | \$ 514 |
| System development charges | 50,000 | 28,317 | 57% | 50,000 | 28,317 | 14% | 200,000 | 171,683 |
| Total revenue | \$ 50,150 | \$ 28,403 | 57% | \$ 50,150 | \$ 28,403 | 14% | \$ 200,600 | \$ 172,197 |
| Expenditures | | | | | | | | |
| Transfers | \$ 31,000 | \$ - | - | \$ 31,000 | \$ - | - | \$ 124,000 | \$ 124,000 |
| Contingency | | | | | | | 87,192 | 87,192 |
| Total expenditures | \$ 31,000 | \$ - | - | \$ 31,000 | \$ - | - | \$ 211,192 | \$ 211,192 |
| Revenue over (under) expenditures | \$ 19,150 | \$ 28,403 | 41% | \$ 19,150 | \$ 28,403 | 41% | \$ (10,592) | |
| Beginning fund balance | 10,592 | 70,107 | 662% | 10,592 | 70,107 | 662% | 10,592 | (59,515) |
| Ending fund balance | \$ 29,742 | \$ 98,510 | 331% | \$ 29,742 | \$ 98,510 | 331% | \$ - | |

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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.

Overall revenue for the first quarter is at approximately \$723,000 or 14 percent of the annual budget. First quarter revenue can largely be attributed to the funding coming in for the Crooked River Wetlands project. During the first quarter, 10 residential wastewater SDC's were collected with first quarter collection coming in at roughly 37 percent of the quarter budget.

First quarter expenditures are all associated with the wetlands project coming in at approximately \$916,000. This project is anticipated to be completed by the end of this fiscal year.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|---------------------|---------------------|-------------|---------------------|---------------------|-------------|---------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Interest | 250 | 1,166 | 466% | 250 | 1,166 | 117% | 1,000 | (166) |
| System development charges | 87,500 | 32,307 | 37% | 87,500 | 32,307 | 9% | 350,000 | 317,693 |
| Intergovernmental | 602,500 | 98,156 | 16% | 602,500 | 98,156 | 4% | 2,410,000 | 2,311,845 |
| Debt proceeds | 562,500 | 591,694 | 105% | 562,500 | 591,694 | 26% | 2,250,000 | 1,658,307 |
| Total revenue | \$ 1,252,750 | \$ 723,322 | 58% | \$ 1,252,750 | \$ 723,322 | 14% | \$ 5,011,000 | \$ 4,287,678 |
| Expenditures | | | | | | | | |
| Material & services | \$ 2,500 | \$ - | - | \$ 2,500 | \$ - | - | \$ 10,000 | \$ 10,000 |
| Capital outlay | | | | | | | | |
| Improvements | 1,202,500 | 915,814 | 76% | 1,202,500 | 915,814 | 19% | 4,810,000 | 3,894,186 |
| Transfers | 28,625 | - | - | 28,625 | - | - | 114,500 | 114,500 |
| Contingency | | | | | | | 191,707 | 191,707 |
| Total expenditures | \$ 1,233,625 | \$ 915,814 | 74% | \$ 1,233,625 | \$ 915,814 | 18% | \$ 5,126,207 | \$ 4,210,393 |
| Revenue over (under) expenditures | \$ 19,125 | \$ (192,493) | -53% | \$ 19,125 | \$ (192,493) | -53% | \$ (115,207) | |
| Beginning fund balance | 115,207 | 365,822 | 318% | 115,207 | 365,822 | 318% | 115,207 | (250,615) |
| Ending fund balance | \$ 134,332 | \$ 173,329 | 129% | \$ 134,332 | \$ 173,329 | 129% | \$ - | |

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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.

The LID Debt service fund is as anticipated. The collection of Brooks Resource's assessment payment and the payment of the Iron Horse debt service took place during the first quarter.

| | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|-------------------|-------------------|-------------|-------------------|-------------------|-------------|---------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Revenue | | | | | | | | |
| Interest | \$ - | \$ 79 | - | \$ - | \$ 79 | - | \$ - | \$ (79) |
| Transfer from other Funds | 300,000 | | - | 300,000 | | - | 1,200,000 | 1,200,000 |
| Assessment repayments | - | 81,219 | - | - | 81,219 | - | - | (81,219) |
| Total revenue | \$ 300,000 | \$ 81,298 | 27% | \$ 300,000 | \$ 81,298 | 7% | \$ 1,200,000 | \$ 1,118,702 |
| Expenditures | | | | | | | | |
| Debt service | | | | | | | | |
| Principal | | | | | | | | |
| Ironhorse LID - 2006 | \$ 300,000 | \$ 41,333 | 14% | \$ 300,000 | \$ 41,333 | 3% | \$ 1,200,000 | \$ 1,158,667 |
| Interest | | | | | | | | |
| Ironhorse LID - 2006 | - | 33,624 | - | - | 33,624 | - | - | (33,624) |
| Contingency | | | | | | | 101,475 | 101,475 |
| Total expenditures | \$ 300,000 | \$ 74,957 | 25% | \$ 300,000 | \$ 74,957 | 6% | \$ 1,301,475 | \$ 1,226,518 |
| Revenue over (under) expenditures | - | 6,341 | 6% | - | 6,341 | 6% | (101,475) | |
| Beginning fund balance | 101,475 | 101,666 | 100% | 101,475 | 101,666 | 100% | 101,475 | (191) |
| Ending fund balance | \$ 101,475 | \$ 108,007 | 106% | \$ 101,475 | \$ 108,007 | 106% | \$ - | |

September 30, 2016

PERS/POB Fund

This fund accounts for the potential issuance of pension obligation bonds to fund the City's existing unfunded actuarial liability (UAL) and associated debt repayment. The principal source of revenue is charges to other funds with salaries subject to PERS via a surcharge. A transfer from the General fund is included to pre-fund a portion of debt service costs. Expenditures are for payments to PERS for the UAL and for debt service requirements.

First quarter revenues include credits from PERS of approximately \$64,000 from the setup of the City's side account in 2014 that provides rate relief from funding the City's unfunded PERS liability.

The debt service payment takes place during the second quarter.

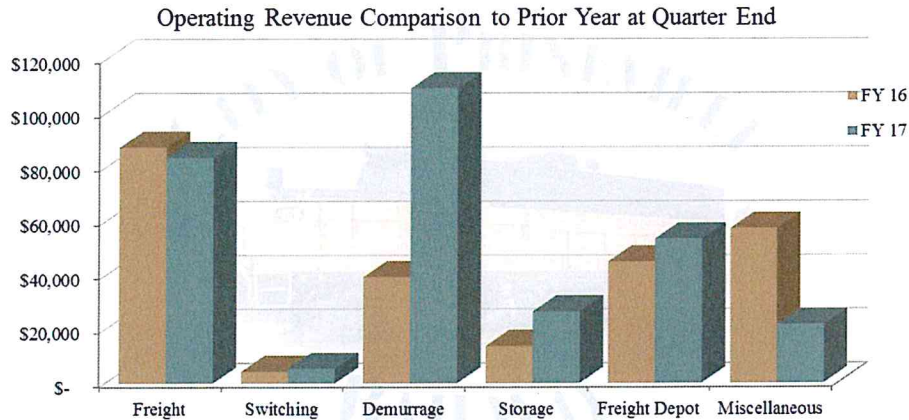
| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|-------------------|-------------------|-------------|-------------------|-------------------|-------------|---------------------|-------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Interest | \$ 250 | \$ 367 | 147% | \$ 250 | \$ 367 | 147% | \$ 1,000 | \$ 633 |
| Misc. | - | 64,205 | - | - | 64,205 | - | - | (64,205) |
| Transfer from other funds | 78,250 | 77,875 | 100% | 78,250 | 77,875 | 25% | 313,000 | 235,125 |
| Total revenue | \$ 78,500 | \$ 142,446 | 181% | \$ 78,500 | \$ 142,446 | 181% | \$ 314,000 | \$ 171,554 |
| Expenditures | | | | | | | | |
| Debt service | | | | | | | | |
| Principal - POB 2013 | \$ 31,250 | \$ - | | \$ 31,250 | \$ - | | \$ 125,000 | \$ 125,000 |
| Interest - POB 2013 | 33,300 | - | | 33,300 | - | | 133,200 | 133,200 |
| Contingency | | | | | | | 241,142 | 241,142 |
| Total expenditures | \$ 64,550 | \$ - | - | \$ 64,550 | \$ - | - | \$ 499,342 | \$ 499,342 |
| Revenue over (under) expenditures | \$ 13,950 | \$ 142,446 | 56% | \$ 13,950 | \$ 142,446 | 56% | \$ (185,342) | |
| Beginning fund balance | 185,342 | 252,680 | 136% | 185,342 | 252,680 | 136% | 185,342 | |
| Ending fund balance | \$ 199,292 | \$ 395,126 | 198% | \$ 199,292 | \$ 395,126 | 198% | \$ - | |

September 30, 2016

Railroad Fund

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

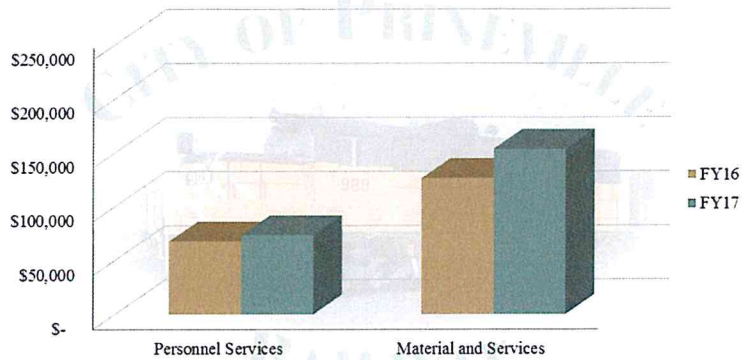
At quarter end, overall revenue collection is at approximately \$306,000 or 32 percent of the annual budget. Charges for services for the railroad are at approximately \$198,000 or 40 percent of the annual budget, with the freight depot at approximately \$53,500 or 24 percent of annual budget. Operating revenue is up roughly 21 percent in comparison to the prior year at quarter end largely due to increased traffic from Les Schwab resulting in increased demurrage charges. Revenue cars for Superior Carriers, the newest anchor tenant, started coming in during the first quarter. Below is a prior year comparison at quarter end of operating revenues for the Railroad Fund.



Overall expenditures at quarter end are at approximately 20 percent or \$352,000 of the annual budget. Materials and services are at roughly 40 percent of the annual budget or \$153,000, which includes approximately \$59,000 in liability insurance expenditures. Personnel services are at roughly \$73,000 or 20 percent of the annual budget. Capital expenditures of roughly \$52,500 for equipment took place in the first quarter which will require a budget adjustment. The semiannual debt service payment of approximately \$50,000 took place in the first quarter. Overall operating expenditures have increased roughly 17 percent in comparison to the prior year at quarter end. On the next page is a graph comparison of operating expenditures at quarter end to prior year.

September 30, 2016

Operating Expenditure Comparison to Prior Year at Quarter End



With the debt service payment and annual insurance payment taking place during the first quarter, fund balance decreased roughly -7 percent at quarter end.

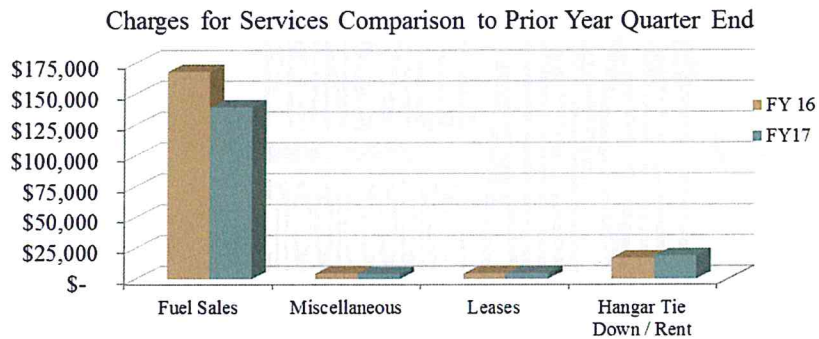
| | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|-------------------|--------------------|-------------|-------------------|--------------------|------------|---------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Revenue | | | | | | | | |
| Charges for services | | | - | | | | | |
| Railroad | \$ 125,375 | \$ 198,883 | 159% | \$ 125,375 | 198,883 | 40% | \$ 501,500 | \$ 302,617 |
| Freight Depot | 55,500 | 53,553 | 96% | 55,500 | 53,553 | 24% | 222,000 | 168,447 |
| Use of money & property | 33,925 | 32,123 | 95% | 33,925 | 32,123 | 24% | 135,700 | 103,577 |
| Miscellaneous | 15,350 | 21,718 | 141% | 15,350 | 21,718 | 35% | 61,400 | 39,682 |
| Transfers | 12,625 | - | - | 12,625 | - | - | 50,500 | 50,500 |
| Total revenue | \$ 242,775 | \$ 306,277 | 126% | \$ 242,775 | \$ 306,277 | 32% | \$ 971,100 | \$ 664,823 |
| Expenditures | | | | | | | | |
| Personal services | \$ 93,475 | \$ 73,235 | 78% | \$ 93,475 | \$ 73,235 | 20% | \$ 373,900 | \$ 300,665 |
| Material and services | 96,525 | 153,046 | 159% | 96,525 | 153,046 | 40% | 386,100 | 233,054 |
| Capital outlay | | | | | | | | |
| Improvements | - | 52,546 | - | - | 52,546 | - | - | (52,546) |
| Debt service | | | | | | | | |
| Principal - Credit Facility | 12,625 | 49,221 | 390% | 12,625 | 49,221 | 97% | 50,500 | 1,279 |
| Interest - Credit Facility | - | 967 | - | - | 967 | - | - | (967) |
| Transfers | 22,800 | 22,800 | 100% | 22,800 | 22,800 | 25% | 91,200 | 68,400 |
| Contingency | | | | | | | 854,049 | 854,049 |
| Total expenditures | \$ 225,425 | \$ 351,816 | 156% | \$ 225,425 | \$ 351,816 | 20% | \$ 1,755,749 | \$ 1,403,933 |
| Revenue over (under) expenditures | \$ 17,350 | \$ (45,539) | -7% | \$ 17,350 | \$ (45,539) | -7% | (784,649) | |
| Beginning fund balance | 784,649 | 625,769 | 80% | 784,649 | 625,769 | 80% | 784,649 | 158,880 |
| Ending fund balance | \$ 801,999 | \$ 580,230 | 72% | \$ 801,999 | \$ 580,230 | 72% | \$ - | |

September 30, 2016

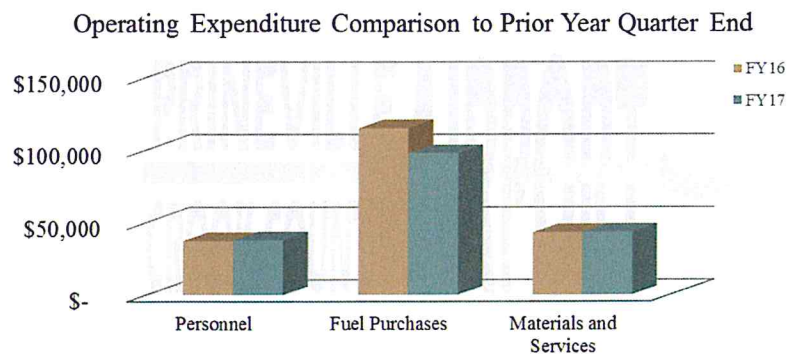
Airport fund

This fund accounts for the activities of the airport. The airport's main source of operating revenue is through charges for services that revolve around fuel sales and hanger leases. Expenditures are for general operations of the airport including cost of goods sold, maintenance and capital improvements.

Revenue collection in the first quarter came in at approximately 14 percent of the quarter budget or \$166,000 which were all associated with charges for services. Fuel sales are down in comparison to the prior year at quarter end, partly due to a slower fire season in comparison to the prior year. Below is a prior year comparison for charges for services.



Quarter end expenditures came in at approximately \$392,000 or 8 percent of the annual budget. The debt service payment of \$25,000 for the Les Schwab hangers was included in the first quarter expenditures along with the annual payment for liability insurance. Capital projects got on their way during the first quarter with the award of Connect Oregon and FAA funding for improving the tie down and run up apron area. Inventory at quarter end totaled approximately \$32,000. Below is a prior year comparison of operating expenditures.



Decreases in fund balance are due to the timing in receipts of reimbursable capital improvements, debt service and the annual insurance payment. The anticipated county funding of \$130,000 came in early October.

September 30, 2016

| | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|---------------------|---------------------|--------------|---------------------|---------------------|--------------|---------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Intergovernmental | \$ 932,500 | | - | \$ 932,500 | \$ - | - | \$ 3,730,000 | \$ 3,730,000 |
| Charges for services | 220,250 | 166,427 | 76% | 220,250 | 166,427 | 19% | 881,000 | 714,573 |
| Other revenues | 25 | | - | 25 | - | - | 100 | 100 |
| Transfers | 45,000 | | - | 45,000 | - | - | 180,000 | 180,000 |
| Total revenue | \$ 1,197,775 | \$ 166,427 | 14% | \$ 1,197,775 | \$ 166,427 | 3% | \$ 4,791,100 | \$ 4,624,673 |
| Personal Service | \$ 39,775 | \$ 37,629 | 95% | \$ 39,775 | \$ 37,629 | 24% | \$ 159,100 | \$ 121,471 |
| Materials and Services | 191,000 | 140,832 | 74% | 191,000 | 140,832 | 18% | 764,000 | 623,168 |
| Capital outlay | 940,000 | 166,352 | 18% | 940,000 | 166,352 | 4% | 3,760,000 | 3,593,648 |
| Debt Service | | | | | | | | |
| Les Schwab Hangar | 6,250 | 25,000 | 400% | 6,250 | 25,000 | 100% | 25,000 | - |
| Transfers | 22,450 | 22,450 | 100% | 22,450 | 22,450 | 25% | 89,800 | 67,350 |
| Contingency | | | | | | | 30,649 | 30,649 |
| Total expenditures | \$ 1,199,475 | \$ 392,263 | 33% | \$ 1,199,475 | \$ 392,263 | 8% | \$ 4,828,549 | \$ 4,436,286 |
| Revenue over (under) expenditures | \$ (1,700) | \$ (225,836) | -748% | \$ (1,700) | \$ (225,836) | -748% | \$ (37,449) | |
| Beginning fund balance | 37,449 | 30,210 | 81% | 37,449 | 30,210 | 81% | 37,449 | 7,239 |
| Ending fund balance | \$ 35,749 | \$ (195,626) | - | \$ 35,749 | \$ (195,626) | - | \$ - | |

September 30, 2016

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.

Overall revenue collection in the first quarter came in at approximately \$850,000 or 35 percent of the annual budget. Revenue associated with charges for service came in at roughly \$776,000 which is a decrease over the prior year of roughly \$50,000 with 2015 being a particularly dry year.

First quarter expenditures are at approximately \$976,000 or 25 percent of the annual budget. Expenditures are as anticipated as insurance and debt service payments were scheduled in the first quarter. Capital improvement expenditures for the first quarter came in at roughly \$259,000 for water improvements including approximately \$92,000 for the East exploratory well.

Fund balance decreased roughly -7 percent through the first quarter largely due to capital expenditures and debt services payments made during the first quarter.

| Revenue | Current Quarter | | | Year to Date | | | Annual | | Balance |
|--|---------------------|---------------------|-------------|---------------------|---------------------|-------------|-----------------------|---------------------|---------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | | |
| Charges for services | \$ 564,000 | \$ 775,880 | 138% | \$ 564,000 | \$ 775,880 | 34% | \$ 2,256,000 | \$ 1,480,120 | |
| Intergovernmental | 8,750 | - | - | 8,750 | - | - | 35,000 | 35,000 | |
| Interest | 1,250 | 1,202 | 96% | 1,250 | 1,202 | 24% | 5,000 | 3,798 | |
| Miscellaneous | 1,375 | 72,915 | 5303% | 1,375 | 72,915 | 1326% | 5,500 | (67,415) | |
| Transfers | 31,000 | - | - | 31,000 | - | - | 124,000 | 124,000 | |
| Total revenue | \$ 606,375 | \$ 849,998 | 140% | \$ 606,375 | \$ 849,998 | 35% | \$ 2,425,500 | \$ 1,575,502 | |
| Expenditures | | | | | | | | | |
| Materials and services | \$ 125,025 | \$ 170,630 | 136% | \$ 125,025 | \$ 170,630 | 34% | \$ 500,100 | \$ 329,470 | |
| Franchise fee expense | 28,250 | 28,250 | 100% | 28,250 | 28,250 | 25% | 113,000 | 84,750 | |
| Capital outlay | | | | | | | | | |
| Improvements | 183,750 | 258,633 | 141% | 183,750 | 258,633 | 35% | 735,000 | 476,367 | |
| Debt service | | | | | | | | | |
| Principal | | | | | | | | | |
| Refunding bond 2011 SDC | 28,750 | 115,000 | 400% | 28,750 | 115,000 | 100% | 115,000 | - | |
| Water revenue bond 2003 | 11,250 | - | - | 11,250 | - | - | 45,000 | 45,000 | |
| Interest | | | | | | | | | |
| Refunding bond 2011 SDC | 25,175 | 100,636 | 400% | 25,175 | 100,636 | 100% | 100,700 | 64 | |
| Water revenue bond 2003 | 4,850 | 9,690 | 200% | 4,850 | 9,690 | 50% | 19,400 | 9,710 | |
| Transfers | 292,950 | 292,950 | 100% | 292,950 | 292,950 | 25% | 1,171,800 | 878,850 | |
| Contingency | | | | | | | 1,150,441 | 1,150,441 | |
| Total expenditures | \$ 700,000 | \$ 975,789 | 139% | \$ 700,000 | \$ 975,789 | 25% | \$ 3,950,441 | \$ 2,974,652 | |
| Revenue over (under) expenditures | \$ (93,625) | \$ (125,791) | -7% | \$ (93,625) | \$ (125,791) | -7% | \$ (1,524,941) | | |
| Beginning fund balance | 1,524,941 | 1,887,167 | 124% | 1,524,941 | 1,887,167 | 124% | 1,524,941 | (362,226) | |
| Ending fund balance | \$ 1,431,316 | \$ 1,761,376 | 123% | \$ 1,431,316 | \$ 1,761,376 | 123% | \$ - | | |

September 30, 2016

Wastewater Fund

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

Overall revenue collection at quarter end came in at approximately \$854,000 or 11 percent of the annual budget. Revenue collection for charges for services was roughly \$833,000 or 25 percent of annual budget. This is an approximately \$35,000 increase over prior year first quarter end.

Expenditures at quarter end came in at roughly \$1,273,000 or 14 percent of the annual budget. The decrease in fund balance of roughly -25 percent is as anticipated due to insurance and debt service payments scheduled in the first quarter.

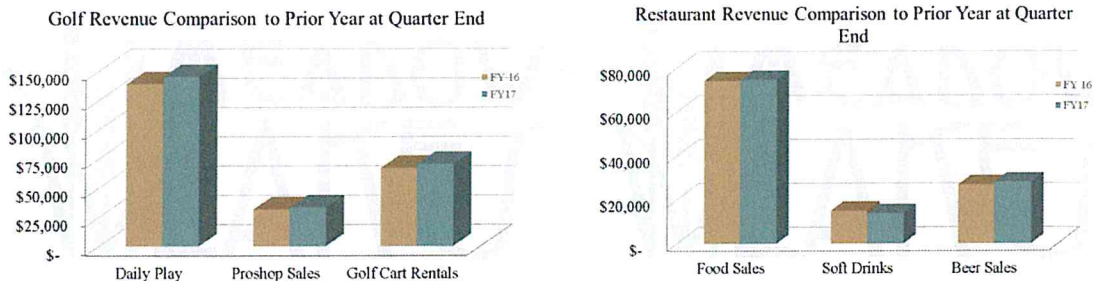
| Revenue | Current Quarter | | Quarter Budget % | Year to Date | | Annual Budget % | Annual | Annual |
|--|---------------------|---------------------|------------------|---------------------|---------------------|-----------------|---------------------|---------------------|
| | Budget | Actual | | Budget | Actual | | Budget | Balance |
| Charges for services | \$ 821,750 | \$ 833,190 | 101% | \$ 821,750 | \$ 833,190 | 25% | \$ 3,287,000 | \$ 2,453,810 |
| Interest | 1,000 | 1,061 | 106% | 1,000 | 1,061 | 27% | 4,000 | 2,939 |
| Miscellaneous | 8,900 | 17,582 | 198% | 8,900 | 17,582 | 49% | 35,600 | 18,018 |
| SDCs - reimbursement fees | 12,500 | 2,588 | 21% | 12,500 | 2,588 | 5% | 50,000 | 47,412 |
| Debt Proceeds | 1,125,000 | - | - | 1,125,000 | - | - | 4,500,000 | 4,500,000 |
| Total revenue | \$ 1,969,150 | \$ 854,421 | 43% | \$ 1,969,150 | \$ 854,421 | 11% | \$ 7,876,600 | \$ 7,022,179 |
| Expenditures | | | | | | | | |
| Personal services | \$ 28,300 | \$ 28,604 | 101% | \$ 28,300 | \$ 28,604 | 25% | \$ 113,200 | \$ 84,596 |
| Materials and services | 142,375 | 196,652 | 138% | 142,375 | 196,652 | 35% | 569,500 | 372,848 |
| Franchise fee expense | 41,000 | 41,000 | 100% | 41,000 | 41,000 | 25% | 164,000 | 123,000 |
| Capital outlay | | | | | | | | |
| Improvements | 33,750 | 32,305 | 96% | 33,750 | 32,305 | 24% | 135,000 | 102,695 |
| Debt service | | | | | | | | |
| Principal | | | | | | | | |
| DEQ CWSRF R74682/2 | 108,850 | 216,112 | 199% | 108,850 | 216,112 | 50% | 435,400 | 219,288 |
| Refunding 2011 / principle | 31,250 | 125,000 | 400% | 31,250 | 125,000 | 100% | 125,000 | - |
| DEQ Bridge Loan | 1,125,000 | - | - | 1,125,000 | - | - | 4,500,000 | 4,500,000 |
| Interest | | | | | | | | |
| State of Oregon IFA | 2,500 | - | - | 2,500 | - | - | 10,000 | 10,000 |
| DEQ CWSRF R74682/2 | 37,975 | 77,498 | 204% | 37,975 | 77,498 | 51% | 151,900 | 74,402 |
| Refunding 2011 / interest | 50,075 | 200,244 | 400% | 50,075 | 200,244 | 100% | 200,300 | 56 |
| DEQ Bridge Loan interest | 11,250 | - | - | 11,250 | - | - | 45,000 | |
| Fees | | | | | | | | |
| DEQ CWSRF R74682/ 2 | 6,600 | 26,360 | 399% | 6,600 | 26,360 | 100% | 26,400 | 40 |
| Transfers | 328,800 | 328,800 | 100% | 328,800 | 328,800 | 25% | 1,315,200 | 986,400 |
| Contingency | | | | | | | 1,336,650 | 1,336,650 |
| Total expenditures | \$ 1,947,725 | \$ 1,272,575 | 65% | \$ 1,947,725 | \$ 1,272,575 | 14% | \$ 9,127,550 | \$ 7,809,975 |
| Revenue over (under) expenditures | 21,425 | (418,154) | -25% | 21,425 | (418,154) | -25% | (1,250,950) | (787,796) |
| Other resources/(requirements) | | | | | | | | |
| Debt service reserve | 304,000 | - | - | 304,000 | - | - | 304,000 | |
| Beginning fund balance | 1,554,950 | 1,654,523 | 106% | 1,554,950 | 1,654,523 | 106% | 1,554,950 | (99,573) |
| Ending fund balance | \$ 1,576,375 | \$ 1,236,369 | 78% | \$ 1,576,375 | \$ 1,236,369 | 78% | \$ - | |

September 30, 2016

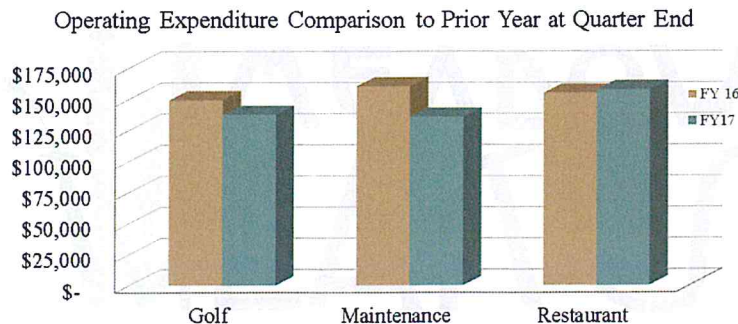
Golf Course and Restaurant Fund

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

Overall revenue collection is at approximately \$497,000 at quarter end or 32 percent of the annual budget. Golf operating revenue came in at about \$273,000 or 36 percent of the annual budget which is an increase over the prior year at quarter end of roughly 4 percent though rounds of golf are down. Operating revenue for the restaurant came in at roughly \$129,000 or 30 percent of the annual budget which is an increase over the prior year at quarter end of approximately 2 percent. First quarter banquet food sales are up over the prior year at quarter end roughly 10 percent. Below is a comparison to the prior year of the significant operating revenue sources for golf and the restaurant.



Expenditures at quarter end came in at roughly \$518,000 or 27 percent of the annual budget. Golf course operating expenditures are down approximately 8 percent over prior year while restaurant operating expenditures have increased approximately 2 percent. Course maintenance expenditures decreased roughly 15 percent in comparison to the prior year at quarter end. Expenditure decreases in both the maintenance and golf departments are attributed to the staff restructuring that took place at the beginning of the fiscal year. Below is a comparison of operating only expenditures to the prior year by department.



Fund balance has decreased in the first quarter approximately \$22,000 or -6 percent. Contributing to this decrease is budgeted debt service payments of approximately \$79,000 and annual insurance costs.

September 30, 2016

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|-------------------|--------------------|-------------|-------------------|--------------------|-------------|---------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Charges for services | | | | | | | | |
| Golf Course | \$ 189,500 | \$ 273,083 | 144% | \$ 189,500 | \$ 273,083 | 36% | \$ 758,000 | \$ 484,917 |
| Waste disposal | 92,500 | 92,500 | 100% | 92,500 | 92,500 | 25% | 370,000 | 277,500 |
| Restaurant | 109,250 | 129,229 | 118% | 109,250 | 129,229 | 30% | \$ 437,000 | 307,771 |
| Other | 1,250 | 1,611 | 129% | 1,250 | 1,611 | 32% | 5,000 | 3,389 |
| Interest | 625 | 440 | 70% | 625 | 440 | 18% | 2,500 | 2,060 |
| Miscellaneous | 500 | 41 | 8% | 500 | 41 | 2% | 2,000 | 1,959 |
| Total revenue | \$ 393,625 | \$ 496,904 | 126% | \$ 393,625 | \$ 496,904 | 32% | \$ 1,574,500 | \$ 1,077,596 |
| Expenditures | | | | | | | | |
| Golf Course | \$ 115,200 | \$ 146,970 | 128% | \$ 115,200 | \$ 146,970 | 32% | \$ 460,800 | \$ 313,830 |
| Waste disposal | 110,575 | 135,464 | 123% | 110,575 | 135,464 | 31% | 442,300 | 306,836 |
| Restaurant | 131,950 | 157,285 | 119% | 131,950 | 157,285 | 30% | 527,800 | 370,515 |
| Debt service | - | - | - | - | - | - | - | - |
| Principal - note payable | 5,975 | 5,859 | 98% | 5,975 | 5,859 | 98% | 23,900 | 18,041 |
| Interest - note payable | 1,025 | 1,099 | 107% | 1,025 | 1,099 | | 4,100 | 3,001 |
| Principal - Credit facility | 5,700 | 23,398 | 410% | 5,700 | 23,398 | 103% | 22,800 | (598) |
| Interest -Credit facility | 525 | 460 | 88% | 525 | 460 | 22% | 2,100 | 1,640 |
| Principal - 2011 bond | 7,500 | 30,000 | 400% | 7,500 | 30,000 | 100% | 30,000 | - |
| Interest - 2011 bond | 4,500 | 17,950 | 399% | 4,500 | 17,950 | 100% | 18,000 | 50 |
| Contingency | | | | | | | 373,162 | 373,162 |
| Total expenditures | \$ 382,950 | \$ 518,485 | 135% | \$ 382,950 | \$ 518,485 | 27% | \$ 1,904,962 | \$ 1,386,477 |
| Revenue over (under) expenditures | \$ 10,675 | \$ (21,581) | -6% | \$ 10,675 | \$ (21,581) | -6% | \$ (330,462) | |
| Beginning fund balance | 330,462 | 374,533 | 113% | 330,462 | 374,533 | 113% | 330,462 | (44,071) |
| Ending fund balance | \$ 341,137 | \$ 352,952 | 103% | \$ 341,137 | \$ 352,952 | 103% | \$ - | |

September 30, 2016

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.

Overall revenue collection for the first quarter came in at approximately \$517,000 or 24 percent of the annual budget.

Overall expenditures at quarter end are at approximately 24 percent of the annual budget or \$594,000.

Revenues and expenditures are as anticipated at quarter end with the annual insurance payment and the annual renewal of software maintenance agreements that took place in the first quarter.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|--------------------|--------------------|-------------|--------------------|--------------------|-------------|---------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Charges for services | \$ 530,625 | \$ 516,358 | 97% | \$ 530,625 | \$ 516,358 | 24% | \$ 2,122,500 | \$ 1,606,142 |
| Interest | 375 | 457 | 122% | 375 | 457 | 30% | 1,500 | 1,043 |
| Total revenue | \$ 531,000 | \$ 516,815 | 97% | \$ 531,000 | \$ 516,815 | 24% | \$ 2,124,000 | \$ 1,607,185 |
| Expenditures | | | | | | | | |
| City Council | \$ 21,375 | \$ 17,584 | 82% | \$ 21,375 | \$ 17,584 | 21% | \$ 85,500 | \$ 67,916 |
| Administration/team services | 192,725 | 210,606 | 109% | 192,725 | 210,606 | 27% | 770,900 | 560,294 |
| Financial services | 183,850 | 158,175 | 86% | 183,850 | 158,175 | 22% | 735,400 | 577,225 |
| Information technology | 146,500 | 207,197 | 141% | 146,500 | 207,197 | 37% | 556,000 | 348,803 |
| Contingency | | | | | | | 300,800 | 300,800 |
| Total expenditures | \$ 544,450 | \$ 593,562 | 109% | \$ 544,450 | \$ 593,562 | 24% | \$ 2,448,600 | \$ 1,855,038 |
| Revenue over (under) expenditures | \$ (13,450) | \$ (76,747) | -18% | \$ (13,450) | \$ (76,747) | -18% | \$ (324,600) | \$ (247,853) |
| Beginning fund balance | 324,600 | 415,879 | 128% | 324,600 | 415,879 | 128% | 324,600 | (91,279) |
| Ending fund balance | \$ 311,150 | \$ 339,132 | 109% | \$ 311,150 | \$ 339,132 | 109% | \$ - | |

September 30, 2016

Building Facilities Fund

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

Operating revenues and expenditures are as anticipated.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|-------------------|-------------------|-------------|-------------------|-------------------|-------------|--------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Rent | \$ 48,225 | \$ 48,225 | 100% | \$ 48,225 | \$ 48,225 | 25% | \$ 192,900 | \$ 144,675 |
| Transfers | 41,575 | 40,650 | 98% | 41,575 | 40,650 | 24% | 166,300 | 125,650 |
| Misc. Income | 2,750 | 1,666 | 61% | 2,750 | 1,666 | 15% | 11,000 | 9,334 |
| Debt Proceeds | 125,000 | - | - | 125,000 | - | - | 500,000 | 500,000 |
| Interest | 200 | 225 | 112% | 200 | 225 | 28% | 800 | 575 |
| Total revenue | \$ 217,750 | \$ 90,766 | 42% | \$ 217,750 | \$ 90,766 | 10% | \$ 871,000 | \$ 780,234 |
| Expenditures | | | | | | | | |
| City Hall Facilities | \$ 54,075 | \$ 16,633 | 31% | \$ 54,075 | \$ 16,633 | 8% | \$ 216,300 | \$ 199,667 |
| Police Facilities | 154,825 | 19,907 | 13% | 154,825 | 19,907 | 3% | 619,300 | 599,393 |
| Public Works Facilities | 9,250 | 6,157 | 67% | 9,250 | 6,157 | 17% | 37,000 | 30,843 |
| Contingency | | | | | | | 63,399 | 63,399 |
| Total expenditures | \$ 218,150 | \$ 42,697 | 20% | \$ 218,150 | \$ 42,697 | 5% | \$ 935,999 | \$ 893,302 |
| Revenue over (under) expenditures | \$ (400) | \$ 48,069 | 27% | \$ (400) | \$ 48,069 | 27% | \$ (64,999) | \$ (113,068) |
| Other requirements | | | | | | | | |
| Debt service reserve | 105,000 | - | - | 105,000 | - | - | 105,000 | 105,000 |
| Beginning fund balance | 169,999 | 176,061 | 104% | 169,999 | 176,061 | 104% | 169,999 | (6,062) |
| Ending fund balance | \$ 169,599 | \$ 224,130 | 132% | \$ 169,599 | \$ 224,130 | 132% | \$ - | |

September 30, 2016

Plaza Maintenance Fund

This fund accounts for the maintenance of the plaza joining City Hall and the Crook County Annex building. The county and the city maintain the plaza in a joint effort. Starting in 2005 the county was responsible for accounting for the maintenance of the plaza per a city and county agreement. The agreement has been revised and the city starting FY 13 now assumes the responsibility of accounting for the plaza maintenance. Revenues are generated through a transfer from the city with matching monies from the county. Expenditures are for maintaining the landscaping, sidewalks and lighting.

This fund is as anticipated.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Balance |
|--|------------------|-------------------|-------------|------------------|-------------------|-------------|--------------------|--------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | |
| Intergovernmental | \$ 2,500 | | - | \$ 2,500 | \$ - | - | \$ 10,000 | \$ 10,000 |
| Interest | 25 | 28 | 111% | 25 | 28 | 28% | 100 | 72 |
| Transfers | 2,500 | - | - | 2,500 | - | - | 10,000 | 10,000 |
| Total revenue | \$ 5,025 | \$ 28 | 1% | \$ 5,025 | \$ 28 | 1% | \$ 20,100 | \$ 20,072 |
| Expenditures | | | | | | | | |
| Materials and services | \$ 3,975 | \$ 1,095 | 28% | \$ 3,975 | \$ 1,095 | 7% | \$ 15,900 | \$ 14,805 |
| Transfers | 925 | | - | 925 | - | - | 3,700 | 3,700 |
| Contingency | | | | | | | 16,416 | 16,416 |
| Total expenditures | \$ 4,900 | \$ 1,095 | 22% | \$ 4,900 | \$ 1,095 | 3% | \$ 36,016 | \$ 34,921 |
| Revenue over (under) expenditures | \$ 125 | \$ (1,067) | -4% | \$ 125 | \$ (1,067) | -4% | \$ (15,916) | \$ (14,849) |
| Beginning fund balance | 15,916 | 29,052 | 183% | 15,916 | 29,052 | 183% | 15,916 | (13,136) |
| Ending fund balance | \$ 16,041 | \$ 27,985 | | \$ 16,041 | \$ 27,985 | | \$ - | |

September 30, 2016

Public Works Support Services Fund

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

Fund is performing as anticipated.

| Revenue | Current Quarter | | Quarter Budget % | Year to Date | | Annual Budget % | Annual | |
|--|--------------------|-------------------|------------------|--------------------|-------------------|-----------------|---------------------|---------------------|
| | Budget | Actual | | Budget | Actual | | Budget | Balance |
| Charges for services | \$ 396,025 | \$ 355,525 | 90% | \$ 396,025 | \$ 355,525 | 22% | \$ 1,584,100 | \$ 1,228,575 |
| Interest | 400 | 392 | 98% | 400 | 392 | 25% | 1,600 | 1,208 |
| Miscellaneous | 5,500 | 1,481 | 27% | 5,500 | 1,481 | 7% | 22,000 | 20,519 |
| Total revenue | \$ 401,925 | \$ 357,398 | 89% | \$ 401,925 | \$ 357,398 | 22% | \$ 1,607,700 | \$ 1,250,302 |
| Expenditures | | | | | | | | |
| Public Works Support Services | \$ 343,175 | \$ 332,133 | 97% | \$ 343,175 | \$ 332,133 | 24% | \$ 1,372,700 | \$ 1,040,567 |
| Public Works Fleet & Vehicles | 71,625 | 27,504 | 38% | 71,625 | 27,504 | 10% | 286,500 | 258,996 |
| Contingency | | | | | | | 297,434 | 297,434 |
| Total expenditures | \$ 414,800 | \$ 359,637 | 87% | \$ 414,800 | \$ 359,637 | 18% | \$ 1,956,634 | \$ 1,596,997 |
| Revenue over (under) expenditures | \$ (12,875) | \$ (2,239) | -1% | \$ (12,875) | \$ (2,239) | -1% | \$ (348,934) | \$ (346,695) |
| Beginning fund balance | 348,934 | 332,100 | 95% | 348,934 | 332,100 | 95% | 348,934 | 16,834 |
| Ending fund balance | \$ 336,059 | \$ 329,861 | 98% | \$ 336,059 | \$ 329,861 | 98% | \$ - | |