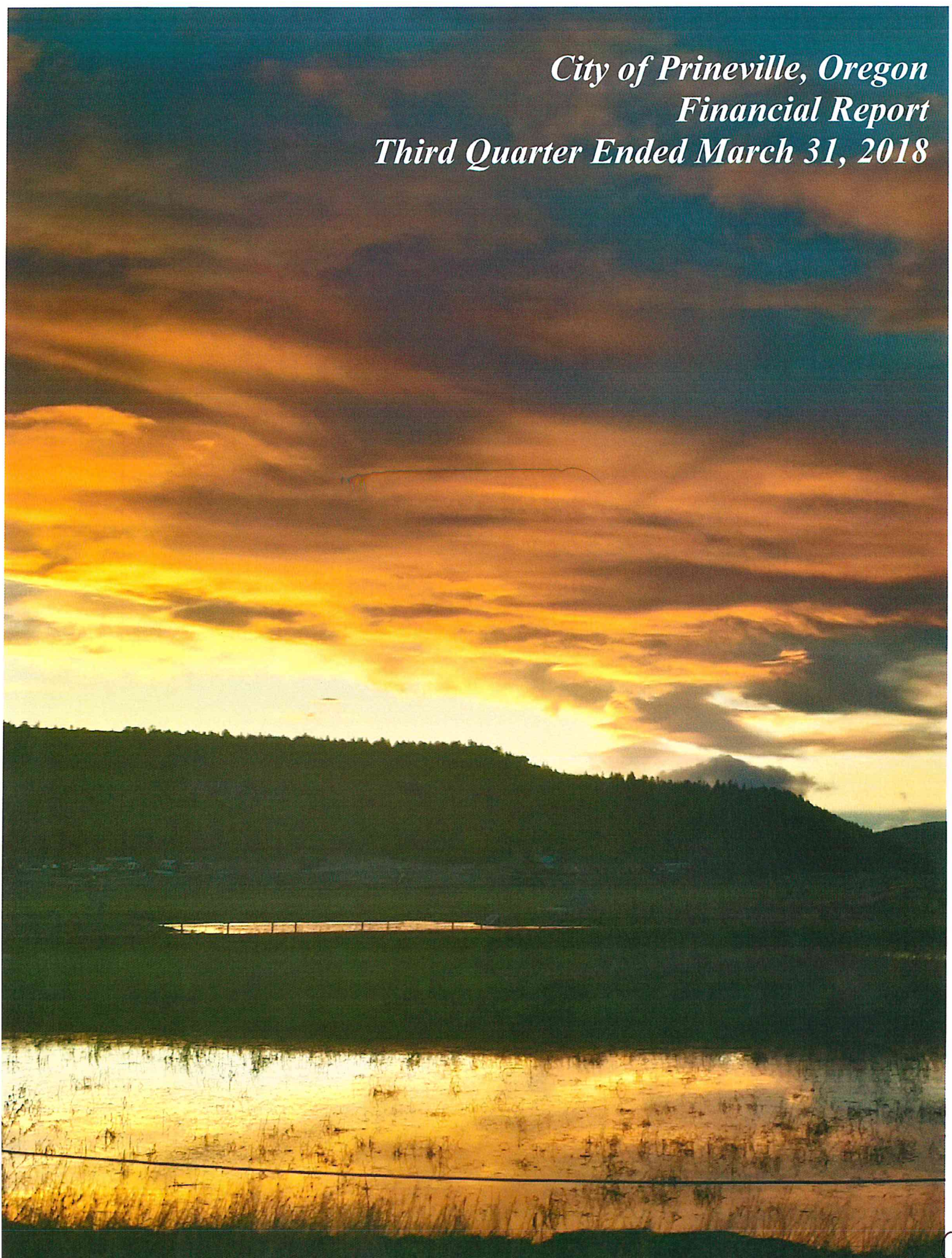


*City of Prineville, Oregon
Financial Report
Third Quarter Ended March 31, 2018*



Executive Summary

Through the third quarter, ending March 31, 2018, the City's financial condition increased by approximately 69 percent or \$6.54 million. City funds that have significant positive impacts to the City's financial condition included General Fund, all the SDC funds, and the PERS / POB Fund. Funds that had significant negative impacts to the City's financial condition included Transportation, Airport, Golf Course, and all the Internal Service Funds. City funds with decreases in fund balances are largely due to capital improvements and the timing in which funding is received and scheduled debt service payments.

Through the third quarter, General Fund revenues came in at approximately 95 percent of the annual budget or \$5.12 million. Year to date property tax revenue is roughly \$1.96 million or 96 percent of the annual budget which is an increase of roughly \$80,000 over prior year's quarter end. Transient lodging taxes are down over prior year at roughly \$243,000 compared to \$258,600 last year. Franchise fees are at roughly 75 percent of the annual budget and collection increased approximately \$196,000 over last year same time frame, with electrical franchise fees up roughly \$212,000. Police capital expenses during the third quarter included roughly \$191,500 for 6 police vehicles which will require a budget adjustment prior to yearend. The General Funds ending balance increased approximately \$908,500 or 26 percent through the third quarter.

The Transportation Fund's ending balance shows a decrease of approximately \$47,000 or -18 percent through the third quarter. Expenditures for budgeted capital projects are the significant reason for the decrease in fund balance. The 2018 crack sealing project was completed during the third quarter and the 2017 grind and inlay project is getting ready to be turned in for reimbursement through ODOT's fund exchange agreement surface transportation program.

The Emergency Dispatch Fund's ending fund balance has increased roughly \$35,600 or 9 percent through the third quarter. The upgrading of the phone system and radio equipment will likely require a budget adjustment prior to yearend in both capital outlay and materials and services. Personnel services are tracking under budget through the third quarter. Dispatching positions are currently looking to be filled.

Local development has continued to positively affect the SDC funds. During the third quarter there were roughly 16 housing starts. In the Transportation SDC Fund, capital expenditures are associated with the Tom McCall roundabout that started in the third quarter. In both the Water SDC and Wastewater SDC Funds, third quarter capital expenditures are largely for the industrial park utility improvement project.

The Railroad Fund has seen an increase to fund balance of approximately \$20,000 or 2 percent through the third quarter. Rail traffic has decreased over the prior year partly due to weather. Les Schwab traffic has slowed down with their tire inventory levels being high directly impacting freight and demurrage revenue. Freight traffic has become more diversified with new wood chip haulage helping to back fill the freight revenue gap from the decrease in Les Schwab cars. Management has done a good job keeping expenditures in line with revenues. Revenue over expenditure yearend projections show a favorable variance to budget. Ending fund balance is projected to be roughly \$1.09 million at June 30th.

March 31, 2018

Airport fund balance shows a decrease of approximately \$342,000 partly due to capital projects and the timing in which grant dollars are received. Preparations are being made for the first request for reimbursement for the Connect Oregon project which is associated with the construction of a United States Forest Service (USFS) airbase. Capital expenditures during the third quarter are largely for the predesign of the USFS airbase and parking. Fuel inventory is approximately \$69,000 at quarter end.

Meadow Lakes Golf shows a decrease in fund balance of roughly \$90,200 or -22 percent. Overall revenues are down slightly in comparison to the prior year at quarter end. Weather and the eclipse event during the first quarter negatively impacted both the golf and restaurant revenues. Overall third quarter revenues over expenditures show a breakeven for the quarter. Expenditures are also down compared to the prior year and management continues to monitor them closely.

Other enterprise funds are as anticipated with insignificant change to fund balance through the third quarter. Other internal service funds are as anticipated and will balance out during the remaining quarter.

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

Liz Schuette,
Finance Director

Lori Hooper,
Accounting Manager

| Fund | Actual | Current | Current | Ending | Change | Percentage | Projected | Variance |
|---------------------------------------|---------------------------|-------------------|----------------------|-----------------|--------------------|------------------------------|--------------------------|----------------|
| | Beginning Func Balance | Year Resources | Year Expenditures | Fund Balance | in Fund Balance | Change in Fund Balance | Year-end Fund Balance | |
| General | \$ 1,583,740 | \$ 5,118,875 | \$ 4,210,344 | \$ 2,492,271 | \$ 908,531 | 57% | \$ 1,763,840 | \$ (728,431) |
| Transportation | 269,757 | 1,130,046 | 1,177,436 | 222,367 | (47,390) | -18% | 323,857 | 101,490 |
| Emergency Dispatch | 371,559 | 1,172,725 | 1,138,174 | 406,110 | 34,551 | 9% | 334,359 | (71,751) |
| Planning | 121,280 | 267,423 | 284,607 | 104,096 | (17,184) | -14% | 221,980 | 117,884 |
| Transportation SDC | 518,810 | 467,978 | 63,074 | 923,714 | 404,904 | 78% | 944,310 | 20,596 |
| Water SDC | 47,491 | 3,248,898 | 507,783 | 2,788,606 | 2,741,115 | 5772% | 2,172,191 | (616,415) |
| Wastewater SDC | 60,804 | 5,484,477 | 2,232,476 | 3,312,805 | 3,252,001 | 5348% | 2,699,804 | (613,001) |
| LID Debt Service | 72,485 | - | - | 72,485 | - | 0% | - | (72,485) |
| PERS/ POB | 556,703 | 358,552 | 63,479 | 851,776 | 295,073 | 53% | 864,003 | 12,227 |
| Railroad | 1,059,621 | 655,494 | 635,636 | 1,079,479 | 19,858 | 2% | 1,094,421 | 14,942 |
| Airport | 65,888 | 441,495 | 783,850 | (276,467) | (342,355) | -520% | 5,488 | 281,955 |
| Water | 1,496,870 | 4,880,552 | 5,075,837 | 1,301,585 | (195,285) | -13% | 1,065,261 | (236,324) |
| Wastewater | 1,846,857 | 11,514,130 | 11,449,889 | 1,911,098 | 64,241 | 3% | 1,911,257 | 159 |
| Golf Course and Restaurant | 402,031 | 1,380,196 | 1,470,442 | 311,785 | (90,246) | -22% | 416,731 | 104,946 |
| Administration and Financial Services | 433,455 | 1,620,279 | 1,734,601 | 319,133 | (114,322) | -26% | 499,855 | 180,722 |
| Plaza Maintenance | 28,705 | 10,258 | 14,807 | 24,156 | (4,549) | -16% | 39,905 | 15,749 |
| City Hall | 249,058 | 1,499,429 | 1,645,044 | 103,443 | (145,615) | -58% | 209,358 | 105,915 |
| Public Works Support Services | 302,675 | 1,112,547 | 1,340,419 | 74,803 | (227,872) | -75% | 274,875 | 200,072 |
| Totals | \$ 9,487,789 | \$ 40,363,355 | \$ 33,827,900 | \$ 16,023,244 | \$ 6,535,455 | 69% | \$ 14,841,495 | \$ (1,181,749) |

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 third quarter is at approximately \$1.84 million with roughly \$94,000 coming from property taxes. Year to date property tax revenue is roughly \$1.96 million or 96 percent of the annual budget through the third quarter compared to approximately \$1.88 million last year at quarter end. Transient lodging taxes are down over prior year at roughly \$243,000 compared to \$258,600 last year. Franchise fees are at roughly 75 percent of the annual budget and collection increased approximately \$196,000 over last year same time frame, with electrical franchise fees up roughly \$212,000.

Police spending through the third quarter was at approximately 87 percent of the annual budget. Personnel services for the police department are at roughly 75 percent of annual budget with overtime at roughly 131 percent of the annual budget. Police capital expenses during the third quarter included roughly \$191,500 for 6 police vehicles which will require a budget adjustment prior to yearend. Non-departmental is at 53 percent of the annual budget.

Overall, the General Fund realized an increase in fund balance of approximately 57 percent or \$908,500 through the third quarter. Yearend estimates show a favorable variance with the fund balance anticipated ending at roughly \$1.76 million by June 30th.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Year-end | Estimate to |
|-----------------------------------|---------------------|---------------------|-------------|---------------------|---------------------|-------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | Estimate | Budget Variance |
| Property taxes | \$ 512,500 | \$ 93,721 | 18% | \$ 1,537,500 | \$ 1,962,831 | 96% | \$ 2,050,000 | \$ 2,065,000 | \$ 15,000 |
| Transient lodging tax | 87,500 | 47,616 | 54% | 262,500 | 243,132 | 69% | 350,000 | 310,000 | (40,000) |
| Franchise fees | 603,250 | 864,247 | 143% | 1,809,750 | 1,815,113 | 75% | 2,413,000 | 2,620,000 | 207,000 |
| Licenses and permits | 2,800 | 1,621 | 58% | 8,400 | 4,044 | 36% | 11,200 | 9,000 | (2,200) |
| Intergovernmental revenues | 57,775 | 121,002 | 209% | 173,325 | 233,305 | 101% | 231,100 | 290,000 | 58,900 |
| Charges for services | 25 | 1,080 | 4320% | 75 | 1,080 | 1080% | 100 | 100 | - |
| Interest | 1,125 | 8,387 | 746% | 3,375 | 15,082 | 335% | 4,500 | 17,000 | 12,500 |
| Miscellaneous | 70,150 | 267,136 | 381% | 210,450 | 411,289 | 147% | 280,600 | 424,600 | 144,000 |
| Transfers | 18,046 | - | - | 54,139 | - | - | 72,185 | 73,000 | 815 |
| Debt Proceeds | - | 433,000 | - | - | 433,000 | - | - | 433,000 | 433,000 |
| Total revenue | \$ 1,353,171 | \$ 1,837,810 | 136% | \$ 4,059,514 | \$ 5,118,875 | 95% | \$ 5,412,685 | \$ 6,241,700 | \$ 829,015 |
| Expenditures | | | | | | | | | |
| Police | 1,015,525 | 1,200,250 | 118% | 3,046,575 | 3,521,278 | 87% | 4,062,100 | 4,734,300 | 672,200 |
| Non-departmental | 322,450 | 145,975 | 45% | 967,350 | 689,066 | 53% | 1,289,800 | 1,327,300 | 37,500 |
| Contingency | | | | | | | 1,489,836 | | (1,489,836) |
| Total expenditures | \$ 1,337,975 | \$ 1,346,225 | 101% | \$ 4,013,925 | \$ 4,210,344 | 62% | \$ 6,841,736 | \$ 6,061,600 | \$ (780,136) |
| Revenue over (under) expenditures | 15,196 | 491,585 | 3235% | 45,589 | 908,531 | 57% | (1,429,051) | 180,100 | 1,609,151 |
| Beginning fund balance | 1,429,051 | 1,583,740 | 111% | 1,429,051 | 1,583,740 | 111% | 1,429,051 | 1,583,740 | 154,689 |
| Ending fund balance | \$ 1,444,247 | \$ 2,075,325 | 144% | \$ 1,474,640 | \$ 2,492,271 | 169% | \$ - | \$ 1,763,840 | |

Notes: Police and Non-Departmental will likely require a budget adjustment prior to year end largely due to the purchase of new police cars and a needed transfer to the building facility fund for the Barnes Butte facility.

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.

Third quarter revenue, for the Transportation Fund, came in at approximately 73 percent of the annual budget. Intergovernmental revenue collection is at 71 percent of the annual budget. The State of Oregon gas tax came in at approximately \$451,000 through the third quarter which is a decrease from the prior year third quarter end of roughly \$6,700.

Third quarter expenditures are roughly 67 percent of annual budget. Capital expenditures through the third quarter totaled approximately \$566,000 or 86 percent of the annual budget with the 2018 crack sealing project being completed during the third quarter. This project included crack sealing all over town and came in at roughly \$80,000. Personnel services are at approximately 73 percent of the annual budget.

The Lynn and Knowledge safety improvements were originally budgeted to be completed in FY17 but ended up crossing fiscal years. A budget adjustment will likely be needed prior to yearend due to the project completion timing. Yearend estimates are showing a projected ending fund balance of roughly \$324,000.

| Revenue | Current Quarter | | Quarter Budget % | Year to Date | | Annual Budget % | Annual Budget | Year-end Estimate | Estimate to Budget Variance |
|--|-------------------|-------------------|------------------|---------------------|---------------------|-----------------|---------------------|---------------------|-----------------------------|
| | Budget | Actual | | Budget | Actual | | | | |
| Franchise Fees | \$ 75,000 | \$ 74,000 | 99% | \$ 225,000 | \$ 222,000 | 74% | \$ 300,000 | \$ 300,000 | \$ - |
| Intergovernmental | 212,075 | 192,583 | 91% | 636,225 | 600,904 | 71% | 848,300 | 885,900 | 37,600 |
| Transfers | 100,000 | 100,000 | 100% | 300,000 | 300,000 | 75% | 400,000 | 400,000 | - |
| Interest | 450 | 592 | 132% | 1,350 | 2,056 | 114% | 1,800 | 1,800 | - |
| Miscellaneous | 2,125 | 2,800 | 132% | 6,375 | 5,086 | 60% | 8,500 | 8,500 | - |
| Total revenue | \$ 389,650 | \$ 369,975 | 95% | \$ 1,168,950 | \$ 1,130,046 | 73% | \$ 1,558,600 | \$ 1,596,200 | \$ 37,600 |
| Expenditures | | | | | | | | | |
| Personnel services | 56,925 | 56,245 | 99% | 170,775 | 166,791 | 73% | 227,700 | 225,700 | (2,000) |
| Material & services | 59,075 | 14,968 | 25% | 177,225 | 127,505 | 54% | 236,300 | 233,800 | (2,500) |
| Capital outlay | | | | | | | | | |
| Improvements | 163,650 | 80,512 | 49% | 490,950 | 565,665 | 86% | 654,600 | 659,300 | 4,700 |
| Transfers | 105,825 | 105,825 | 100% | 317,475 | 317,475 | 75% | 423,300 | 423,300 | - |
| Contingency | | | | | | | 212,186 | | (212,186) |
| Total expenditures | \$ 385,475 | \$ 257,549 | 67% | \$ 1,156,425 | 1,177,436 | 67% | \$ 1,754,086 | \$ 1,542,100 | (211,986) |
| Revenue over (under) expenditures | 4,175 | 112,426 | 42% | 12,525 | (47,390) | -18% | (195,486) | 54,100 | 249,586 |
| Beginning fund balance | 195,486 | 269,757 | 138% | 195,486 | 269,757 | 138% | 195,486 | 269,757 | 74,271 |
| Ending fund balance | \$ 199,661 | \$ 382,183 | 191% | \$ 208,011 | \$ 222,367 | 107% | \$ - | \$ 323,857 | |

Notes: A budget adjustment will likely be needed prior to year end largely due to the timing in which the Lynn and Knowledge safety improvements were completed crossing over fiscal years.

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 \$1.17 million or 79 percent of the annual budget. Third quarter revenue collection came in at roughly 82 percent of the quarter budget. Intergovernmental revenue came in at 70 percent of the quarter budget with dollars coming in from Crook County for dispatching services and the State of Oregon E911 tax.

Expenditures are approximately \$1.14 million or 63 percent of the annual budget. Personnel services are at 69 percent of the annual budget and overtime is at 208 percent of the annual budget due to dispatching continuing to be understaffed. Dispatcher positions are currently looking to be filled.

The Emergency Dispatch Fund increased its fund balance by roughly \$35,000 or 9 percent through the third quarter. The upgrading of the phone system and radio equipment will likely require a budget adjustment prior to yearend in both capital outlay and materials and services.

| Revenue | Current Quarter | | Quarter Budget % | Year to Date | | Annual Budget % | Annual Budget | Year-end Estimate | Estimate to Budget Variance |
|--|-------------------|-------------------|------------------|---------------------|---------------------|-----------------|---------------------|---------------------|-----------------------------|
| | Budget | Actual | | Budget | Actual | | | | |
| Intergovernmental | \$ 224,400 | \$ 157,377 | 70% | \$ 673,200 | 732,299 | 82% | \$ 897,600 | \$ 897,600 | \$ - |
| Charges for services | 1,000 | - | - | 3,000 | 22 | 1% | 4,000 | 1,000 | (3,000) |
| Interest | 750 | 1,509 | 201% | 2,250 | 3,154 | 105% | 3,000 | 3,000 | - |
| Transfers from other funds | 145,750 | 145,750 | 100% | 437,250 | 437,250 | 75% | 583,000 | 583,000 | - |
| Total revenue | \$ 371,900 | \$ 304,636 | 82% | \$ 1,115,700 | \$ 1,172,725 | 79% | \$ 1,487,600 | \$ 1,484,600 | \$ (3,000) |
| Expenditures | | | | | | | | | |
| Personnel services | 254,375 | 227,414 | 89% | 763,125 | 701,533 | 69% | 1,017,500 | 966,300 | (51,200) |
| Material & services | 61,375 | 90,773 | 148% | 184,125 | 189,983 | 77% | 245,500 | 268,600 | 23,100 |
| Capital outlay | 31,250 | - | - | 93,750 | 128,983 | 103% | 125,000 | 130,000 | 5,000 |
| Transfers | 39,225 | 39,225 | 100% | 117,675 | 117,675 | 75% | 156,900 | 156,900 | - |
| Contingency | | | | | | - | 254,973 | | (254,973) |
| Total expenditures | \$ 386,225 | \$ 357,412 | 93% | \$ 1,158,675 | \$ 1,138,174 | 63% | \$ 1,799,873 | \$ 1,521,800 | \$ (278,073) |
| Revenue over (under) expenditures | (14,325) | (52,776) | - | (42,975) | 34,551 | 9% | (312,273) | (37,200) | 275,073 |
| Beginning fund balance | 312,273 | 371,559 | 119% | 312,273 | 371,559 | 119% | 312,273 | 371,559 | 59,286 |
| Ending fund balance | \$ 297,948 | \$ 318,783 | 107% | \$ 269,298 | \$ 406,110 | 151% | \$ - | \$ 334,359 | |

Notes: A budget adjustment in both capital outlay and materials and services will likely be needed prior to yearend largely due to the upgrading of dispatches phone system and radio equipment.

March 31, 2018

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.

Third quarter revenue collection came in at approximately \$70,000 or 69 percent of the quarter budget. Revenue collection through the third quarter for licenses and permits is at approximately \$36,000 with roughly \$5,000 coming in the third quarter. Prior year collection was at approximately \$43,000 at third quarter end.

Expenditures incurred during the third quarter came in at approximately \$88,000 or 88 percent of the quarter budget with overall expenditures at roughly 57 percent of the annual budget. Personnel services are tracking under budget with planning looking to fill an open position.

There were roughly 16 housing starts during the third quarter and development continues on an upward trend.

| Revenue | Current Quarter | | | Year to Date | | | Annual Budget | Year-end Estimate | Estimate to Budget Variance |
|--|-------------------|-------------------|---------------|-------------------|-------------------|-------------|-------------------|-------------------|-----------------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | | | |
| Licenses & Permits | \$ 12,500 | \$ 5,180 | 41% | \$ 37,500 | 36,124 | 72% | \$ 50,000 | \$ 45,300 | (4,700) |
| Intergovernmental | 1,325 | - | - | 3,975 | - | - | 5,300 | 5,300 | - |
| Charges for services | 6,475 | 3,863 | 60% | 19,425 | 9,957 | 38% | 25,900 | 10,900 | (15,000) |
| Interest | 150 | 530 | 354% | 450 | 1,342 | 224% | 600 | 1,500 | 900 |
| Transfers from other funds | 80,000 | 60,000 | 75% | 240,000 | 220,000 | 69% | 320,000 | 415,500 | 95,500 |
| Total revenue | \$ 100,450 | \$ 69,573 | 69% | \$ 301,350 | \$ 267,423 | 67% | \$ 401,800 | \$ 478,500 | \$ 76,700 |
| Personnel services | 62,650 | 55,984 | 89% | 187,950 | 180,498 | 72% | 250,600 | 238,100 | (12,500) |
| Material & services | 6,950 | 1,342 | 19% | 20,850 | 13,509 | 49% | 27,800 | 18,900 | (8,900) |
| Transfers | 30,200 | 30,200 | 100% | 90,600 | 90,600 | 75% | 120,800 | 120,800 | - |
| Contingency | | | | | | | 97,721 | | (97,721) |
| Total expenditures | \$ 99,800 | \$ 87,526 | 88% | \$ 299,400 | \$ 284,607 | 57% | \$ 496,921 | \$ 377,800 | \$ (119,121) |
| Revenue over (under) expenditures | 650 | (17,953) | -2762% | 1,950 | (17,184) | -14% | (95,121) | 100,700 | 195,821 |
| Beginning fund balance | 95,121 | 121,280 | 128% | 95,121 | 121,280 | 128% | 95,121 | 121,280 | 26,159 |
| Ending fund balance | \$ 95,771 | \$ 103,327 | 108% | \$ 97,071 | \$ 104,096 | 107% | \$ - | \$ 221,980 | |

March 31, 2018

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 through the third quarter for the Transportation SDC Fund is at approximately 130 percent of the annual budget. Third quarter SDC collection came in at roughly \$98,000 with \$461,000 total collection through third quarter. Local development continued in the third quarter positively affecting the SDC funds. There were roughly 16 housing starts during the third quarter.

Expenditures during the third quarter were for ODOT consulting for the Tom McCall roundabout project that started in the third quarter. A budget adjustment will likely be needed prior to yearend in capital outlay and transfers due to the roundabout project and the collection of SDC's being more than originally anticipated.

Fund balance increased roughly \$405,000 or 78 percent through the third quarter.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Year-end | Estimate to |
|--|-------------------|-------------------|-------------|-------------------|-------------------|-------------|-------------------|-------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | Estimate | Budget Variance |
| Interest | \$ 1,000 | \$ 3,347 | 335% | \$ 3,000 | \$ 6,775 | 169% | \$ 4,000 | \$ 8,000 | \$ 4,000 |
| System development charges | 88,750 | 97,839 | 110% | 266,250 | 461,204 | 130% | 355,000 | 529,000 | 174,000 |
| Total revenue | \$ 89,750 | \$ 101,186 | 113% | \$ 269,250 | \$ 467,978 | 130% | \$ 359,000 | \$ 537,000 | \$ 178,000 |
| Expenditures | | | | | | | | | |
| Material & services | 2,500 | - | - | 7,500 | 3,600 | 48% | 10,000 | 10,000 | - |
| Capital outlay | - | 17,394 | - | - | 59,474 | - | - | 75,000 | 75,000 |
| Improvements | 4,450 | - | - | 13,350 | - | - | 17,800 | 26,500 | 8,700 |
| Transfers | | | | | | | 888,154 | | (888,154) |
| Contingency | | | | | | | | | |
| Total expenditures | \$ 6,950 | \$ 17,394 | 250% | \$ 20,850 | \$ 63,074 | 7% | \$ 915,954 | \$ 111,500 | \$ (804,454) |
| Revenue over (under) expenditures | 82,800 | 83,792 | 16% | 248,400 | 404,904 | 78% | (556,954) | 425,500 | 982,454 |
| Beginning fund balance | 556,954 | 518,810 | 93% | 556,954 | 518,810 | 93% | 556,954 | 518,810 | \$ (38,144) |
| Ending fund balance | \$ 639,754 | \$ 602,602 | 94% | \$ 805,354 | \$ 923,714 | 115% | \$ - | \$ 944,310 | |

Notes: A budget adjustment in both capital outlay and transfers will likely be needed prior to yearend

March 31, 2018

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.

Overall third quarter revenue came in at approximately \$409,000 or 57 percent of the quarter budget. Third quarter revenue is largely associated with reimbursements for the industrial park utility improvement project. Local development continued in the third quarter positively affecting the SDC funds. There were roughly 16 housing starts during the third quarter.

Capital expenditures during the third quarter were for the industrial park utility improvement project. A budget adjustment will likely be needed prior to yearend due to the collection of SDC's being more than originally anticipated.

Revenue over expenditure yearend estimates project a favorable variance with the fund balance projection ending at roughly \$2.17 million.

| | Current Quarter | | Quarter Budget % | Year to Date | | Annual Budget % | Annual Budget | Year-end Estimate | Estimate to Budget Variance |
|--|-------------------|-------------------|------------------|---------------------|---------------------|-----------------|---------------------|---------------------|-----------------------------|
| | Budget | Actual | | Budget | Actual | | | | |
| Revenue | | | | | | | | | |
| Interest | \$ 175 | \$ 10,309 | 5891% | \$ 525 | \$ 12,625 | 1804% | \$ 700 | \$ 20,000 | \$ 19,300 |
| System development charges | 722,400 | 65,361 | 9% | 2,167,200 | 2,902,597 | 100% | 2,889,600 | 2,940,000 | 50,400 |
| Charges for Services | - | 333,675 | - | - | 333,675 | - | - | 833,700 | 833,700 |
| Total revenue | \$ 722,575 | \$ 409,345 | 57% | \$ 2,167,725 | \$ 3,248,898 | 112% | \$ 2,890,300 | \$ 3,793,700 | \$ 903,400 |
| Expenditures | | | | | | | | | |
| Capital outlay | | | | | | | | | |
| Improvements | 527,500 | 112,783 | 21% | 1,582,500 | 222,783 | 11% | 2,110,000 | 1,110,000 | (1,000,000) |
| Transfers | 139,125 | 285,000 | 205% | 312,375 | 285,000 | 51% | 556,500 | 559,000 | 2,500 |
| Contingency | | | | | | | 310,007 | | (310,007) |
| Total expenditures | \$ 666,625 | \$ 397,783 | 60% | \$ 2,422,375 | \$ 507,783 | 21% | \$ 2,976,507 | \$ 1,669,000 | \$ (1,307,507) |
| Revenue over (under) expenditures | 55,950 | 11,562 | 24% | (254,650) | 2,741,115 | 5772% | (86,207) | 2,124,700 | 2,210,907 |
| Beginning fund balance | 86,207 | 47,491 | 55% | 86,207 | 47,491 | 55% | 86,207 | 47,491 | (38,716) |
| Ending fund balance | \$ 142,157 | \$ 59,053 | 42% | \$ (168,443) | \$ 2,788,606 | -1656% | \$ - | \$ 2,172,191 | |

Note: Supplemental budget adopted per resolution NO. 1333. A budget adjustment will likely be needed prior to yearend in transfers.

March 31, 2018

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 third quarter revenue collection came in at approximately \$481,000 or 34 percent of the quarter budget. Approximately \$30,000 in intergovernmental grants and \$20,600 in debt proceeds were also collected for the wetlands project during the third quarter. This was the last payment for the wetlands funding. Local development continued in the third quarter positively affecting the SDC funds. There were roughly 16 housing starts during the third quarter.

Overall expenditures through the third quarter came in at approximately 38 percent of the annual budget. Third quarter capital improvements were for the industrial park utility improvement project. The wetlands project was closed in January 2018. Materials and services may need an adjustment prior to yearend due to additional consulting needs with the new industrial park utility improvements.

Revenue over expenditure yearend estimates project a favorable variance with the fund balance projection ending at roughly \$2.70 million.

| Revenue | Current Quarter | | | Year to Date | | | Annual | Annual | Year-end | Estimate to |
|--|---------------------|-------------------|-------------|---------------------|---------------------|--------------|---------------------|---------------------|-----------------------|-----------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | Budget | Estimate | Budget Variance |
| Charges for Services | \$ - | \$ 333,675 | - | \$ - | \$ 333,675 | - | \$ - | \$ - | \$ 833,700 | \$ 833,700 |
| Interest | 625 | 12,365 | 1978% | 1,875 | 16,517 | 661% | 2,500 | 24,000 | 21,500 | |
| Intergovernmental | 116,950 | 30,160 | 26% | 350,850 | 47,869 | 10% | 467,800 | 48,000 | (419,800) | |
| System development charges | 1,270,625 | 84,052 | 7% | 3,811,875 | 5,048,102 | 99% | 5,082,500 | 5,144,100 | 61,600 | |
| Debt Proceeds | 25,000 | 20,606 | 82% | 75,000 | 38,314 | 38% | 100,000 | 38,400 | (61,600) | |
| Total revenue | \$ 1,413,200 | \$ 480,858 | 34% | \$ 4,239,600 | \$ 5,484,477 | 97% | \$ 5,652,800 | \$ 6,088,200 | \$ 435,400 | |
| Expenditures | | | | | | | | | | |
| Material & services | 2,500 | 5,482 | 219% | 7,500 | 9,940 | 99% | 10,000 | 24,000 | 14,000 | |
| Capital outlay | | | | | | | | | | |
| Improvements | 679,450 | 112,749 | 17% | 2,038,350 | 215,311 | 8% | 2,717,800 | 1,102,600 | (1,615,200) | |
| Transfers | 597,550 | 7,225 | 1% | 1,792,650 | 2,007,225 | 84% | 2,390,200 | 2,322,600 | (67,600) | |
| Contingency | | | | - | | | 761,122 | | (761,122) | |
| Total expenditures | \$ 1,279,500 | \$ 125,456 | 10% | \$ 3,838,500 | \$ 2,232,476 | 38% | \$ 5,879,122 | \$ 3,449,200 | \$ (2,429,922) | |
| Revenue over (under) expenditures | 133,700 | 355,401 | 585% | 401,100 | 3,252,001 | 5348% | (226,322) | 2,639,000 | 2,865,322 | |
| Beginning fund balance | 226,322 | 60,804 | 27% | 226,322 | 60,804 | 27% | 226,322 | 60,804 | (165,518) | |
| Ending fund balance | \$ 360,022 | \$ 416,205 | 116% | \$ 627,422 | \$ 3,312,805 | 528% | \$ - | \$ 2,699,804 | | |

Note: Supplemental budget adopted per resolution NO. 1333 and an adjustment may be needed in materials and services prior to yearend.

March 31, 2018

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 debt service associated with this fund was paid off in FY17 and there are no outstanding assessments. This fund is expected to be closed next fiscal year.

| | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Year-end | Estimate to |
|--|------------------|------------------|-------------|------------------|------------------|-------------|------------------|------------------|-----------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | Estimate | Budget Variance |
| Revenue | | | | | | | | | |
| Interest | \$ - | \$ - | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| Assessment repayments | - | - | - | - | - | - | - | - | - |
| Total revenue | \$ - | \$ - | - | \$ - | \$ - | - | \$ - | \$ - | \$ - |
| Expenditures | | | | | | | | | |
| Debt service | | | | | | | | | |
| Principal | | | | | | | | | |
| Ironhorse LID - 2006 | - | - | - | - | - | - | - | - | - |
| Interest | | | | | | | | | |
| Ironhorse LID - 2006 | - | - | - | - | - | - | - | - | - |
| Transfer | 18,046 | - | - | 18,046 | - | - | 72,185 | 72,485 | - |
| Contingency | | | | | | | | | |
| Total expenditures | \$ 18,046 | \$ - | - | \$ 18,046 | \$ - | 0% | \$ 72,185 | \$ 72,485 | \$ - |
| Revenue over (under) expenditures | (18,046) | - | - | (18,046) | - | 0% | (72,185) | (72,485) | - |
| Beginning fund balance | 72,185 | 72,485 | 100% | 72,185 | 72,485 | 100% | 72,185 | 72,485 | 300 |
| Ending fund balance | \$ 54,139 | \$ 72,485 | 134% | \$ 54,139 | \$ 72,485 | 134% | \$ - | \$ - | |

March 31, 2018

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.

This fund is as anticipated. Yearend projections include the refunding of the bond. The opportunity to refinance at a lower interest rate and gain relief from restrictive covenants has arisen and this option is being explored. A budget adjustment will likely be needed prior to yearend due to refunding.

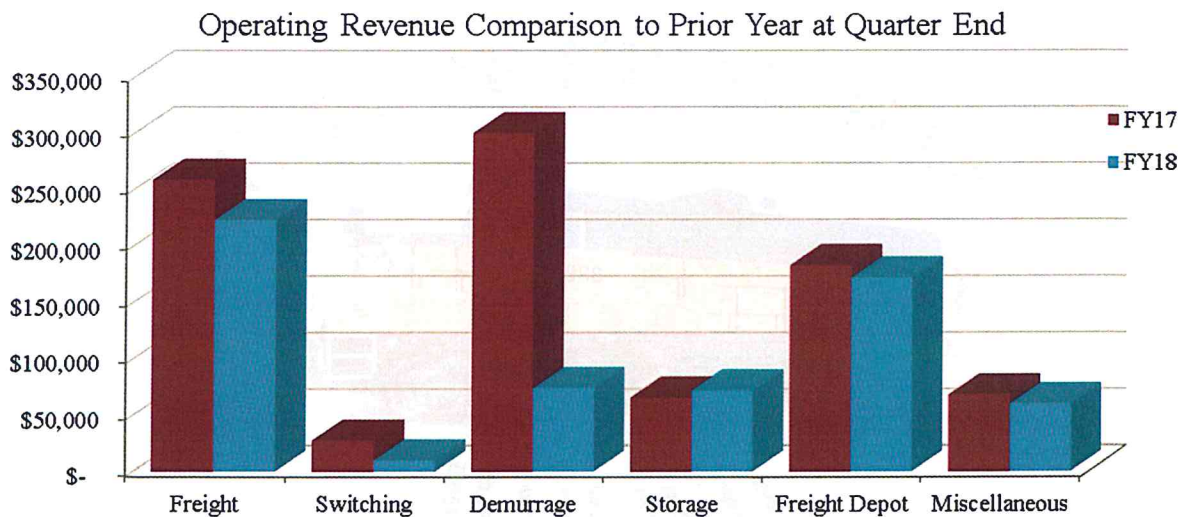
| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Year-End | Estimate to |
|--|-------------------|-------------------|-------------|-------------------|-------------------|------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | Estimate | Budget Variance |
| Interest | \$ 625 | \$ 3,037 | 486% | \$ 1,875 | \$ 6,877 | 275% | \$ 2,500 | \$ 10,000 | \$ 7,500 |
| Debt Proceeds | - | - | - | - | - | - | - | 2,550,700 | 2,550,700 |
| Transfer from other funds | 142,225 | 117,225 | 82% | 426,675 | 351,675 | 62% | 568,900 | 568,900 | - |
| Total revenue | \$ 142,850 | \$ 120,262 | 84% | \$ 428,550 | \$ 358,552 | 63% | \$ 571,400 | \$ 3,129,600 | \$ 2,558,200 |
| Expenditures | | | | | | | | | |
| Bond Expense | - | - | - | - | - | - | - | 28,300 | 28,300 |
| Debt service | | | | | | | | | - |
| Principal - POB 2013 | 36,250 | - | - | 108,750 | - | - | 145,000 | 2,667,000 | 2,522,000 |
| Interest - POB 2013 | 31,750 | - | - | 95,250 | 63,479 | 50% | 127,000 | 127,000 | - |
| Contingency | | | | | | | 855,880 | | (855,880) |
| Total expenditures | \$ 68,000 | \$ - | - | \$ 204,000 | \$ 63,479 | 6% | \$ 1,127,880 | \$ 2,822,300 | \$ 1,694,420 |
| Revenue over (under) expenditures | \$ 74,850 | \$ 120,262 | 161% | \$ 224,550 | \$ 295,073 | 53% | \$ (556,480) | \$ 307,300 | \$ 863,780 |
| Beginning fund balance | 556,480 | 556,703 | | 556,480 | 556,703 | | 556,480 | 556,703 | 223 |
| Ending fund balance | \$ 631,330 | \$ 676,965 | | \$ 781,030 | \$ 851,776 | | \$ - | \$ 864,003 | |

Notes: A budget adjustment will likely be needed prior to yearend due to the anticipated refinancing of the POB.

Railroad Fund

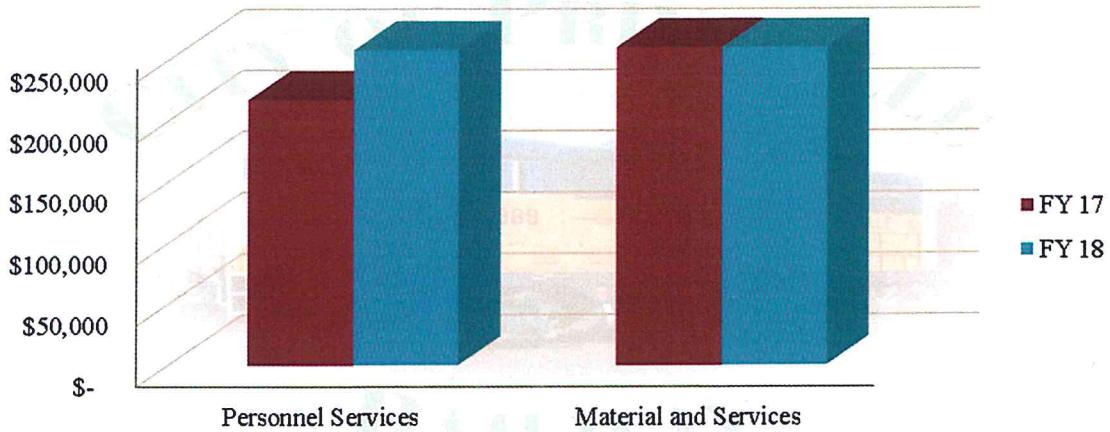
This fund accounts for the activities of the City’s railroad operation and for the City’s freight depot operation. Starting in FY 14 the Railroad and Freight Depot Funds were consolidated. Primary revenue sources are payments for the use of railroad and freight depot facilities and related services. Expenditures are for the railroad and freight depot operations, including repair, debt service and capital improvements. Additionally, transfers to other City operations are budgeted.

Overall revenue collection during the third quarter is at roughly \$218,000 or 73 percent of the quarter budget. Charges for services for the railroad are at approximately \$328,500 or 49 percent of the annual budget and freight depot charges for services are approximately \$171,000 or 63 percent of annual budget. Overall revenue comparisons to prior year for year to date are down roughly \$269,000. Weather has been a factor in the decrease of freight revenue. Les Schwab traffic has slowed down with their tire inventory levels being high. This directly impacts freight and demurrage revenue. Freight traffic has become more diversified with new wood chip haulage helping to back fill the freight revenue gap from the decrease in Les Schwab cars. Below is a breakdown of the funds major revenue sources compared to prior year collection at third quarter end.



Overall expenditures through the third quarter are at roughly \$636,000 or 28 percent of the annual budget. Prior year comparisons show personnel services up roughly 19 percent at quarter end. Contributing to the increase in personnel services is the retirement of a long term employee in the second quarter, the hiring and training of a new employee and the result of a new collective bargaining agreement that went into effect in July.

Operating Expenditure Comparison to Prior Year at Quarter End



Through the third quarter the ending fund balance increased roughly \$20,000 or 2 percent. Revenue over expenditure yearend projections show a favorable variance to budget. Ending fund balance is projected to be roughly \$1.09 million at yearend.

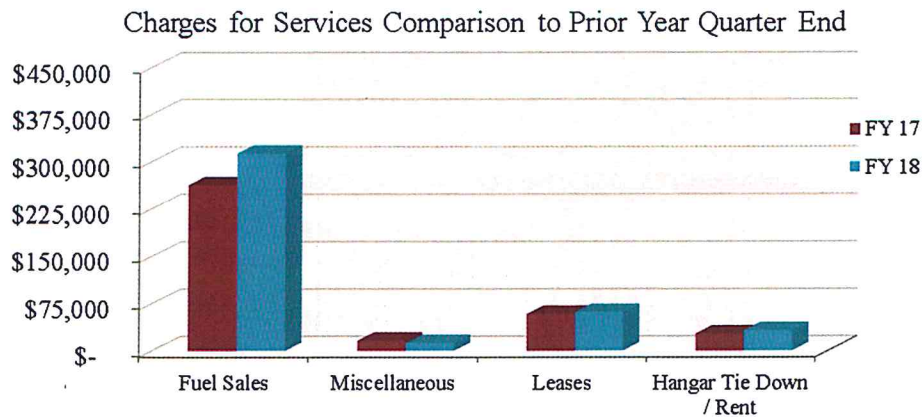
| | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Year-end | Estimate to |
|--|---------------------|---------------------|------------|---------------------|---------------------|------------|---------------------|---------------------|-----------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | Estimate | Budget Variance |
| Revenue | | | | | | | | | |
| Charges for services | | | | | | | | | |
| Railroad | \$ 167,500 | \$ 100,694 | 60% | \$ 502,500 | \$ 328,512 | 49% | \$ 670,000 | \$ 459,700 | \$ (210,300) |
| Freight Depot | 68,000 | 43,284 | 64% | 204,000 | 171,208 | 63% | 272,000 | 274,400 | 2,400 |
| Use of money & property | 43,550 | 27,837 | 64% | 130,650 | 95,593 | 55% | 174,200 | 119,300 | (54,900) |
| Miscellaneous | 21,250 | 46,487 | 219% | 63,750 | 60,180 | 71% | 85,000 | 60,700 | (24,300) |
| Total revenue | \$ 300,300 | \$ 218,302 | 73% | \$ 900,900 | \$ 655,494 | 55% | \$ 1,201,200 | \$ 914,100 | \$ (287,100) |
| Expenditures | | | | | | | | | |
| Personnel services | 105,250 | 64,076 | 61% | 315,750 | 258,025 | 61% | 421,000 | 362,100 | (58,900) |
| Material and services | 84,025 | 61,834 | 74% | 252,075 | 305,236 | 91% | 336,100 | 360,700 | 24,600 |
| Capital outlay | | | | - | | | | | - |
| Improvements | 30,250 | - | - | 90,750 | - | - | 121,000 | 60,000 | (61,000) |
| Transfers | 24,125 | 24,125 | 100% | 72,375 | 72,375 | 75% | 96,500 | 96,500 | - |
| Contingency | | | | | | | 1,328,166 | | (1,328,166) |
| Total expenditures | \$ 243,650 | \$ 150,036 | 62% | \$ 730,950 | \$ 635,636 | 28% | \$ 2,302,766 | \$ 879,300 | \$ (1,423,466) |
| Revenue over (under) expenditures | 56,650 | 68,267 | 6% | 169,950 | 19,858 | 2% | (1,101,566) | 34,800 | 1,136,366 |
| Beginning fund balance | 1,101,566 | 1,059,621 | 96% | 1,101,566 | 1,059,621 | 96% | 1,101,566 | 1,059,621 | (41,945) |
| Ending fund balance | \$ 1,158,216 | \$ 1,127,888 | 97% | \$ 1,271,516 | \$ 1,079,479 | 85% | \$ - | \$ 1,094,421 | |

Notes: A budget adjustment in materials and services will likely be needed prior to yearend due to the DEQ shop clean up.

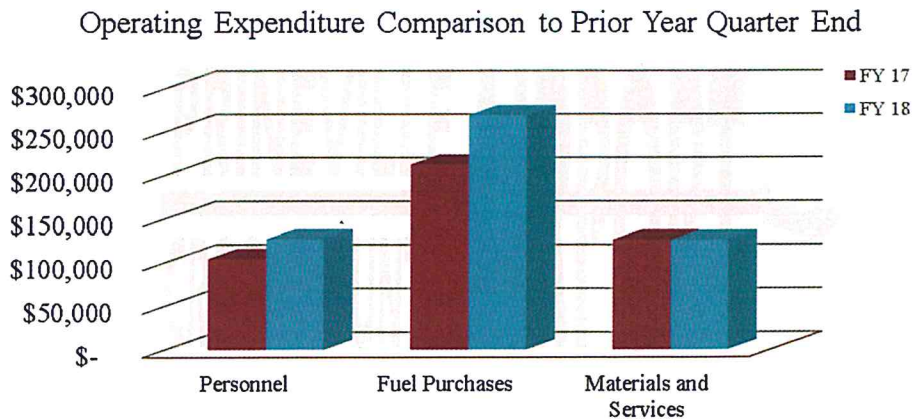
Airport Fund

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.

Overall revenues for the third quarter came in at roughly \$97,000 or five percent of the quarter budget. Charges for services revenue through the third quarter are approximately 47 percent of the annual budget or \$419,000. Charges for services are up over the prior year through the third quarter roughly 15 percent. Fuel sales are up by roughly 19 percent with gallons sold up roughly 13,800 gallons over the prior year at quarter end. A more active fire season and weather conditions have had a positive impact on fuel sales in comparison to the prior year. Below is a comparison to prior year for the revenue sources that make up charges for services at quarter end.



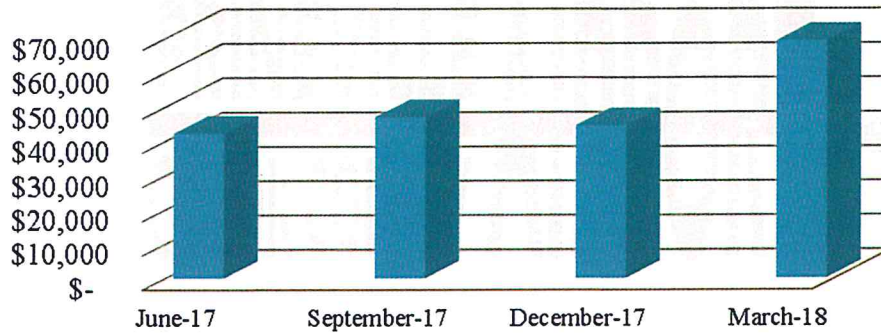
Third quarter expenditures came in at roughly \$292,000 or 15 percent of the quarter budget. Capital expenditures during the third quarter are largely for the predesign of the United States Forest Service (USFS) airbase and parking. Below is a comparison of operating expenditures to the prior year at quarter end.



March 31, 2018

Overall fund balance is down approximately \$342,000 through the third quarter partly due to the timing in which the receipts of reimbursable capital improvements are received. Preparations are being made for the first request for reimbursement for the Connect Oregon project which is associated with the construction of a USFS airbase. Fuel inventory at quarter end is roughly \$69,000.

Airport Ending Fuel Inventory by Quarter



| | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Year-end | Estimate to |
|--|---------------------|---------------------|------------|---------------------|---------------------|--------------|---------------------|---------------------|-----------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | Estimate | Budget Variance |
| Intergovernmental | \$ 1,674,375 | \$ 22,517 | 1% | \$ 5,023,125 | \$ 22,639 | 0% | \$ 6,697,500 | \$ 355,600 | \$ (6,341,900) |
| Charges for services | 220,750 | 74,904 | 34% | 662,250 | 418,857 | 47% | 883,000 | 551,000 | (332,000) |
| Other revenues | 25 | - | - | 75 | - | - | 100 | - | (100) |
| Transfers | 12,500 | - | - | 37,500 | - | - | 50,000 | 150,000 | 100,000 |
| Total revenue | \$ 1,907,650 | \$ 97,421 | 5% | \$ 5,722,950 | \$ 441,495 | 6% | \$ 7,630,600 | \$ 1,056,600 | \$ (6,574,000) |
| Personnel Service | 45,275 | 42,763 | 94% | 135,825 | 126,598 | 70% | 181,100 | 168,500 | (12,600) |
| Materials and Services | 195,575 | 104,944 | 54% | 586,725 | 394,266 | 50% | 782,300 | 505,900 | (276,400) |
| Capital outlay | 1,646,750 | 119,761 | 7% | 4,940,250 | 165,761 | 3% | 6,587,000 | 340,000 | (6,247,000) |
| Debt Service | 6,250 | - | - | 18,750 | 25,000 | 100% | 25,000 | 25,000 | - |
| Transfers | 24,075 | 24,075 | 100% | 72,225 | 72,225 | 75% | 96,300 | 77,600 | (18,700) |
| Contingency | | | | | | | 115,463 | | (115,463) |
| Total expenditures | \$ 1,917,925 | \$ 291,543 | 15% | \$ 5,753,775 | \$ 783,850 | 10% | \$ 7,787,163 | \$ 1,117,000 | \$ (6,670,163) |
| Revenue over (under) expenditures | (10,275) | (194,123) | - | (30,825) | (342,355) | -520% | (156,563) | (60,400) | 96,163 |
| Beginning fund balance | 156,563 | 65,888 | 42% | 156,563 | 65,888 | 42% | 156,563 | 65,888 | (90,675) |
| Ending fund balance | \$ 146,288 | \$ (128,235) | - | \$ 125,738 | \$ (276,467) | - | \$ - | \$ 5,488 | |

March 31, 2018

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 the system including repair and maintenance of infrastructure.

Overall revenue collection in the third quarter came in at approximately \$1.1 million or 79 percent of the quarter budget. Revenue associated with charges for services came in at roughly \$796,000 or 116 percent of quarter budget with approximately \$309,600 coming from reimbursements for the aquifer storage and recovery feasibility study.

Third quarter expenditures are at roughly 161 percent of the quarter budget. Capital improvements during the third quarter were at approximately \$419,000. Capital improvements that took place during the quarter were largely for the Fairview waterline project and the aquifer storage and recovery feasibility study. The 2003 water revenue bond was paid off in the third quarter. A budget adjustment will likely be needed prior to yearend largely due to additional capital project that were not anticipated during the budget season and debt restructuring that took place during the year.

Through the third quarter the fund balance decreased roughly -13 percent. Revenue over expenditure yearend projections show the fund balance coming it approximately \$1.07 million at June 30, 2018.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Year-end | Estimate to |
|--|---------------------|---------------------|-------------|---------------------|---------------------|-------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | Estimate | Budget Variance |
| Charges for services | \$ 689,250 | \$ 796,133 | 116% | \$ 2,067,750 | \$ 2,313,560 | 84% | \$ 2,757,000 | \$ 2,939,800 | \$ 182,800 |
| Interest | 1,750 | 3,215 | 184% | 5,250 | 8,184 | 117% | 7,000 | 10,000 | 3,000 |
| Miscellaneous | 1,375 | 702 | 51% | 4,125 | 2,808 | 51% | 5,500 | 7,600 | 2,100 |
| Transfers | 103,000 | 285,000 | 277% | 309,000 | 285,000 | 69% | 412,000 | 412,000 | - |
| Debt Proceeds | 570,000 | - | - | 1,710,000 | 2,271,000 | 100% | 2,280,000 | 2,271,000 | (9,000) |
| Total revenue | \$ 1,365,375 | \$ 1,085,050 | 79% | \$ 4,096,125 | \$ 4,880,552 | 89% | \$ 5,461,500 | \$ 5,640,400 | \$ 178,900 |
| Expenditures | | | | | | | | | |
| Materials and services | 126,625 | 132,036 | 104% | 379,875 | 399,872 | 79% | 506,500 | 529,200 | 22,700 |
| Franchise fees expense | 30,750 | 30,750 | 100% | 92,250 | 92,250 | 75% | 123,000 | 123,000 | - |
| Capital outlay | | | | | | | | | |
| Equipment | - | - | - | - | - | - | - | - | - |
| Improvements | 234,375 | 419,305 | 179% | 703,125 | 860,647 | 92% | 937,500 | 1,398,000 | 460,500 |
| Debt service | | | | | | | | | |
| Principal | | | | | | | | | |
| Refunding bond 2011 | 31,250 | - | - | 93,750 | 165,409 | 132% | 125,000 | 165,409 | 40,409 |
| Water revenue bond 2003 | 12,500 | 335,000 | 2680% | 37,500 | 335,000 | 670% | 50,000 | 335,000 | 285,000 |
| Interest | | | | | | | | | |
| Refunding bond 2011 | 24,025 | - | - | 72,075 | 55,627 | 58% | 96,100 | 55,700 | (40,400) |
| Water revenue bond 2003 | 4,275 | 8,447 | 198% | 12,825 | 16,990 | 99% | 17,100 | 17,000 | (100) |
| Payments to Refunded Bond Escrow Agent | | | | | 2,254,093 | - | | 2,254,100 | 2,254,100 |
| Transfers | 298,650 | 298,650 | 100% | 895,950 | 895,950 | 75% | 1,194,600 | 1,194,600 | - |
| Contingency | | | | | | | 3,891,514 | | (3,891,514) |
| Total expenditures | \$ 762,450 | \$ 1,224,189 | 161% | \$ 2,287,350 | \$ 5,075,837 | 73% | \$ 6,941,314 | \$ 6,072,009 | \$ (869,305) |
| Revenue over (under) expenditures | 602,925 | \$ (139,139) | -8% | 1,808,775 | (195,285) | -13% | (1,479,814) | (431,609) | 1,048,205 |
| Beginning fund balance | 1,479,814 | 1,847,526 | 125% | 1,479,814 | 1,496,870 | 101% | 1,479,814 | 1,496,870 | 17,056 |
| Ending fund balance | \$ 2,082,739 | \$ 1,708,387 | 82% | \$ 3,288,589 | \$ 1,301,585 | 40% | \$ - | \$ 1,065,261 | |

Note: Supplemental budget adopted per resolution NO. 1333. An adjustment in capital outlay for the ASR project and in debt service for the dollars that were in escrow for the 2011 bond debt service will likely be needed prior to year end.

March 31, 2018

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 through the third quarter came in at approximately \$11.5 million or 90 percent of the annual budget. Third quarter revenue collection for charges for services was roughly \$868,000 or 100 percent of the quarter budget. During the third quarter the DEQ interim short term financing for the wetland project was paid off at the close of the project with a long term USDA loan. Debt proceeds collected during the third quarter were associated with this transaction.

Expenditures are at roughly 80 percent of the annual budget through the third quarter. Third quarter capital expenditures are largely associated with wetlands testing and equipment shed at the wetlands. An adjustment will likely be needed prior to yearend in personnel services for accrued absences, capital out lay for the aeration system improvements and wetlands testing, and in debt service for the dollars that were in escrow for the 2011 bond and USDA loan that refinanced the DEQ interim financing for the wetlands.

Fund balance has increase through the third quarter by roughly \$64,000 or 3 percent. Revenue over expenditure projections estimate the fund balance coming it approximately \$1.9 million at yearend.

March 31, 2018

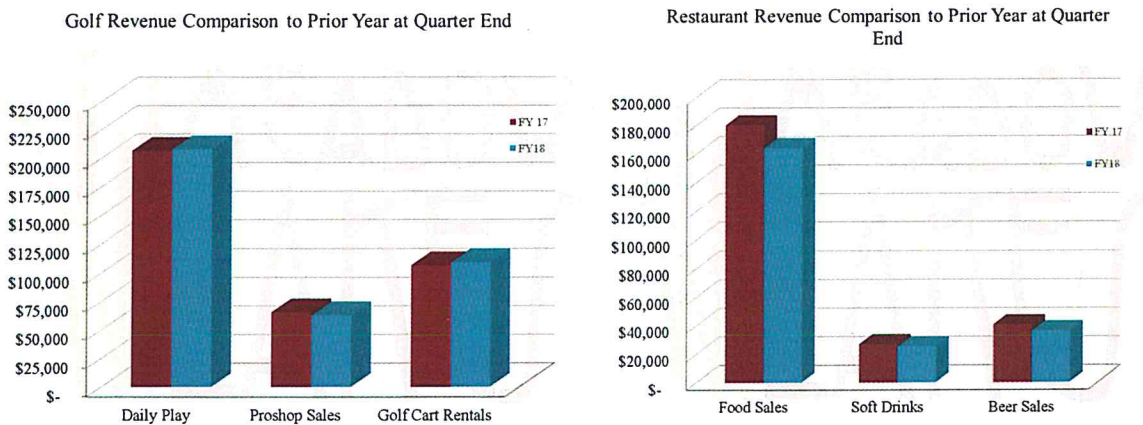
| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Year-end | Estimate to |
|--|---------------------|---------------------|-------------|---------------------|----------------------|------------|----------------------|----------------------|-----------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | Budget | Estimate | Budget Variance |
| Charges for services | \$ 870,250 | \$ 868,330 | 100% | \$ 2,610,750 | \$ 2,658,505 | 76% | \$ 3,481,000 | \$ 3,500,000 | \$ 19,000 |
| Interest | 1,250 | 6,048 | 484% | 3,750 | 12,831 | 257% | 5,000 | 15,000 | 10,000 |
| Miscellaneous | 22,200 | 42,848 | 193% | 66,600 | 90,119 | 101% | 88,800 | 105,800 | 17,000 |
| Intergovernmental | - | 95,450 | - | - | 95,450 | - | - | 226,300 | 226,300 |
| SDCs - reimbursement fees | 433,100 | 7,225 | 2% | 1,299,300 | 1,661,925 | 96% | 1,732,400 | 1,743,400 | 11,000 |
| Debt Proceeds | 1,791,750 | 4,000,000 | 223% | 5,375,250 | 6,650,000 | 124% | 7,167,000 | 6,650,000 | (517,000) |
| Transfers | 86,325 | - | - | 258,975 | 345,300 | 100% | 345,300 | 345,300 | - |
| Total revenue | \$ 3,204,875 | \$ 5,019,901 | 157% | \$ 9,614,625 | \$ 11,514,130 | 90% | \$ 12,819,500 | \$ 12,585,800 | \$ (233,700) |
| Expenditures | | | | | | | | | |
| Personnel services | 29,100 | 28,327 | 97% | 87,300 | 85,996 | 74% | 116,400 | 121,900 | 5,500 |
| Materials and services | 149,700 | 101,118 | 68% | 449,100 | 392,117 | 65% | 598,800 | 591,500 | (7,300) |
| Franchise fees expense | 43,250 | 43,250 | 100% | 129,750 | 129,750 | 75% | 173,000 | 173,000 | - |
| Capital outlay | | | | | | | | | |
| Improvements | 81,250 | 102,706 | 126% | 243,750 | 172,586 | 53% | 325,000 | 630,000 | 305,000 |
| Debt service | | | | | | | | | |
| Principal | | | | | | | | | |
| State of Oregon IFA | 6,650 | - | - | 19,950 | - | - | 26,600 | - | (26,600) |
| USDA 2015 | 16,600 | - | - | 49,800 | - | - | 66,400 | - | (66,400) |
| DEQ Bridge Loan | 1,125,000 | 4,000,000 | 356% | 3,375,000 | 4,000,000 | 89% | 4,500,000 | 4,000,000 | (500,000) |
| DEQ CWSRF R74682/2 | 112,075 | 225,784 | 201% | 336,225 | 448,297 | 100% | 448,300 | 448,300 | - |
| Refunding 2011 / principal | 1,166,750 | - | - | 3,500,250 | 2,261,098 | 48% | 4,667,000 | 2,261,100 | (2,405,900) |
| Interest | | | | | | | | | |
| DEQ Bridge Loan | - | 52,520 | - | - | 52,520 | - | - | - | - |
| State of Oregon IFA | 2,500 | - | - | 7,500 | - | - | 10,000 | 52,600 | 42,600 |
| USDA 2015 | 25,800 | - | - | 77,400 | - | - | 103,200 | - | (103,200) |
| DEQ CWSRF R74682/2 | 34,750 | 67,826 | 195% | 104,250 | 138,923 | 100% | 139,000 | 139,000 | - |
| Refunding 2011 / interest | 48,825 | - | - | 146,475 | 113,092 | 58% | 195,300 | 113,100 | (82,200) |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | 2,625,203 | - | - | 2,625,200 | 2,625,200 |
| Refinance | | | | | | | | | |
| Fees | | | | | | | | | |
| DEQ CWSRF R74682/2 | 6,050 | - | - | 18,150 | 24,183 | 100% | 24,200 | 24,200 | - |
| Transfers | 335,375 | 335,375 | 100% | 1,006,125 | 1,006,125 | 75% | 1,341,500 | 1,341,500 | - |
| Contingency | | | | | | | 1,591,341 | | (1,591,341) |
| Total expenditures | \$ 3,183,675 | \$ 4,956,907 | 156% | \$ 9,551,025 | \$ 11,449,889 | 80% | \$ 14,326,041 | \$ 12,521,400 | \$ (1,804,641) |
| Revenue over (under) expenditures | 21,200 | 62,994 | 3% | 63,600 | 64,241 | 3% | (1,506,541) | 64,400 | 1,570,941 |
| Other resources / (requirements) | | | | | | | | | |
| Debt service reserve | 456,300 | - | - | 456,300 | - | - | 456,300 | - | - |
| Beginning fund balance | 1,962,841 | 1,846,857 | 94% | 1,962,841 | 1,846,857 | 94% | 1,962,841 | 1,846,857 | (115,984) |
| Ending fund balance | \$ 1,984,041 | \$ 1,909,851 | 96% | \$ 2,026,441 | \$ 1,911,098 | 94% | \$ 456,300 | \$ 1,911,257 | |

Note: Supplemental budget adopted per resolution NO. 1333. An adjustment will likely be needed prior to yearend in personnel services for accrued absences, capital out lay for the aeration system improvements and wetlands testing, and in debt service for the dollars that were in escrow for the 2011 bond.

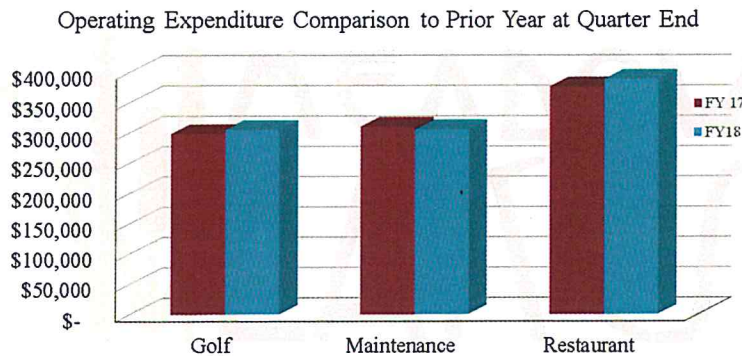
Golf Course and Restaurant Fund

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.

Revenue collection through the third quarter is at roughly 70 percent of the annual budget or \$1.38 million. Golf revenue is at approximately \$442,000 or 58 percent of the annual budget through the third quarter, this down slightly over prior year third quarter by approximately \$3,000 or -.65 percent. Restaurant revenues are at approximately \$253,500 or 57 percent of the annual budget through the third quarter a decrease over prior year quarter end by roughly \$23,600 or -8.5 percent. Weather and the eclipse event during the first quarter negatively impacted both the golf and restaurant revenues. Below is a comparison to the prior year quarter end of the significant operating revenue sources for golf and the restaurant.



Overall expenditures through the third quarter came in at roughly \$1.47 million or 61 percent of the annual budget. Overall expenditures for the golf course are roughly \$305,200 or 66 percent through the third quarter. Restaurant operating expenditures through the third quarter are approximately 68 percent or \$388,000. Overall operating expenditures have increased over prior year at third quarter end roughly one percent. Below is a comparison of operating expenditures to the prior year at quarter end by department.



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Fund balance decreased roughly \$90,200 or -22 percent and management continues to monitor expenditures closely. An adjustment may be needed for the dollars that were in escrow for the 2011 bond debt service prior to yearend.

| Revenue | Current Quarter | | | Year to Date | | | Annual Budget | Year-end Estimate | Estimate to Budget Variance |
|--|-------------------|-------------------|------------|---------------------|---------------------|-------------|---------------------|---------------------|-----------------------------|
| | Budget | Actual | Budget % | Budget | Actual | Budget % | | | |
| Charges for services | | | | | | | | | |
| Golf Course | \$ 190,500 | \$ 121,969 | 64% | \$ 571,500 | \$ 442,322 | 58% | \$ 762,000 | \$ 711,500 | \$ (50,500) |
| Waste disposal | 92,500 | 92,500 | 100% | 277,500 | 277,500 | 75% | 370,000 | 370,000 | - |
| Restaurant | 110,500 | 72,683 | 66% | 331,500 | 253,514 | 57% | 442,000 | 391,500 | (50,500) |
| Other | 1,250 | 681 | 54% | 3,750 | 3,253 | 65% | 5,000 | 5,000 | - |
| Interest | 625 | 1,583 | 253% | 1,875 | 4,068 | 163% | 2,500 | 3,500 | 1,000 |
| Miscellaneous | 500 | 229 | 46% | 1,500 | 5,539 | 277% | 2,000 | 5,300 | 3,300 |
| Debt Proceeds | 98,750 | - | - | 296,250 | 394,000 | 133% | 395,000 | 394,000 | (1,000) |
| Total revenue | \$ 494,625 | \$ 289,645 | 59% | \$ 1,483,875 | \$ 1,380,196 | 70% | \$ 1,978,500 | \$ 1,880,800 | \$ (97,700) |
| Expenditures | | | | | | | | | |
| Golf Course | 116,125 | 93,589 | 81% | 348,375 | 305,187 | 66% | 464,500 | 423,800 | (40,700) |
| Waste disposal | 110,475 | 70,927 | 64% | 331,425 | 305,303 | 69% | 441,900 | 425,800 | (16,100) |
| Restaurant | 141,600 | 115,582 | 82% | 424,800 | 387,929 | 68% | 566,400 | 537,300 | (29,100) |
| Debt service | | | | | | | | | |
| Principal - note payable | 5,975 | 6,152 | 103% | 17,925 | 18,304 | 77% | 23,900 | 23,900 | - |
| Interest - note payable | 1,025 | 806 | 100% | 3,075 | 2,571 | 63% | 4,100 | 4,100 | - |
| Principal - 2011 bond | 98,750 | - | - | 296,250 | 47,048 | 12% | 395,000 | 47,100 | (347,900) |
| Interest - 2011 bond | 4,250 | - | - | 12,750 | 9,702 | 57% | 17,000 | 9,700 | (7,300) |
| Payments to Refunded Bond Escrow Agent | - | - | - | - | 390,713 | - | - | 390,700 | 390,700 |
| Loan Origination Fees | - | 2,429 | - | - | 3,684 | - | - | 3,700 | 3,700 |
| Contingency | | | | | | | 488,708 | | (488,708) |
| Total expenditures | \$ 478,200 | \$ 289,485 | 61% | \$ 1,434,600 | \$ 1,470,442 | 61% | \$ 2,401,508 | \$ 1,866,100 | \$ (535,408) |
| Revenue over (under) expenditures | 16,425 | 161 | 0% | 49,275 | (90,246) | -22% | (423,008) | 14,700 | 437,708 |
| Beginning fund balance | 423,008 | 402,031 | 95% | 423,008 | 402,031 | 95% | 423,008 | 402,031 | (20,977) |
| Ending fund balance | \$ 439,433 | \$ 402,192 | 92% | \$ 472,283 | \$ 311,785 | 66% | \$ - | \$ 416,731 | |

Note: Supplemental budget adopted per resolution NO. 1333. An adjustment for the dollars that were in escrow for the 2011 bond debt service will likely be needed prior to year end.

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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 third quarter came in at approximately \$536,000 or 99percent of the quarter budget.

Overall expenditures for the third quarter end are at roughly 104 percent of the quarter budget or \$595,000. Administrative services will require a budget adjustment prior to yearend partly due to the branding and communication efforts being made to keep the public informed.

Fund balance decreased approximately \$114,000 or -26 percent through the third quarter.

| Revenue | Current Quarter | | Quarter Budget % | Year to Date | | Annual Budget % | Annual Budget | Year-end Estimate | Estimate to Budget Variance |
|--|-------------------|-------------------|------------------|---------------------|---------------------|-----------------|---------------------|---------------------|-----------------------------|
| | Budget | Actual | | Budget | Actual | | | | |
| Charges for services | \$ 544,025 | \$ 534,787 | 98% | 1,632,075 | \$ 1,615,997 | 74% | \$ 2,176,100 | \$ 2,443,500 | \$ 267,400 |
| Interest | 500 | 1,635 | 327% | 1,500 | 4,282 | 214% | 2,000 | 5,000 | 3,000 |
| Total revenue | \$ 544,525 | \$ 536,422 | 99% | \$ 1,633,575 | \$ 1,620,279 | 74% | \$ 2,178,100 | \$ 2,448,500 | \$ 270,400 |
| Expenditures | | | | | | | | | |
| City Council | 21,550 | 11,619 | 54% | 64,650 | 56,635 | 66% | 86,200 | 85,800 | (400) |
| Administration/team services | 186,750 | 199,897 | 107% | 560,250 | 609,106 | 82% | 747,000 | 845,000 | 98,000 |
| Financial services | 209,775 | 221,993 | 106% | 629,325 | 620,834 | 74% | 839,100 | 834,300 | (4,800) |
| Information technology | 155,825 | 161,272 | 103% | 467,475 | 448,027 | 72% | 623,300 | 617,000 | (6,300) |
| Contingency | | | | | | | 316,880 | | (316,880) |
| Total expenditures | \$ 573,900 | \$ 594,780 | 104% | \$ 1,721,700 | \$ 1,734,601 | 66% | \$ 2,612,480 | \$ 2,382,100 | \$ (230,380) |
| Revenue over (under) expenditures | (29,375) | (58,359) | - | (88,125) | (114,322) | -26% | (434,380) | 66,400 | 500,780 |
| Beginning fund balance | 434,380 | 433,455 | 100% | 434,380 | 433,455 | 100% | 434,380 | 433,455 | (925) |
| Ending fund balance | \$ 405,005 | \$ 375,096 | 93% | \$ 346,255 | \$ 319,133 | 92% | \$ - | \$ 499,855 | |

March 31, 2018

Building Facilities Fund

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

Overall revenues through the third quarter are roughly 45 percent of the annual budget with overall expenditures coming in at roughly 46 percent.

Fund balance decreased roughly \$146,000 or -58 percent. A budget adjustment will be needed prior to yearend for the creation of the Barnes Butte Facility department.

| Revenue | Current Quarter | | Quarter Budget % | Year to Date | | Annual Budget % | Annual Budget | Year-end Estimate | Estimate to Budget Variance |
|--|-------------------|-------------------|------------------|---------------------|---------------------|-----------------|---------------------|---------------------|-----------------------------|
| | Budget | Actual | | Budget | Actual | | | | |
| Rent | \$ 49,675 | \$ 49,675 | 100% | 149,025 | \$ 149,025 | 75% | \$ 198,700 | \$ 198,700 | \$ - |
| Transfers | 44,400 | 43,475 | 98% | 133,200 | 134,125 | 76% | 177,600 | 377,600 | 200,000 |
| Misc. Income | 2,750 | 1,390 | 51% | 8,250 | 5,912 | 54% | 11,000 | 6,600 | (4,400) |
| Debt Proceeds | 427,250 | - | - | 1,281,750 | 1,208,000 | 71% | 1,709,000 | 1,208,000 | (501,000) |
| Intergovernmental | 312,500 | - | - | 937,500 | - | - | 1,250,000 | - | (1,250,000) |
| Interest | 250 | 672 | 269% | 750 | 2,367 | 237% | 1,000 | 3,000 | 2,000 |
| Total revenue | \$ 836,825 | \$ 95,212 | 11% | \$ 2,510,475 | \$ 1,499,429 | 45% | \$ 3,347,300 | \$ 1,793,900 | \$ (1,553,400) |
| Expenditures | | | | | | | | | |
| City Hall Facilities | 380,575 | 24,577 | 6% | 1,141,725 | 1,484,207 | 97% | 1,522,300 | 1,512,700 | (9,600) |
| Police Facilities | 468,325 | 14,060 | 3% | 1,404,975 | 43,068 | 2% | 1,873,300 | 71,800 | (1,801,500) |
| Public Works Facilities | 9,750 | 9,199 | 94% | 29,250 | 33,227 | 85% | 39,000 | 39,500 | 500 |
| Barnes Butte Facility | | 84,541 | - | - | 84,541 | - | - | 209,600 | 209,600 |
| Contingency | | | | | | | 145,447 | | (145,447) |
| Total expenditures | \$ 858,650 | 132,378 | 15% | \$ 2,575,950 | \$ 1,645,044 | 46% | \$ 3,580,047 | \$ 1,833,600 | \$ (1,746,447) |
| Revenue over (under) expenditures | (21,825) | (37,166) | - | (65,475) | (145,615) | -58% | (232,747) | (39,700) | 193,047 |
| Other requirements | | | | | | | | | |
| Debt service reserve | 105,000 | | - | 105,000 | | - | | | |
| Beginning fund balance | 232,747 | 249,058 | 107% | 232,747 | 249,058 | 107% | 232,747 | 249,058 | 16,311 |
| Ending fund balance | \$ 210,922 | \$ 211,892 | 100% | \$ 167,272 | \$ 103,443 | 62% | \$ - | \$ 209,358 | |

Note: Supplemental budget adopted per resolution NO. 1333. A budget adjustment may need to be done for the creation of the Barnes Butte Facility department.

March 31, 2018

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.

Revenues and expenditures are as anticipated through the third quarter.

Revenue over expenditure projections show a favorable variance. Ending fund balance is projected to be roughly \$39,900 at yearend.

| Revenue | Current Quarter | | Quarter Budget % | Year to Date | | Annual Budget % | Annual Budget | Year-end Estimate | Estimate to Budget Variance |
|--|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|-------------------|-----------------------------|
| | Budget | Actual | | Budget | Actual | | | | |
| Intergovernmental | \$ 2,500 | - | - | 7,500 | \$ - | - | \$ 10,000 | \$ 20,000 | \$ 10,000 |
| Interest | 25 | 88 | 352% | 75 | 258 | 258% | 100 | 400 | 300 |
| Transfers | 2,500 | - | - | 7,500 | 10,000 | 100% | 10,000 | 10,000 | - |
| Total revenue | \$ 5,025 | \$ 88 | 2% | 15,075 | \$ 10,258 | 51% | \$ 20,100 | \$ 30,400 | \$ 10,300 |
| Expenditures | | | | | | | | | |
| Materials and services | 3,975 | 1,042 | 26% | 11,925 | 11,107 | 70% | 15,900 | 15,500 | (400) |
| Transfers | 925 | - | - | 2,775 | 3,700 | 100% | 3,700 | 3,700 | - |
| Contingency | | | | | | | 33,352 | | (33,352) |
| Total expenditures | \$ 4,900 | \$ 1,042 | 21% | \$ 14,700 | \$ 14,807 | 28% | \$ 52,952 | \$ 19,200 | \$ (33,752) |
| Revenue over (under) expenditures | 125 | (953) | - | 375 | (4,549) | -16% | (32,852) | 11,200 | 44,052 |
| Beginning fund balance | 32,852 | 28,705 | 87% | 32,852 | 28,705 | 87% | 32,852 | 28,705 | (4,147) |
| Ending fund balance | \$ 32,977 | \$ 27,752 | 84% | \$ 33,227 | \$ 24,156 | 73% | \$ - | \$ 39,905 | |

March 31, 2018

Public Works Support Services Fund

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

Overall revenues are as anticipated.

Expenditures for public works support services are tracking under budget through the third quarter at \$1.03 million or 74 percent of annual budget. A budget adjustment will likely be needed prior to yearend to account for accrued leave. Several public works employees hit their ten year anniversary this fiscal year. Third quarter expenditures for fleet and vehicles is at roughly 98 percent of the annual budget and will likely require an adjustment prior to yearend due to the needed capital construction of a construction of a sanding shed.

Fund balance decreased roughly \$228,000 or -75 percent through the third quarter. Yearend revenue over expenditure projections show fund balance ending at approximately \$275,000.

| Revenue | Current Quarter | | Quarter | Year to Date | | Annual | Annual | Year-end | Estimate to |
|--|-------------------|-------------------|-------------|---------------------|---------------------|-------------|---------------------|---------------------|---------------------|
| | Budget | | Budget % | Budget | Actual | Budget % | Budget | Estimate | Budget Variance |
| Charges for services | \$ 403,625 | \$ 367,700 | 91% | \$ 1,210,875 | \$ 1,103,100 | 68% | \$ 1,614,500 | \$ 1,714,500 | \$ 100,000 |
| Interest | 500 | 628 | 126% | 1,500 | 2,492 | 125% | 2,000 | 2,800 | 800 |
| Miscellaneous | 5,375 | 5,795 | 108% | 16,125 | 6,955 | 32% | 21,500 | 24,500 | 3,000 |
| Total revenue | \$ 409,500 | \$ 374,123 | 91% | \$ 1,228,500 | \$ 1,112,547 | 68% | \$ 1,638,000 | \$ 1,741,800 | \$ 103,800 |
| Expenditures | | | | | | | | | |
| Public Works Support Services | 349,875 | 351,455 | 100% | 1,049,625 | 1,034,580 | 74% | 1,399,500 | 1,427,100 | 27,600 |
| Public Works Fleet & Vehicles | 77,625 | 30,404 | 39% | 232,875 | 305,839 | 98% | 310,500 | 342,500 | 32,000 |
| Contingency | | | | | | | 226,765 | | (226,765) |
| Total expenditures | \$ 427,500 | \$ 381,859 | 89% | \$ 1,282,500 | \$ 1,340,419 | 69% | \$ 1,936,765 | \$ 1,769,600 | \$ (167,165) |
| Revenue over (under) expenditures | (18,000) | (7,737) | - | (54,000) | (227,872) | -75% | (298,765) | (27,800) | 270,965 |
| Beginning fund balance | 298,765 | 302,675 | 101% | 298,765 | 302,675 | 101% | 298,765 | 302,675 | 3,910 |
| Ending fund balance | \$ 280,765 | \$ 294,938 | 105% | \$ 244,765 | \$ 74,803 | 31% | \$ - | \$ 274,875 | |

Notes: A budget adjustment will likely be needed prior to yearend in support services and fleet and vehicles.