

CITY OF JOHN DAY, OREGON

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2017



CITY OF JOHN DAY, OREGON
CITY COUNCIL AND OFFICIALS
June 30, 2017

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
Ron Lundbom	John Day	Mayor
Steve Schuette	John Day	Council President
Lisa Weigum	John Day	Councilor
Paul Smith	John Day	Councilor
Donn Willey	John Day	Councilor
Gregg Haberly	John Day	Councilor
David Holland	John Day	Councilor
Nicholas Green	John Day	City Manager
Oster Professional Group, CPA's	John Day	City Recorder
Bryant, Lovlien and Jarvis, P.C.	Bend	City Attorney

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CITY OF JOHN DAY, OREGON
**INDEPENDENT AUDITOR'S REPORT AND
 FINANCIAL STATEMENTS**
 June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of John Day
John Day, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of John Day, Oregon, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of John Day, Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of John Day, Oregon, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension disclosures, and budgetary comparison information on pages 4–12 and 58–62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The schedules of pension disclosures and budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of pension disclosures and the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of John Day, Oregon's basic financial statements. The combining schedules, budgetary comparison schedules, other supplemental schedules, and the summary of revenue and expenditures on pages 64-92 and 96 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial are fairly stated in all material respects in relation to the basic financial statements as a whole.

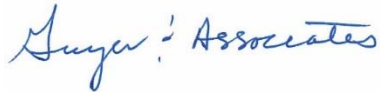
Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017, on our consideration of the City of John Day, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of John Day, Oregon's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 1, 2017, on our consideration of the City of John Day, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



GUYER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

By: 

Kent J. Bailey, CPA
December 1, 2017

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

This discussion and analysis presents the highlights of financial activities and financial position for the City of John Day (City). The analysis focuses on the financial activities of the City for the fiscal year ended June 30, 2017 based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

We encourage readers to consider the information presented here in conjunction with the City's financial statements beginning on page 12.

FINANCIAL HIGHLIGHTS

Following are the financial highlights of the City for the fiscal year ended June 30, 2017.

- ◆ The assets of the City exceeded its liabilities at the close of the fiscal year by \$8,261,400 (net position). Of this amount, \$1,359,209 is unrestricted and may be used to meet the City's ongoing obligations and pay for day to day operations.
- ◆ The total net position increased \$378,461 during the year, and most of this increase is related to increased revenue from the 2017 Solar Eclipse, forest receipts and physical assets acquired with the purchase of Oregon Pine.
- ◆ Governmental funds reported combined ending fund balances at year-end of \$989,779, an increase of \$301,185 as compared to last year.
- ◆ The General Fund's unassigned fund balance at the end of the current year was \$383,236, or approximately 52.8% of total General Fund expenditures and transfers.

REPORT LAYOUT

The City's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

- ◆ **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the City.
- ◆ **Basic Financial Statements.** Includes Statement of Net Position, Statement of Activities, fund financial statements and Notes to Basic Financial Statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be business-like in that all activities are consolidated into a total for the City.
 - The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the City owns, the liabilities it owes, and the difference called net position.
 - The Statement of Activities focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own. Budgetary comparison schedules are presented for the General Fund, the Street Fund and the 911 Fund.
- ◆ **Other Supplemental Information and Schedules.** Readers desiring additional information may find it in the combining and individual schedules of revenues, expenditures and changes in fund balance in this section of this reporting package. The other schedules section informs the reader about property tax transactions.
- ◆ **Comments and Disclosures.** This includes supplemental communication on City compliance and internal controls as required by Oregon statute and Government Auditing Standards.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and other assets	\$ 1,312,990	\$ 953,523	\$ 1,396,240	\$ 1,607,335	\$ 2,709,230	\$ 2,560,858
Capital assets, net of accumulated depreciation	5,094,878	5,094,941	3,809,118	3,608,871	8,903,996	8,703,812
Total assets	6,407,868	6,048,464	5,205,358	5,216,206	11,613,226	11,264,670
Deferred outflows of resources	366,333	48,098	128,608	24,235	494,941	72,333
Total assets and deferred outflows	6,774,201	6,096,562	5,333,966	5,240,441	12,108,167	11,337,003
Liabilities						
Current liabilities	119,416	115,556	247,087	228,311	366,503	343,867
Long-term liabilities	609,143	657,422	1,806,829	1,934,227	2,415,972	2,591,649
Net pension liability	747,173	278,045	261,954	108,090	1,009,127	386,135
Total liabilities	1,475,732	1,051,023	2,315,870	2,270,628	3,791,602	3,321,651
Deferred inflows of resources	16,649	74,942	38,516	57,471	55,165	132,413
Total liabilities and deferred inflows	1,492,381	1,125,965	2,354,386	2,328,099	3,846,767	3,454,064
Net position						
Net investment in capital assets	4,436,684	4,389,694	1,858,964	1,482,157	6,295,648	5,871,851
Restricted	606,543	413,787	-	21,049	606,543	434,836
Unrestricted	238,593	167,116	1,120,616	1,409,136	1,359,209	1,576,252
Total net position	\$ 5,281,820	\$ 4,970,597	\$ 2,979,580	\$ 2,912,342	\$ 8,261,400	\$ 7,882,939

During the fiscal year, several events changed the balance of net position. The increases in net position can be attributed to the following:

Governmental Activities:

- ◆ Received \$52,616 in unbudgeted revenue for campsite reservations on city-owned property during the 2017 Solar Eclipse.
- ◆ Received \$180,000 in Forest Receipts not budgeted to expend.
- ◆ Added a 9,000-square foot steel shop valued at \$150,000, acquired with the Oregon Pine property.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Business-type Activities:

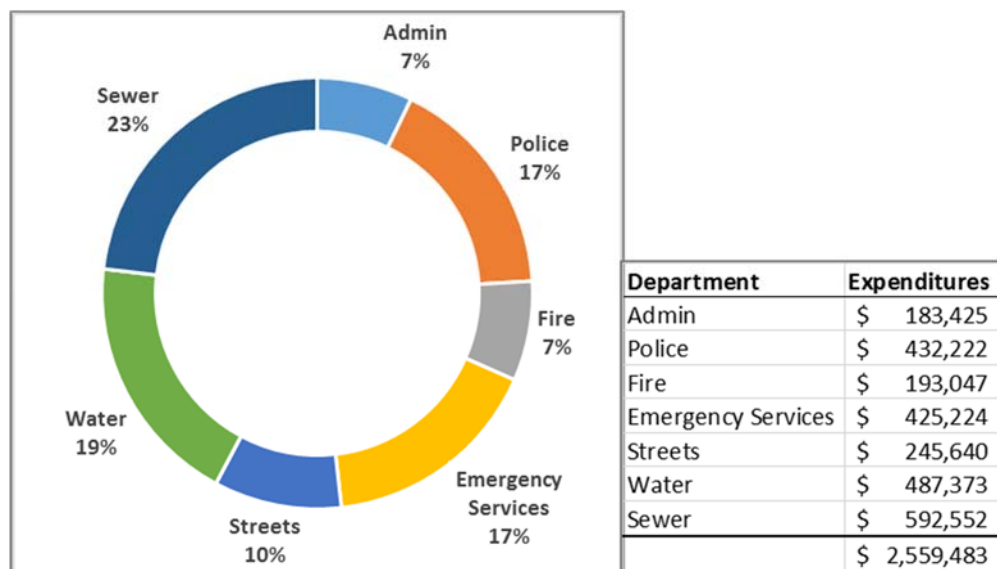
- ◆ The net position of the business type activities increased in the current year primarily due to the \$1 per month increase in water and sewer rates.

Table 2
Condensed Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ 491,663	\$ 424,148	\$ 1,300,668	\$ 1,238,208	\$ 1,792,331	\$ 1,662,356
Operating grants	610,753	636,844	-	-	610,753	636,844
Capital grants	19,432	643,013	-	-	19,432	643,013
General revenues						
Property taxes	348,970	342,350	-	(17)	348,970	342,333
Interest	15,046	14,422	13,487	7,027	28,533	21,449
Other	304,917	611,162	3,768	23,203	308,685	634,365
Total revenue	<u>1,790,781</u>	<u>2,671,939</u>	<u>1,317,923</u>	<u>1,268,421</u>	<u>3,108,704</u>	<u>3,940,360</u>
Expenses						
General government	183,425	171,486	-	-	183,425	171,486
Streets	245,640	286,346	-	-	245,640	286,346
Public safety	1,050,493	1,080,560	-	-	1,050,493	1,080,560
Utilities	-	-	1,250,685	1,170,905	1,250,685	1,170,905
Total expenses	<u>1,479,558</u>	<u>1,538,392</u>	<u>1,250,685</u>	<u>1,170,905</u>	<u>2,730,243</u>	<u>2,709,297</u>
Change in net position	<u>\$ 311,223</u>	<u>\$ 1,133,547</u>	<u>\$ 67,238</u>	<u>\$ 97,516</u>	<u>\$ 378,461</u>	<u>\$ 1,231,063</u>

City revenues are expended across seven departments: Administration; Police; Fire; Emergency Services (9-1-1); Streets; Water; and Sewer (Figure 1).

Figure 1. Expenditures by Department (from Statement of Activities for the Year Ended June 30, 2017)



CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

FUND ANALYSIS

General Fund

General Fund revenues exceeded expenditures by \$108,429. The General Fund includes three departments: Administration, Police and Fire. Revenue increase was due in part to campground reservation income received by the City for visitors to the 2017 Solar Eclipse. Primary expenditures from the General Fund are for police services and fire protection. The City of John Day operates the only police department in Grant County and provides services to both John Day and Prairie City. As the commercial center of the county, the City has need of a well-staffed police force and a well-trained volunteer fire department.

Street Fund

City street funds are used exclusively to maintain transportation infrastructure. While a significant source of revenue comes from the allocation of State Highway Fund revenues, there is typically a substantial gap between the cost of streets and what the City receives. However, this year the City received \$180,118 in federal forest fees, as well as, \$103,733 in State Highway fund revenues; while total operating costs were \$141,603, as a result fund balance increased \$126,957.

911 Fund

The fund balance of the 911 Fund increased by \$65,799 in the current year. This is primarily due to interdepartmental transfers from other City funds and decreased labor costs resulting from employee transitions.

Water Fund

The Water Fund's net position increased \$160,952 in the current year. Monthly water rates were increased by \$1 during the fiscal year to provide sufficient funding to cover the cost of operating the water system as well as repay debt from prior projects and charges from the Motor Pool.

Sewer Fund

The Sewer Fund's net position decreased \$119,214 in the current year. This decrease was due to transfer of capital assets of \$150,920 for the new steel shop acquired with the Oregon Pine property purchase. Excluding this transfer, the net position increased by \$31,706 over the prior year due to sewer rate increases. Monthly sewer rates were increased by \$1 during the fiscal year to provide sufficient funding to cover the cost of operating the sewer system as well as repay debt from prior projects and charges from the Motor Pool.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Table 3
Changes in Fund Balances / Net Position - Major Funds
For the year ended June 30, 2017

Governmental Funds	General Fund	Street Fund	911 Fund
Beginning fund balance	\$ 274,807	\$ 369,972	\$ 43,815
Add revenues	817,283	289,479	382,389
Less expenditures	(637,678)	(141,603)	(386,447)
Add (less) transfers	(71,176)	(20,919)	69,857
Change in fund balance	<u>108,429</u>	<u>126,957</u>	<u>65,799</u>
Ending fund balance	<u>\$ 383,236</u>	<u>\$ 496,929</u>	<u>\$ 109,614</u>
Proprietary Funds		Water Fund	Sewer Fund
Beginning net position		\$ 1,757,616	\$ 898,673
Add revenues		678,506	639,416
Less expenditures		(510,742)	(594,781)
Add (less) transfers		(6,812)	(163,849)
Change in net position		<u>160,952</u>	<u>(119,214)</u>
Ending net position		<u>\$ 1,918,568</u>	<u>\$ 779,459</u>

GENERAL FUND BUDGET ANALYSIS

Table 4
General Fund Significant Budget Variations
For the year ended June 30, 2017

	Final Budget	Actual	Difference
Revenues			
Taxes	\$ 326,082	\$ 343,996	\$ (17,914)
Micellaneous income	119,412	166,182	(46,770)
Expenditures			
Police	440,399	360,594	79,805
Fire	174,427	83,215	91,212

Intergovernmental revenues include pass through income from the state such as liquor taxes, grants and contract payments from the John Day Rural Fire District.

Actual police expenditures of \$360,594 for FY17 increased by \$31,932 over FY16 expenditures, which were \$328,662. Both Police and Fire expenditures were significantly lower than budgeted.

Two resolutions made minor changes to the budget for the General Fund. Resolution 16-762-09 accepted a FEMA grant of \$19,432 and authorized expenditure of these revenues on office equipment

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

for the new fire station. Resolution 17-767-03 increased the Community Promotions budget to \$14,380 in order to accept and expend funding for a grant from the Ford Family Foundation to conduct a community survey of residents on strategic investment priorities (Oregon Solutions) and to invest seed funding in a new bike park for the city from liquidating a life insurance policy. This resolution also appropriated surplus revenue of \$67,000 from the sale of the old fire station and allocated proceeds from the sale toward debt service on the new fire station (Lang Loan).

CAPITAL ASSET ACTIVITY

Table 5
Capital Assets Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 190,017	\$ 190,017	\$ 578,887	\$ 205,937	\$ 768,904	\$ 395,954
Construction in progress	23,790	-	-	-	23,790	-
Buildings	2,017,035	1,920,533	49,090	62,803	2,066,125	1,983,336
Streets/utility system	2,766,922	2,841,748	3,136,874	3,263,758	5,903,796	6,105,506
Equipment	97,114	142,643	44,267	76,373	141,381	219,016
Total capital assets	<u>\$ 5,094,878</u>	<u>\$ 5,094,941</u>	<u>\$ 3,809,118</u>	<u>\$ 3,608,871</u>	<u>\$ 8,903,996</u>	<u>\$ 8,703,812</u>

For the year ended June 30, 2017, the City had the following major capital acquisitions during the year:

Oregon Pine property	\$522,950
Document management system	\$13,299
Sidewalk project CIP	\$19,032
Fire hall office CIP	\$4,757
Battery backup	\$5,918

LONG-TERM DEBT ACTIVITY

Table 6
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Water system improvement loan	\$ -	\$ -	\$ 597,176	\$ 666,408	\$ 597,176	\$ 666,408
Airport industrial park loan	-	-	1,297,051	1,399,316	1,297,051	1,399,316
Lang purchase agreement	69,442	79,448	-	-	69,442	79,448
Fire station bonds	588,000	625,000	-	-	588,000	625,000
Accrued compensated absences	42,707	38,576	19,818	15,404	62,525	53,980
Total outstanding debt	<u>\$ 700,149</u>	<u>\$ 743,024</u>	<u>\$ 1,914,045</u>	<u>\$ 2,081,128</u>	<u>\$ 2,614,194</u>	<u>\$ 2,824,152</u>

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

The Water System Improvement Loan is a loan that was obtained in 2002 for west-end water improvements. Principal payments for the year totaled \$69,232. The City intends to consolidate this loan in FY18 to reduce interest payments. See Notes 4 and 5 for more information on this loan.

The Airport Industrial Park Loan is a loan that was obtained in 2003. The City received a total of \$1,969,517 from the loan. Principal payments for the year totaled \$102,264. The City intends to consolidate this loan in FY18 to reduce interest payments. See Notes 4 and 6 for more information on this loan.

The City entered into a contract with Stella Lang for the purchase of real property located at 316 S. Canyon Blvd., this property is the site of the new fire station. Principal payments for the year totaled \$10,006. See Notes 4 and 7 for more information on this loan.

The City issued bonds in the amount of \$655,000 on February 18, 2015 to finance a new fire station located at 316 S. Canyon Blvd. Total cost of the building was approximately \$1,750,000 and was partially funded by \$550,000 in bonds issued by the John Day Rural Fire Protection District. Principal payments for the year totaled \$37,000. See Notes 4 and 8 for more information.

ECONOMIC FACTORS:

During the preparation of the budget for the next fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City Council and Budget Committee. Like all cities in Oregon, the City is operating under Measure 50, the ad valorem tax limitation measure approved by voters on May 20, 1997. This measure rolled back assessed values to 1995-96 levels and limited increased property tax revenues to a maximum of three percent, with permitted allowances for increasing valuations based on new construction. No substantive changes to the basic provisions of Measure 50 have been enacted during subsequent Oregon Legislative session.

The following are the major assumptions used in developing the budget for fiscal year 2017-18.

1. Interest rates are not likely to move upward.
2. Projected revenues for the coming year and balanced those projections with anticipated department expenditures, considering factors such as historic trends, current economic indicators, and demand for service, impacts of decisions made at the regional, state and federal levels, staffing needs, contractual obligations and increased cost of materials and supplies.
3. In prior years, the City has looked for ways to maintain current service levels without imposing new fees or increasing existing fees. During FY17, the City undertook a strategic re-evaluation of its revenues and expenditures by conducting a performance-based audit of each department and by implementing a new capital improvement planning process. The outcome of this review led to the identification of the need for new capital investments in broadband network infrastructure to stimulate economic growth and in 911 funding to offset the cost to provide this regional service for Grant County. The City successfully lobbied the state legislature in 2017 and received a special appropriation in House Bill 5006 for \$420,000 in 911 funding and \$1.8M for broadband infrastructure. These funding increases will be reflected in next year's budget and audit report and will significantly increase the City's net position in FY18.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

4. Administrative expenses were included in the 2016-17 budget to show the true cost of operating the Emergency Communication's Center.

The City has experienced nearly two decades of moderate population decline and is projected to remain in population decline for the near future. Efforts to invest in new infrastructure like the west-end water improvements and the Airport Industrial Park have not yielded the economic benefit or revenue that were projected when the projects were constructed, nor have they reduced the net population loss the City is experiencing.

In January 2017, the City announced a new Strategy for Growth. The intent of the strategy is to reverse the pattern of population and economic decline by achieving a modest and sustainable growth rate. The Strategy has three basic elements: Differentiated capabilities – identifying those things that make us stand out in positive ways from other communities; Cost structure alignment – adjusting our spending priorities so the investments we make and the costs we incur fuel population and economic growth, and; Organize for growth – empowering our strategic partners, local stakeholders, and city staff to further our strategy by re-directing effort toward growth initiatives.

The Strategy for Growth focuses on recruiting and retaining three core demographics:

- 1) Digital commuters who have a choice about where they work;
- 2) Active retirees with disposable income; and
- 3) Young, working families that contribute to the local economy and tax base.

Targeting these demographics will require the City to focus its investments in four main areas:

- 1) Digital marketing and branding that promotes our rural quality of life;
- 2) Recreational amenities that make for attractive, active-lifestyle communities;
- 3) Competitive broadband infrastructure enabling residents to be digitally connected to friends, family, and co-workers; and
- 4) Housing and community development initiatives that create more housing options across a wider and more balanced price range and community spaces that enhance the economic value of our city.

The biggest financial impact of the new strategy in FY17 was the purchase of the former mill property known as Oregon Pine. This 53-acre brownfield, adjacent to 30 acres of city-owned property that houses the current treatment plant, will be reclaimed and revitalized. In the future, it will become the John Day Innovation Gateway, a location that integrates investments in community, technology, education, and commerce with a focus on rural innovation and rural value creation. The Innovation Gateway will house the City's new wastewater treatment plant, a proposed water reclamation facility that will reclaim up to 80 million gallons of nutrient-rich effluent annually.

The property was purchased in May 2017 for \$519,000 plus closing costs using net working capital from the Sewer Fund. In August 2017, Business Oregon's Infrastructure Finance Authority (IFA) issued a Special Public Works Fund loan to the City for the purchase price (Project Number: L17011). This loan reimbursed the City for its purchase and will be reflected in next year's financial statements.

The new 80-acre complex will allow the City to improve transit access to the north side of the City by connecting 7th Street to Patterson Bridge Road, thereby avoiding the costly design and construction of

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

a new bridge across the John Day River. This acquisition also allows the City to build its new wastewater treatment plant entirely out of the 100-year floodplain and creates opportunities for new commercial, residential, and recreational development in John Day.

FINANCIAL CONTACT

The City's financial statements are designed to present users with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this report or need additional financial information please contact the City Manager or City Recorder at 450 East Main Street, John Day, Oregon 97845.

BASIC FINANCIAL STATEMENTS

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET POSITION
June 30, 2017
(With Comparative Totals for 2016)

	Governmental Activities	Business-type Activities
ASSETS		
Cash and investments	\$ 1,489,290	\$ 965,349
Receivables		
Property taxes	43,140	1,098
Other	61,033	148,240
Prepaid expenses	1,080	-
Internal balances	(281,553)	281,553
Capital assets (net of accumulated depreciation)		
Construction in progress	23,790	-
Land	190,017	578,887
Buildings and infrastructure	4,783,957	3,185,964
Equipment	97,114	44,267
Total capital assets	5,094,878	3,809,118
Total assets	6,407,868	5,205,358
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	366,333	128,608
Total assets and deferred outflows of resources	6,774,201	5,333,966
LIABILITIES		
Accounts payable	22,390	72,678
Accrued liabilities	5,268	2,375
Deposits payable	-	8,891
Accrued interest payable	752	55,927
Accrued compensated absences	42,707	19,818
Net pension liability	747,173	261,954
Loans payable		
Due within one year	48,299	87,398
Due in more than one year	609,143	1,806,829
Total liabilities	1,475,732	2,315,870
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	16,649	38,516
Unavailable dispatch revenue	-	-
Total deferred inflows of resources	16,649	38,516
Total liabilities and deferred inflows of resources	1,492,381	2,354,386
NET POSITION		
Net investment in capital assets	4,436,684	1,858,964
Restricted for streets	496,929	-
Restricted for public safety - 911	109,614	-
Restricted for joint sewer	-	-
Unrestricted	238,593	1,120,616
Total net position	\$ 5,281,820	\$ 2,979,580

The Notes to Basic Financial Statements are an integral part of these statements.

Total	
June 30, 2017	June 30, 2016
<u>\$ 2,454,639</u>	<u>\$ 2,313,360</u>
44,238	39,266
209,273	203,796
1,080	4,436
-	-
23,790	-
768,904	395,954
7,969,921	8,088,841
141,381	219,017
<u>8,903,996</u>	<u>8,703,812</u>
<u>11,613,226</u>	<u>11,264,670</u>
494,941	72,333
<u>12,108,167</u>	<u>11,337,003</u>
95,068	32,105
7,643	9,261
8,891	8,209
56,679	61,789
62,525	53,980
1,009,127	386,135
135,697	178,523
<u>2,415,972</u>	<u>2,591,649</u>
<u>3,791,602</u>	<u>3,321,651</u>
55,165	131,913
-	500
<u>55,165</u>	<u>132,413</u>
<u>3,846,767</u>	<u>3,454,064</u>
6,295,648	5,871,851
496,929	369,972
109,614	43,815
-	21,049
<u>1,359,209</u>	<u>1,576,252</u>
<u>\$ 8,261,400</u>	<u>\$ 7,882,939</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2017
(With Comparative Totals for 2016)

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ (183,425)	\$ 248,527	\$ 8,600	\$ -
Police	(432,222)	11,910	43,741	-
Fire	(193,047)	26,284	-	19,432
Emergency services	(425,224)	102,519	274,501	-
Streets	(245,640)	102,423	283,911	-
Total governmental activities	\$ (1,479,558)	\$ 491,663	\$ 610,753	\$ 19,432
Business-type activities				
Water	\$ (487,373)	\$ 671,150	\$ -	\$ -
Sewer	(592,651)	629,518	-	-
Total business-type activities	\$ (1,080,024)	\$ 1,300,668	\$ 0	\$ 0

General revenues
Property taxes, levied for general purposes
Property taxes, levied for debt service
Intergovernmental payments
Grants and awards
Interest income
Miscellaneous
Total general revenues
Gain (loss) on sale of capital assets
Operating transfers
Capital asset transfers
Total general revenues, special items, and transfers
Changes in net position
Net position - beginning
Net position - ending

The Notes to Basic Financial Statements are an integral part of these statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Total	
		June 30, 2017	June 30, 2016
\$ 73,702	\$ -	\$ 73,702	\$ 26,897
(376,571)	-	(376,571)	(380,143)
(147,331)	-	(147,331)	347,634
(48,204)	-	(48,204)	(151,144)
140,694	-	140,694	322,369
<u>(357,710)</u>	<u>0</u>	<u>(357,710)</u>	<u>165,613</u>
-	183,777	183,777	92,764
-	36,867	36,867	(8,661)
<u>0</u>	<u>220,644</u>	<u>220,644</u>	<u>84,103</u>
288,848	-	288,848	283,963
60,122	-	60,122	58,370
45,062	-	45,062	42,777
-	-	-	1,000
15,046	13,487	28,533	21,449
22,194	3,768	25,962	568,851
<u>431,272</u>	<u>17,255</u>	<u>448,527</u>	<u>976,410</u>
67,000	-	67,000	4,937
19,281	(19,281)	-	-
151,380	(151,380)	-	-
<u>668,933</u>	<u>(153,406)</u>	<u>515,527</u>	<u>981,347</u>
311,223	67,238	378,461	1,231,063
4,970,597	2,912,342	7,882,939	6,651,876
<u>\$ 5,281,820</u>	<u>\$ 2,979,580</u>	<u>\$ 8,261,400</u>	<u>\$ 7,882,939</u>

CITY OF JOHN DAY
Grant County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017
(With Comparative Totals for 2016)

	01 General Fund	06 Street Fund	32 911 Fund
ASSETS	<u> </u>	<u> </u>	<u> </u>
Current assets			
Cash and investments	\$ 370,140	\$ 490,474	\$ 107,381
Receivables			
Taxes	43,141	-	-
Other	33,048	12,510	5,947
Prepaid expenses	<u>1,079</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 447,408</u>	<u>\$ 502,984</u>	<u>\$ 113,328</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Current liabilities			
Accounts payable	\$ 15,765	\$ 2,367	\$ 1,470
Accrued liabilities	<u>2,033</u>	<u>516</u>	<u>2,244</u>
Total liabilities	<u>17,798</u>	<u>2,883</u>	<u>3,714</u>
Deferred inflows of resources			
Unavailable property tax revenue	43,141	-	-
Unavailable other revenue	<u>3,233</u>	<u>3,172</u>	<u>-</u>
Total deferred inflows of resources	<u>46,374</u>	<u>3,172</u>	<u>0</u>
Fund balances			
Restricted for streets	-	496,929	-
Restricted for public safety - 911	-	-	109,614
Unassigned	<u>383,236</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>383,236</u>	<u>496,929</u>	<u>109,614</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 447,408</u>	<u>\$ 502,984</u>	<u>\$ 113,328</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Total	
June 30, 2017	June 30, 2016
\$ 967,995	\$ 629,889
43,141	38,168
51,505	90,630
1,079	2,447
<u>\$ 1,063,720</u>	<u>\$ 761,134</u>

\$ 19,602	\$ 22,715
4,793	4,656
<u>24,395</u>	<u>27,371</u>

43,141	38,168
6,405	7,001
<u>49,546</u>	<u>45,169</u>

496,929	369,972
109,614	43,815
383,236	274,807
<u>989,779</u>	<u>688,594</u>

<u>\$ 1,063,720</u>	<u>\$ 761,134</u>
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CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION**
June 30, 2017

Total Fund Balances		\$ 989,779
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 7,491,966	
Accumulated depreciation	<u>(2,397,088)</u>	5,094,878
A portion of the city's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		43,141
The city's local improvement district assessments are not all collected in the year assessed and therefore are not reported as revenue in the governmental funds.		6,405
The accrued interest on the city's local improvement district assessments is not all collected in the year assessed and therefore are not reported as revenue in the governmental funds.		6,131
Net pension liability is not a financial resource and therefore is not reported in the governmental funds.		(747,173)
Current year PERS contributions are deferred outflows of resources that will be recognized as an expense in the subsequent period.		366,333
The city's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next 5 years.		(16,649)
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.		(42,707)
Long-term debts not payable in the current year are not reported as governmental fund liabilities.		(657,442)
The accrued interest on the city's governmental activities long-term debt is not payable in the current year and therefore are not reported as governmental fund liability.		(752)
The internal service funds are used by management to charge the costs of motor pool repairs and other costs to individual funds. The assets and liabilities of certain internal service funds are reported with governmental activities in the Statement of Net Position.		521,429
That portion of internal service fund net position arising from transactions with enterprise-type funds are included in internal balances between governmental activities and business-type activities on the Statement of Net Position.		<u>(281,553)</u>
Total Net Position		<u><u>\$ 5,281,820</u></u>

The Notes to Basic Financial Statements are an integral part of these statements.

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the year ended
June 30, 2017

(With Comparative Totals for 2016)

	01 General Fund	06 Street Fund	32 911 Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes	\$ 343,996	\$ -	\$ -
Intergovernmental revenues	115,088	283,911	377,020
User fees	-	314	-
Licenses and fees	183,269	-	-
Fines and forfeitures	5,436	-	-
Interest earned	3,312	4,616	1,031
Miscellaneous income	166,182	638	4,338
Total revenues	<u>817,283</u>	<u>289,479</u>	<u>382,389</u>
Expenditures			
Current			
General government	112,008	-	-
Public safety	437,558	-	386,447
Highways and streets	-	122,571	-
Debt service			
Principal	47,006	-	-
Interest	22,492	-	-
Capital outlay	18,614	19,032	-
Total expenditures	<u>637,678</u>	<u>141,603</u>	<u>386,447</u>
Excess of revenues over (under) expenditures	<u>179,605</u>	<u>147,876</u>	<u>(4,058)</u>
Other financing sources (uses)			
Debt proceeds	-	-	-
Operating transfers in	16,254	-	69,857
Operating transfers out	(45,430)	(919)	-
Interfund charges Motor Pool	(42,000)	(20,000)	-
Total other financing sources (uses)	<u>(71,176)</u>	<u>(20,919)</u>	<u>69,857</u>
Net changes in fund balances	108,429	126,957	65,799
Fund balance at beginning of year	<u>274,807</u>	<u>369,972</u>	<u>43,815</u>
Fund balance at end of year - by category			
Restricted	-	496,929	109,614
Unassigned	383,236	-	-
Fund balance at end of year - total	<u>\$ 383,236</u>	<u>\$ 496,929</u>	<u>\$ 109,614</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Totals	
June 30, 2017	June 30, 2016
\$ 343,996	\$ 342,876
776,019	794,616
314	436
183,269	177,474
5,436	6,538
8,959	9,745
<u>171,158</u>	<u>554,877</u>
<u>1,489,151</u>	<u>1,886,562</u>
112,008	103,769
824,005	767,079
122,571	140,712
47,006	39,506
22,492	29,834
<u>37,646</u>	<u>1,607,183</u>
<u>1,165,728</u>	<u>2,688,083</u>
<u>323,423</u>	<u>(801,521)</u>
-	449,170
86,111	16,800
(46,349)	-
<u>(62,000)</u>	<u>(62,450)</u>
<u>(22,238)</u>	<u>403,520</u>
301,185	(398,001)
<u>688,594</u>	<u>1,086,595</u>
606,543	413,787
<u>383,236</u>	<u>274,807</u>
<u>\$ 989,779</u>	<u>\$ 688,594</u>

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**
For the Year Ended
June 30, 2017

Net Change in Fund Balance		\$ 301,185
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.		
Expenditures for capital assets	\$ 35,709	
Capital assets transferred from business-type activities	151,380	
Less current year depreciation	<u>(187,153)</u>	(64)
Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces liabilities on the Statement of Net Position.		
Change in accrued interest payable		47
Loan principal payments		47,006
Changes in net pension liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds.		
		(89,649)
Governmental funds report the effect of accrued compensated absences when paid. In the Statement of Activities, however, compensated absences are recognized when accrued. The change in compensated absences is recognized as revenue or expense on the Statement of Activities.		
		(3,272)
The internal service funds are used by management to charge the costs of motor pool repairs and other costs and excess vacation and sick leave to individual funds. The change in net position of certain internal service funds is reported with governmental activities.		
		75,426
That portion of the change in net position of internal service funds arising from transactions with business-type funds is an adjustment to internal balances between governmental activities and business-type activities on the Statement of Net Position.		
		(25,500)
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.		
		4,973
Sidewalk LID note receivable payments are recognized as revenue in the year received in the governmental funds. In the Statement of Activities revenues are recognized as revenue when earned.		
		(96)

Continued on next page

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**
For the Year Ended
June 30, 2017

Sidewalk LID accrued interest receivable is recognized as revenue in the year received in the governmental funds. In the Statement of Activities interest income is recognized when earned.

\$ 1,167

Change in Net Position

\$ 311,223

The Notes to Basic Financial Statements are an integral part of these statements.

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CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017

	Agency Funds
	June 30, 2017
ASSETS	
Cash and investments	\$ 27,364
Accounts receivable	6,714
Total assets	34,078
LIABILITIES	
Accounts payable	2,787
Due to other organizations	31,291
Total liabilities	34,078
NET POSITION	
Total net position	\$ 0

The Notes to Basic Financial Statements are an integral part of these statements.

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017
(With Comparative Totals for 2016)

	Water Fund	Sewer Fund
ASSETS		
Current assets		
Cash with depositories	\$ 259,178	\$ 706,171
Water and sewer accounts receivable	82,050	69,885
Less allowance for doubtful accounts	(3,246)	(2,818)
Taxes receivable	1,223	-
Less allowance for uncollectibles	(125)	-
Accounts receivable	1,306	1,063
Prepaid expenses	-	-
Due from other funds	399,651	-
Total current assets	740,037	774,301
Noncurrent assets		
Property, plant, and equipment	5,329,218	3,206,031
Less accumulated depreciation	(2,707,843)	(2,018,288)
Property, plant, and equipment - net	2,621,375	1,187,743
Total assets	3,361,412	1,962,044
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	52,511	76,097
Total deferred outflows of resources	52,511	76,097
Total assets and deferred outflows of resources	3,413,923	2,038,141
LIABILITIES		
Current liabilities		
Accounts payable	10,687	61,991
Accrued liabilities	926	1,449
Accrued compensated absences	10,022	9,796
Due to other funds	-	399,651
Current portion of long-term debt	47,195	40,203
Accrued interest	38,235	17,692
Customer deposits	8,891	-
Total current liabilities	115,956	530,782
Noncurrent liabilities		
Net pension liability	108,920	153,034
Loan payable - special public works fund	1,248,487	558,342
Total long-term liabilities	1,357,407	711,376
Total liabilities	1,473,363	1,242,158

Continued on next page

Totals		Governmental Activities Internal Service Funds
June 30, 2017	June 30, 2016	
\$ 965,349	\$ 1,240,718	\$ 521,296
151,935	113,178	-
(6,064)	(5,740)	-
1,223	1,223	-
(125)	(125)	-
2,369	40	3,395
-	1,988	-
399,651	-	-
<u>1,514,338</u>	<u>1,351,282</u>	<u>524,691</u>
8,535,249	8,162,299	701,836
(4,726,131)	(4,553,428)	(641,352)
<u>3,809,118</u>	<u>3,608,871</u>	<u>60,484</u>
<u>5,323,456</u>	<u>4,960,153</u>	<u>585,175</u>
128,608	24,235	14,896
<u>128,608</u>	<u>24,235</u>	<u>14,896</u>
<u>5,452,064</u>	<u>4,984,388</u>	<u>600,071</u>
72,678	8,330	2,789
2,375	3,881	473
19,818	15,404	2,619
399,651	-	-
87,398	131,497	-
55,927	60,990	-
8,891	8,209	-
<u>646,738</u>	<u>228,311</u>	<u>5,881</u>
261,954	108,090	22,602
<u>1,806,829</u>	<u>1,934,227</u>	<u>-</u>
<u>2,068,783</u>	<u>2,042,317</u>	<u>22,602</u>
<u>2,715,521</u>	<u>2,270,628</u>	<u>28,483</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2017
(With Comparative Totals for 2016)

	<u>Water Fund</u>	<u>Sewer Fund</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	\$ 21,992	\$ 16,524
Total deferred inflows of resources	<u>21,992</u>	<u>16,524</u>
Total liabilities and deferred inflows of resources	<u>1,495,355</u>	<u>1,258,682</u>
NET POSITION		
Net investment in capital assets	1,287,458	571,506
Restricted for Canyon City contract	-	-
Unrestricted	<u>631,110</u>	<u>207,953</u>
Total net position	<u>\$ 1,918,568</u>	<u>\$ 779,459</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Net position of business-type activities		

The Notes to Basic Financial Statements are an integral part of these statements.

<u>Totals</u>		<u>Governmental Activities Internal Service Funds</u>
<u>June 30, 2017</u>	<u>June 30, 2016</u>	
<u>\$ 38,516</u>	<u>\$ 57,471</u>	<u>\$ 9,712</u>
<u>38,516</u>	<u>57,471</u>	<u>9,712</u>
<u>2,754,037</u>	<u>2,328,099</u>	<u>38,195</u>
1,858,964	1,482,157	60,484
-	21,049	-
<u>839,063</u>	<u>1,153,083</u>	<u>501,392</u>
<u>2,698,027</u>	<u>\$ 2,656,289</u>	<u>\$ 561,876</u>
<u>281,553</u>		
<u>\$ 2,979,580</u>		

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the year ended
June 30, 2017

(With Comparative Totals for 2016)

	Water Fund	Sewer Fund
Operating revenues		
User fees	\$ 671,150	\$ 629,518
Interfund charges	-	-
Miscellaneous income	1,329	2,439
Total operating revenues	672,479	631,957
Operating expenses		
Personal services	179,110	291,566
Supplies, repairs, and services	121,621	167,020
Depreciation	113,483	59,220
Motor pool interfund charges	30,000	45,000
Total operating expenses	444,214	562,806
Operating income (loss)	228,265	69,151
Nonoperating revenues (expenses)		
Taxes	-	-
Intergovernmental revenues	-	-
Interest earned	6,027	7,459
Interest expense	(66,528)	(31,975)
Total nonoperating revenues (expenses)	(60,501)	(24,516)
Income (loss) before transfers	167,764	44,635
Transfer of capital assets	(460)	(150,920)
Operating transfers out	(6,352)	(12,929)
Net income (loss) / increase (decrease) in net position	160,952	(119,214)
Net position at beginning of year	1,757,616	898,673
Prior period adjustment	-	-
Net position at end of year	\$ 1,918,568	\$ 779,459
Change in net position, above		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Change in net position of business-type activities		

The Notes to Basic Financial Statements are an integral part of these statements.

Totals		Governmental Activities Internal Service Funds
June 30, 2017	June 30, 2016	
\$ 1,300,668	\$ 1,173,525	\$ 10,250
-	-	172,319
<u>3,768</u>	<u>28,883</u>	<u>2,113</u>
<u>1,304,436</u>	<u>1,202,408</u>	<u>184,682</u>
470,676	543,421	38,665
288,641	269,072	55,031
172,703	182,482	37,982
<u>75,000</u>	<u>75,000</u>	<u>-</u>
<u>1,007,020</u>	<u>1,069,975</u>	<u>131,678</u>
<u>297,416</u>	<u>132,433</u>	<u>53,004</u>
-	(17)	-
-	59,002	-
13,486	7,028	4,921
<u>(98,503)</u>	<u>(106,848)</u>	<u>-</u>
<u>(85,017)</u>	<u>(40,835)</u>	<u>4,921</u>
212,399	91,598	57,925
(151,380)	-	-
<u>(19,281)</u>	<u>(16,800)</u>	<u>(20,481)</u>
41,738	74,798	37,444
2,656,289	2,571,314	524,432
-	10,177	-
<u>\$ 2,698,027</u>	<u>\$ 2,656,289</u>	<u>\$ 561,876</u>
\$ 41,738		
<u>25,500</u>		
<u>\$ 67,238</u>		

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2017
(With Comparative Totals for 2016)

	Water Fund	Sewer Fund
Cash flows from operating activities		
Cash received from customers	\$ 652,684	\$ 611,673
Cash paid to employees	(167,410)	(265,915)
Cash paid to suppliers	(143,164)	(158,050)
Net cash provided (used) by operating activities	342,110	187,708
Cash flows from capital activities		
Acquisition of capital assets	-	(372,950)
Capital assets acquired and transferred to other funds	(460)	(150,920)
Reimbursement received - Canyon City	-	-
Interest expense	(70,231)	(33,335)
Principal debt payments	(125,478)	(46,019)
Net cash provided (used) by capital and related financing activities	(196,169)	(603,224)
Cash flows from non-capital financing activities		
Taxes received	-	-
Interfund transfers	(6,352)	(12,929)
Interfund loans	(399,651)	399,651
Net cash provided (used) by non-capital financing activities	(406,003)	386,722
Cash flows from investing activities		
Interest on investments	6,027	7,460
Net cash provided (used) by investing activities	6,027	7,460
Net increase (decrease) in cash	(254,035)	(21,334)
Cash and cash equivalents at beginning of year	513,213	727,505
Cash and cash equivalents at end of year	\$ 259,178	\$ 706,171

Continued on next page

Totals		Governmental Activities Internal Service Funds
June 30, 2017	June 30, 2016	
\$ 1,264,357	\$ 1,198,520	\$ 182,010
(433,325)	(460,478)	(34,570)
(301,214)	(333,755)	(53,336)
<u>529,818</u>	<u>404,287</u>	<u>94,104</u>
(372,950)	(13,424)	-
(151,380)	10,177	-
-	59,002	-
(103,566)	(110,798)	-
(171,497)	(144,265)	-
<u>(799,393)</u>	<u>(199,308)</u>	<u>0</u>
-	(17)	-
(19,281)	(16,800)	(20,481)
-	-	-
<u>(19,281)</u>	<u>(16,817)</u>	<u>(20,481)</u>
13,487	7,028	4,921
<u>13,487</u>	<u>7,028</u>	<u>4,921</u>
(275,369)	195,190	78,544
<u>1,240,718</u>	<u>1,045,528</u>	<u>442,752</u>
<u>\$ 965,349</u>	<u>\$ 1,240,718</u>	<u>\$ 521,296</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2017
(With Comparative Totals for 2016)

	Water Fund	Sewer Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Net operating income (loss)	\$ 228,265	\$ 69,151
Adjustments to reconcile operating income (loss) expenses to net cash provided by operating activities		
Depreciation expense	113,483	59,220
(Increase) or decrease in		
Accounts receivable	(20,478)	(20,284)
Taxes receivable	-	-
Prepaid expenses	994	994
Net pension liability/asset	60,438	93,426
Deferred outflow of resources	(40,998)	(63,375)
Increase or (decrease) in		
Accounts payable	7,463	56,884
Accrued liabilities	(799)	(707)
Deferred inflows of resources	(7,446)	(11,509)
Accrued compensated absences	506	3,908
Customer deposits	682	-
Total adjustments	113,845	118,557
Net cash provided (used) by operating activities	\$ 342,110	\$ 187,708

The Notes to Basic Financial Statements are an integral part of these statements.

Totals		Governmental Activities Internal Service Funds
June 30, 2017	June 30, 2016	
<u>\$ 297,416</u>	<u>\$ 132,433</u>	<u>\$ 53,004</u>
172,703	182,482	37,982
(40,762)	(5,681)	(2,672)
-	17	-
1,988	(298)	-
153,864	167,158	17,402
(104,373)	(6,279)	(11,805)
64,347	4,255	1,729
(1,506)	1,606	(252)
(18,955)	(65,456)	(2,144)
4,414	(7,727)	860
682	1,777	-
<u>232,402</u>	<u>271,854</u>	<u>41,100</u>
<u>\$ 529,818</u>	<u>\$ 404,287</u>	<u>\$ 94,104</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Note 1. Significant Accounting Policies

The City of John Day, Oregon operates under a council-manager form of government. The council is composed of six persons elected bi-annually to serve terms of four years. The mayor is elected to serve a term of four years. The council appoints the city manager. The city manager hires all other officers and employees of the City. The City provides the following services in accordance with its charter, public safety (police and fire), highway and streets, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services.

On November 9, 1993 the citizens of John Day approved a new city charter titled "1993 Charter."

The accounting policies of the City of John Day, Oregon conform to accounting principles generally accepted in the United States of America. The City's financial report includes the accounts of all City operations.

A. The Reporting Entity

The City Council exercises governance responsibilities over all entities related to City activity. The City receives funding from local, state, and federal sources. However, the City of John Day is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Council members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the primary government's financial accountability. The criteria used to determine financial accountability include whether the primary government appoints a voting majority, the primary government can impose its will on the component unit, whether there is financial benefit or burden on the primary government, and if the component unit has a fiscal dependency on the primary government. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is financially accountable. No other entities met requirements for inclusion in the City of John Day.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City. These statements include the governmental financial activities of the overall City. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to customers for utility service, museum fees and sales, rental of City equipment, dispatch services, police and fire services and fines; (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net position is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The City reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, including police, fire, and administration.

Street Fund – The Street Fund accounts for the cost of maintaining the roads within the City.

911 Fund – The 911 Fund accounts for the cost of operating the county emergency services dispatch center.

The City reports the following major proprietary funds:

Water Fund – The Water Fund accounts for the operation and maintenance of the City's water system.

Sewer Fund – The Sewer Fund accounts for the operation and maintenance of the City's sewer collection, disposal system and sewer treatment plant operated jointly with the town of Canyon City.

The City reports the following fiduciary fund:

Agency Fund – The agency fund accounts for assets held in trust for the Safe Communities Coalition.

C. Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest, special assessments, franchise fees, and intergovernmental revenues are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Internal service funds of the City (which provide services primarily to other funds of the City) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial activities of the internal service funds are presented in the governmental activities column when presented at the government-wide level. There is however a portion of the internal service activity that benefits both the water and sewer business-type activities. Therefore, the portion of the internal service usage that applies to the business type activities is reported as a reduction of the amount reported by the governmental activities. The costs of these services are allocated to the appropriate function/program (administration, police, fire, emergency services, streets, museums, water and sewer) in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Sewer and Water Funds are charges to customers for sales and services. These funds also recognize fees intended to recover the cost of connecting new customers to the City's utility systems as operating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

D. Capital Assets

Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of one year.

Depreciation is provided in each fund in amounts sufficient to recover the cost of the depreciable assets over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings and infrastructure	40-60 years
Machinery and equipment	3-20 years

E. Budgets and Budgetary Accounting

A budget is prepared for each City fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Levels of control for the General Fund include administration, police, fire, transfers and contingency. Total personnel services, materials and services, capital outlay, contingencies, and debt service are the levels of control for all other funds. The detail budget document, however, is required to contain more specific, detailed information for the above mentioned expenditure categories. Appropriations lapse at June 30.

Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the City Council. The City does not utilize encumbrance accounting for budgeted funds.

F. Property Taxes Receivable

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15.

Property tax revenues of the General Fund are recognized when they become measurable and available. Available includes those property tax receivables expected to be collected within 60 days after year-end. Property tax revenues of the enterprise funds are recognized for all amounts levied. This treatment is consistent with prior years.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

G. Accumulated Compensated Absences

A total of 12 to 21 days vacation and 12 days sick leave per year may be accumulated by each employee. A total of 40-60 hours of compensatory time and 40 hours of personal time may also be accumulated by employees. Employees are not paid for the accumulated sick leave upon retirement or other termination. The City accrues a liability for compensated absences which meet the following criteria.

- (1) Obligation is attributable to services already rendered.
- (2) Obligation relates to rights that vest or accumulate.
- (3) Payment of compensation is probable.
- (4) The amount can be reasonably estimated.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The city has one item that qualifies for reporting in this category. It is the deferred amounts relating to pensions. This amount is deferred and recognized as an outflow of resources in the period when the city recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The city has two items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The city also reports deferred amounts related to pensions.

This amount is deferred and recognized as an inflow of resources in the period when the city recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position.

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities column in the Statement of Net Position and the proprietary fund Statement of Net Position.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Cash and Cash Items

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in a savings account at the Oregon State Treasury Local Government Investment Pool and allocated to each fund based on the amount of excess cash each fund has deposited.

Oregon statute and local ordinances authorize the City to invest (short-term and long-term) in certificates of deposit (considered deposits for risk categorization purposes), certain bond obligations of civil subdivisions, general obligations of the United States, U.S. agency issues, general obligations of the states of Oregon, Washington, Idaho and California, certain interest bearing bonds of a county, port or school district, certain interest bearing bonds on any City in the state of Oregon, life insurance and annuity contracts, pooled deferred compensation trusts, banker's acceptances, and certain corporate bonds.

L. Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable fund balance is the portion of net resources that cannot be spent because they are either (a) in a nonspendable form or (b) legally or contractually required to be maintained intact. Fund balance is reported as restricted when the constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council passes an ordinance or resolution that places specific constraints on how the resources may be used. The Council action that imposed the limitation would need to occur no later than the close of the reporting period. The City Council can modify or rescind the legislative action at any time through passage of an additional ordinance or resolution.

The net resources that are constrained by the City's intent to use them are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be set aside for specific purposes during the adoption of the annual budget. The City Council and City Manager use that information to determine whether those resources should be classified as assigned in the City's financial statements. Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Prior Period Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Note 2. Pension Plan

Name of pension plan

The Oregon Public Employees Retirement System consists of a single cost-sharing multiple employer defined benefit pension plan.

Description of benefit terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

A. PERS Pension Chapter 238 (Tier One/Tier Two Retirement Benefit).

1. Pension Benefits

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members on or after August 29, 2003.

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

2. Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- member was employed by a PERS employer at the time of death,
- member died within 120 days after termination of PERS-covered employment,
- member died as a result of injury sustained while employed in a PERS-covered job, or

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

- member was on an official leave of absence from a PERS-covered job at the time of death.

3. Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

4. Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

B. OPSRP Pension Program (OPSRP DB)

1. Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

- Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for a police and fire member is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

2. Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

3. Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

4. Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

C. OPSRP Individual Account Program (OPSRP IAP)

1. Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

2. Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

3. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2014 actuarial valuation as subsequently modified by 2016 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum unfunded actuarial liability payments to establish side accounts, and their rates have been reduced. Employer contributions for the year ended June 30, 2017 were \$40,341, excluding amounts to fund employer specific liabilities.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Actuarial Valuations

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions

Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience Study	2014, published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll; Tier One/Tier Two UAL (20 year) and OPSRP pension UAL (16 year) amortization periods are closed.
Equivalent single amortization period	20 years
Asset valuation method	Market value of assets
Actuarial assumption:	
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increases	3.50 percent
Mortality	<p>Healthy retirees and beneficiaries RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retirees rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are percentages (70% for males, 95% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

CITY OF JOHN DAY
Grant County, Oregon
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June 30, 2017

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.68 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank/Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large/Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Non-US Small Cap Equities	1.88	9.01	7.22	20.55
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds – Diversified	2.50	4.94	4.64	8.09
Hedge Fund – Event-driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation - Mean			2.50 %	1.85 %

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

CITY OF JOHN DAY
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Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset)	\$ 1,629,406	\$ 1,009,128	\$ 490,685

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City reported a liability of \$1,009,128 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was .00672200 percent.

For the year ended June 30, 2017, the City recognized pension expense of \$205,149. Pension expense includes the City's proportionate share of system pension expense, adjusted for amortization of deferred amounts, of \$164,808 and employee contributions picked up by the City of \$40,341.

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,386	\$ -
Changes in assumptions	215,223	-
Net difference between projected and actual earnings on pension plan investments	199,361	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	55,165
City contributions subsequent to the measurement date	46,971	-
Total	\$ 494,941	\$ 55,165

\$46,971 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Deferred outflow or (inflow) of Resources
2018	\$ 64,606
2019	64,606
2020	139,467
2021	109,050
2022	15,078
Thereafter	-
Total	\$ 392,807

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2016 measurement date that would require a brief description under GASB standard.

Note 3. Deposits and Investments

At June 30, 2017 the carrying amount of the City's deposits was \$315,257 and the bank balance was \$341,897. The insurance and collateral requirements for deposits are established by banking

CITY OF JOHN DAY
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's web site. Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The city was in compliance with the ORS requirement.

The balances in excess of the FDIC insurance are considered exposed to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2017 \$91,897 of the City's bank balance was exposed to custodial credit risk.

As of June 30, 2017 the City had \$2,166,746 invested in the Oregon Local Government Investment Pool. The City's position in the pool is stated at cost which approximates fair value.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City has no policy for managing interest rate or credit risk. Investments by the City held in the Local Government Investment Pool are not rated.

The Oregon Short Term Fund is the LGIP for local governments and was established by the Oregon State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council.

Note 4. Changes in Long-Term Debt

The following is a summary of debt of the City for the year ended June 30, 2017:

	Payable at June 30, 2016	Addition	Reduction	Payable at June 30, 2017	Due in One Year
Special Public Works Fund Loan Payable - Water System Improvements	\$ 666,408	\$ -	\$ 69,232	\$ 597,176	\$ 52,694
Special Public Works Fund Loan Payable - Airport Industrial Park	1,399,316	-	102,264	1,297,051	87,398
Stella Lang Purchase Agreement	79,448	-	10,006	69,442	10,299
Fire Hall Bonds Payable	625,000	-	37,000	588,000	38,000
Accrued Compensated Absences	53,980	83,657	75,111	62,526	-
Totals	\$ 2,824,153	\$ 83,657	\$ 293,613	\$ 2,614,196	\$ 188,392

Interest expense of \$120,949 on long-term debt has been included in the direct expense of individual functions on the government-wide Statement of Activities. Authorization for general long-term debt is specific to a particular purpose; thus an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the programs for which borrowing is related.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Note 5. Business Oregon Water System Loan Payable

The City applied for and received a loan from the Oregon Economic and Community Development Department's Special Public Works Fund (renamed Business Oregon Infrastructure Finance Authority) for water system improvements. The loan of \$1,202,500 will be paid over 25 years, including interest of 3.0-5.0% through December 2026. As of June 30, 2017, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2018	\$ 82,553	\$ 29,859	\$ 52,694
2019	82,553	27,224	55,329
2020	82,553	24,458	58,095
2021	82,553	21,553	61,000
2022	82,553	18,503	64,050
2023-2027	347,160	41,152	306,008
Total	<u>\$ 759,925</u>	<u>\$ 162,749</u>	<u>\$ 597,176</u>

Note 6. Business Oregon Airport Infrastructure Loan Payable

The City entered into an agreement on August 29, 2003 to borrow up to \$2,004,000 from the Oregon Economic Development Department Special Public Works Fund (renamed Business Oregon Infrastructure Finance Authority) for the initial cost of infrastructure to the Grant County Airport Industrial Park. Actual loan advances received were \$1,969,517 (54% Water Fund, 46% Sewer Fund). Terms of the loan are 24 annual payments of \$152,510 on December 1 of each year including interest of 5.02 percent through December 1, 2028. The first payment was made on December 1, 2006 and was interest only as a result of accrued interest in excess of the payment amount. Accrued interest at June 30, 2017 was \$38,344. As of June 30, 2017, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2018	\$ 152,510	\$ 65,112	\$ 87,398
2019	152,510	60,725	91,785
2020	152,510	56,117	96,393
2021	152,510	51,278	101,232
2022	152,510	46,196	106,314
2023-2027	762,550	145,363	617,187
2028-2029	209,335	12,593	196,742
Total	<u>\$ 1,734,435</u>	<u>\$ 437,384</u>	<u>\$ 1,297,051</u>

Note 7. Stella Lang Purchase Agreement

The City entered into an agreement on June 30, 2008 to purchase the land and structure located at 316 South Canyon Blvd in John Day, Oregon. This is the site for the new fire hall. Terms of the loan are 180 monthly payments of \$1,109.24 on the 1st of each month including interest of 4.50 percent through June 1, 2023. There was no accrued interest at June 30, 2017. As of June 30, 2017, future payments are as follows:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Fiscal Year Ending June 30,	Total	Interest	Principal
2018	\$ 13,311	\$ 3,012	\$ 10,299
2019	13,311	2,440	10,871
2020	13,311	1,946	11,365
2021	13,311	1,419	11,892
2022	13,310	872	12,438
2023	13,311	734	12,577
Total	<u>\$ 79,865</u>	<u>\$ 10,423</u>	<u>\$ 69,442</u>

Note 8. Fire Hall Bonds

The city issued bonds in the amount of \$655,000 on February 18, 2015 to finance a new fire hall located at 316 South Canyon Blvd in John Day, Oregon. The bonds have an interest rate of 3.07%. Interest payments are made semiannually on June 1 and December 1. Principal payments began June 1, 2016 and will continue through June 30, 2030. As of June 30, 2017, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2018	\$ 56,052	\$ 18,052	\$ 38,000
2019	55,885	16,885	39,000
2020	55,688	15,688	40,000
2021	55,460	14,460	41,000
2022	55,201	13,201	42,000
2023-2027	277,712	45,712	232,000
2028-2030	165,701	9,701	156,000
Total	<u>\$ 721,699</u>	<u>\$ 133,699</u>	<u>\$ 588,000</u>

Note 9. General Fund Lease Obligations

The City leases certain property and equipment from others. Leased property not having elements of ownership is classified as an operating lease. Operating lease payments are recorded as expenditures when payable. Operating leases include: Pitney Bowes postage machine requiring 20 quarterly payments of \$147.42 through January 2017; Kyocera copier requiring 60 monthly payments of \$100 through July 2020. Total expenditures on such leases for the fiscal year ended June 30, 2017, were \$1,592. As of June 30, 2017, the City had future minimum payments under operating leases as follows:

Fiscal Year Ending June 30,	Total Future Minimum Lease Payments	Operating Leases
2018	\$ 1,203	\$ 1,203
2019	1,203	1,203
2020	1,203	1,203
2021	963	963
Total	<u>\$ 4,572</u>	<u>\$ 4,572</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

Note 10. Risk Management

The City is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City does not engage in risk financing activities where the risk is retained (self-insurance). Settled claims have not exceeded commercial coverage in any of the past three years.

Note 11. Receivables

Receivables are presented net of allowances for uncollectible accounts. Receivables are comprised of the following as of June 30, 2017:

	Governmental	Business
Property taxes	\$ 43,140	\$ 1,098
User fees	-	148,240
Other	61,033	-
Total	\$ 104,173	\$149,338

Note 12. Capital Assets

The following is a summary of changes in governmental capital assets:

Governmental Activities	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
<i>Capital Assets</i>				
<i>Assets not being depreciated</i>				
Land	\$ 190,017	\$ -	\$ -	\$ 190,017
Construction in progress	0	23,790		23,790
<i>Assets being depreciated</i>				
Buildings	2,314,538	150,000	30,670	2,433,868
Street improvements	3,389,597	-	-	3,389,597
Equipment	1,441,395	13,299	-	1,454,694
Total assets being depreciated	7,145,530	163,299	30,670	7,278,159
Total capital assets	7,335,547	187,089	30,670	7,491,966
<i>Accumulated Depreciation</i>				
Buildings	394,005	53,498	30,670	416,833
Street improvements	547,849	74,826	-	622,675
Equipment	1,298,752	58,828	-	1,357,580
Total depreciation	2,240,606	187,152	30,670	2,397,088
Governmental activities capital assets - net	\$ 5,094,941	\$ (63)	\$ 0	\$ 5,094,878

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

The following is a summary of changes in enterprise capital assets:

Business Activities	Balance July 01, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets				
<i>Assets not being depreciated:</i>				
Land	\$ 205,937	\$ 372,950	\$ -	\$ 578,887
Construction in progress	-		-	-
<i>Assets being depreciated:</i>				
Buildings	562,899	-	-	562,899
Utility systems	6,414,189	-	-	6,414,189
Equipment	979,274	-	-	979,274
Total assets being depreciated	<u>7,956,362</u>	<u>0</u>	<u>0</u>	<u>7,956,362</u>
Total capital assets	<u>8,162,299</u>	<u>372,950</u>	<u>0</u>	<u>8,535,249</u>
Accumulated Depreciation				
Buildings	500,096	13,713	-	513,809
Utility systems	3,150,431	126,884	-	3,277,315
Equipment	902,901	32,106	-	935,007
Total depreciation	<u>4,553,428</u>	<u>172,703</u>	<u>0</u>	<u>4,726,131</u>
Business activities capital assets - net	<u>\$ 3,608,871</u>	<u>\$ 200,247</u>	<u>\$ 0</u>	<u>\$ 3,809,118</u>

Depreciation was charged to the following functions:

Function	Governmental Activities	Business Activities
General operations	\$ 23,504	\$ -
Fire	77,268	-
Police	8,406	-
Streets	75,544	-
Emergency services	2,430	-
Water	-	113,483
Sewer	-	59,220
Total depreciation	<u>\$ 187,152</u>	<u>\$ 172,703</u>

Note 13. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, principally the federal government and the state of Oregon. Any disallowed claims, including amounts already collected, may constitute a liability to the City. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time. City management expects such amounts, if any, to be immaterial.

Note 14. Interfund Transfers

Transfers between funds provide support for various City programs in accordance with budgetary authorizations. Multiple fund transfers to the 911 Fund are to support the operations of the 911

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

dispatcher. Water and Sewer Fund transfers to the General Fund are to support the Police Department and its work on behalf of the utility funds. Transfers of capital assets represent assets purchased and subsequently transferred to another fund for use in that fund's activities. Interfund transfers for fiscal year ended June 30, 2017 consisted of the following:

Transfers Out	Capital Asset Transfers In	Operating Transfers In		
	General	General	911	Total
Governmental funds				
General Fund	\$ -	\$ -	\$ 45,430	\$ 45,430
Street Fund	-	-	919	919
Total governmental	<u>0</u>	<u>0</u>	<u>46,349</u>	<u>46,349</u>
Internal service funds				
Unpaid Comp	-	-	20,481	20,481
Total internal service	<u>0</u>	<u>0</u>	<u>20,481</u>	<u>20,481</u>
Business-type funds				
Water Fund	460	5,418	934	6,352
Sewer Fund	<u>150,920</u>	<u>10,836</u>	<u>2,093</u>	<u>12,929</u>
Total business-type	<u>151,380</u>	<u>16,254</u>	<u>3,027</u>	<u>19,281</u>
Total	<u>\$ 151,380</u>	<u>\$ 16,254</u>	<u>\$ 69,857</u>	<u>\$ 86,111</u>

Note 15. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2017 are as follows:

Due to/from other funds		
Receivable	Payable	
Water Replacement Reserve Fund	Sewer Fund	\$ 399,651
Due to/from other funds		<u>\$ 399,651</u>

Note 16. Subsequent Event

In May 2017, the City purchased a 53-acre former mill property known as Oregon Pine for \$519,000 plus closing costs using net working capital from the Sewer Fund. In August 2017, Business Oregon's Infrastructure Finance Authority (IFA) issued a Special Public Works Fund loan to the City for the purchase price (Project Number: L17011). This loan will reimburse the City for its purchase and will be reflected in next year's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.00672200%	0.00672538%	0.00767280%	0.00767280%
City's proportionate share of the net pension liability (asset)	\$ 1,009,127	\$ 386,135	\$ (173,920)	\$ 391,554
City's covered-employee payroll for year ended measurement date	\$ 736,153	\$ 735,503	\$ 783,863	\$ 820,999
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	137.08%	52.50%	-22.19%	47.69%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

SCHEDULE OF DISTRICT CONTRIBUTIONS
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 41,170	\$ 48,173	\$ 51,296	\$ 51,201
Contributions in relation to the contractually required contribution	<u>(41,170)</u>	<u>(48,173)</u>	<u>(51,296)</u>	<u>(51,201)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 672,124	\$ 736,153	\$ 735,503	\$ 783,863
Contributions as a percentage of covered-employee payroll	6.13%	6.54%	6.97%	6.53%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

The Notes to Basic Financial Statements are an integral part of these statements.

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - 01
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 343,996	\$ 326,082	\$ 326,082	\$ (17,914)
Intergovernmental revenues	115,088	122,162	127,172	12,084
Licenses and fees	183,269	174,694	174,694	(8,575)
Fines and forfeitures	5,436	4,000	4,000	(1,436)
Interest earned	3,312	574	574	(2,738)
Miscellaneous income	166,182	19,600	119,412	(46,770)
Total revenue	<u>817,283</u>	<u>647,112</u>	<u>751,934</u>	<u>(65,349)</u>
Expenditures				
Administration	124,371	110,491	128,871	4,500
Police	360,594	440,399	440,399	79,805
Fire	83,215	134,995	174,427	91,212
Debt service	69,498	69,520	116,530	47,032
Contingency	-	15,105	15,105	15,105
Total expenditures	<u>637,678</u>	<u>770,510</u>	<u>875,332</u>	<u>237,654</u>
Excess of revenues over (under) expenditures	<u>179,605</u>	<u>(123,398)</u>	<u>(123,398)</u>	<u>(303,003)</u>
Other financing sources (uses)				
Transfers in	16,254	19,350	19,350	3,096
Transfers out	(45,430)	(45,430)	(45,430)	-
Interfund charges Motor Pool	(42,000)	(42,000)	(42,000)	-
Total other sources (uses)	<u>(71,176)</u>	<u>(68,080)</u>	<u>(68,080)</u>	<u>3,096</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>108,429</u>	<u>(191,478)</u>	<u>(191,478)</u>	<u>(299,907)</u>
Fund balance at beginning of year	<u>274,807</u>	<u>191,478</u>	<u>191,478</u>	<u>(83,329)</u>
Fund balance at end of year	<u>\$ 383,236</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (383,236)</u>

The Notes to Basic Financial Statements are an integral part of these statements.

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET FUND - 06
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 283,911	\$ 92,890	\$ 92,890	\$ (191,021)
User fees	314	-	-	(314)
Interest earned	4,616	1,016	1,016	(3,600)
Miscellaneous income	638	50	50	(588)
Total revenue	<u>289,479</u>	<u>93,956</u>	<u>93,956</u>	<u>(195,523)</u>
Expenditures				
Personnel services	83,741	106,922	106,922	23,181
Materials and services	38,830	84,819	84,819	45,989
Capital outlay	19,032	20,000	20,000	968
Contingency	-	200,000	200,000	200,000
Total expenditures	<u>141,603</u>	<u>411,741</u>	<u>411,741</u>	<u>270,138</u>
Excess of revenues over (under) expenditures	<u>147,876</u>	<u>(317,785)</u>	<u>(317,785)</u>	<u>(465,661)</u>
Other financing sources (uses)				
Transfers out	(919)	(919)	(919)	-
Interfund charges Motor Pool	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other sources (uses)	<u>(20,919)</u>	<u>(20,919)</u>	<u>(20,919)</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	126,957	(338,704)	(338,704)	(465,661)
Fund balance at beginning of year	<u>369,972</u>	<u>338,704</u>	<u>338,704</u>	<u>(31,268)</u>
Fund balance at end of year	<u>\$ 496,929</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (496,929)</u>

The Notes to Basic Financial Statements are an integral part of these statements.

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
911 FUND - 32
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 377,020	\$ 359,376	\$ 359,376	\$ (17,644)
Interest earned	1,031	80	80	(951)
Miscellaneous income	4,338	2,450	2,450	(1,888)
Total revenue	<u>382,389</u>	<u>361,906</u>	<u>361,906</u>	<u>(20,483)</u>
Expenditures				
Personnel services	347,966	409,940	409,940	61,974
Materials and services	38,481	45,580	45,580	7,099
Capital outlay	-	2,944	2,944	2,944
Total expenditures	<u>386,447</u>	<u>458,464</u>	<u>458,464</u>	<u>72,017</u>
Excess of revenues over (under) expenditures	<u>(4,058)</u>	<u>(96,558)</u>	<u>(96,558)</u>	<u>(92,500)</u>
Other financing sources (uses)				
Transfers in	69,857	69,857	69,857	-
Total other sources (uses)	<u>69,857</u>	<u>69,857</u>	<u>69,857</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	65,799	(26,701)	(26,701)	(92,500)
Fund balance at beginning of year	<u>43,815</u>	<u>26,701</u>	<u>26,701</u>	<u>(17,114)</u>
Fund balance at end of year	<u>\$ 109,614</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (109,614)</u>

The Notes to Basic Financial Statements are an integral part of these statements.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
For the Year Ended
June 30, 2017

In accordance with Oregon Revised Statutes, the city council annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year through statutorily prescribed procedures. The city's budget is prepared on the modified accrual or GAAP basis of accounting. Appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon major classes of expenditures known as functions within each fund. The functions within the General Fund include administration, police, fire, transfers and contingency. Functions within all other funds include: personnel services, materials and services, capital outlay, debt service, contingencies and transfers. The city adopted one supplemental budget during the year ended June 30, 2017.

During the year ended June 30, 2017, disbursements in the General and major special revenue funds were within certified budget amounts in all functions.

The Notes to Basic Financial Statements are an integral part of these statements.

SUPPLEMENTARY SCHEDULES

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - 01
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 343,996	\$ 326,082	\$ 326,082	\$ (17,914)
Intergovernmental revenues	115,088	122,162	127,172	12,084
Licenses and fees	183,269	174,694	174,694	(8,575)
Fines and forfeitures	5,436	4,000	4,000	(1,436)
Interest earned	3,312	574	574	(2,738)
Miscellaneous income	166,182	19,600	119,412	(46,770)
Total revenue	<u>817,283</u>	<u>647,112</u>	<u>751,934</u>	<u>(65,349)</u>
Expenditures				
Administration				
Personnel services	12,163	14,815	14,815	2,652
Employee benefits	7,082	8,962	8,962	1,880
Materials and services	92,763	75,714	94,094	1,331
Capital outlay	12,363	11,000	11,000	(1,363)
Total administration	<u>124,371</u>	<u>110,491</u>	<u>128,871</u>	<u>4,500</u>
Police				
Personnel services	205,234	233,036	233,036	27,802
Employee benefits	128,590	164,743	164,743	36,153
Materials and services	25,570	39,420	39,420	13,850
Capital outlay	1,200	3,200	3,200	2,000
Total police	<u>360,594</u>	<u>440,399</u>	<u>440,399</u>	<u>79,805</u>
Fire				
Personnel services	19,715	24,595	24,595	4,880
Employee benefits	7,810	13,490	13,490	5,680
Materials and services	50,639	56,910	76,342	25,703
Capital outlay	5,051	40,000	60,000	54,949
Total fire	<u>83,215</u>	<u>134,995</u>	<u>174,427</u>	<u>91,212</u>
Debt service	69,498	69,520	116,530	47,032
Contingency	-	15,105	15,105	15,105
Total expenditures	<u>637,678</u>	<u>770,510</u>	<u>875,332</u>	<u>237,654</u>
Excess of revenues over (under) expenditures	<u>179,605</u>	<u>(123,398)</u>	<u>(123,398)</u>	<u>(303,003)</u>

(Continued on next page)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - 01
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Other financing sources (uses)				
Transfers in	\$ 16,254	\$ 19,350	\$ 19,350	\$ 3,096
Transfers out	(45,430)	(45,430)	(45,430)	-
Interfund charges Motor Pool	(42,000)	(42,000)	(42,000)	-
Total other sources (uses)	<u>(71,176)</u>	<u>(68,080)</u>	<u>(68,080)</u>	<u>3,096</u>
Excess of revenues and other sources over (under) expenditures and other uses	108,429	(191,478)	(191,478)	(299,907)
Fund balance at beginning of year	<u>274,807</u>	<u>191,478</u>	<u>191,478</u>	<u>(83,329)</u>
Fund balance at end of year	<u>\$ 383,236</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (383,236)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET FUND - 06
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 283,911	\$ 92,890	\$ 92,890	\$ (191,021)
User fees	314	-	-	(314)
Interest earned	4,616	1,016	1,016	(3,600)
Miscellaneous income	638	50	50	(588)
Total revenue	<u>289,479</u>	<u>93,956</u>	<u>93,956</u>	<u>(195,523)</u>
Expenditures				
Administration				
Personnel services	9,388	11,215	11,215	1,827
Employee benefits	10,259	15,022	15,022	4,763
Materials and services	8,652	8,725	8,725	73
Total administration	<u>28,299</u>	<u>34,962</u>	<u>34,962</u>	<u>6,663</u>
Operating				
Personnel services	42,158	51,170	51,170	9,012
Employee benefits	21,936	29,515	29,515	7,579
Materials and services	30,178	76,094	76,094	45,916
Capital outlay	19,032	20,000	20,000	968
Contingency	-	200,000	200,000	200,000
Total operating	<u>113,304</u>	<u>376,779</u>	<u>376,779</u>	<u>263,475</u>
Total expenditures	<u>141,603</u>	<u>411,741</u>	<u>411,741</u>	<u>270,138</u>
Excess of revenues over (under) expenditures	<u>147,876</u>	<u>(317,785)</u>	<u>(317,785)</u>	<u>(465,661)</u>
Other financing sources (uses)				
Transfers out	(919)	(919)	(919)	-
Interfund charges Motor Pool	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other sources (uses)	<u>(20,919)</u>	<u>(20,919)</u>	<u>(20,919)</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	126,957	(338,704)	(338,704)	(465,661)
Fund balance at beginning of year	<u>369,972</u>	<u>338,704</u>	<u>338,704</u>	<u>(31,268)</u>
Fund balance at end of year	<u>\$ 496,929</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (496,929)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
911 FUND - 32
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 377,020	\$ 359,376	\$ 359,376	\$ (17,644)
Interest earned	1,031	80	80	(951)
Miscellaneous income	4,338	2,450	2,450	(1,888)
Total revenue	<u>382,389</u>	<u>361,906</u>	<u>361,906</u>	<u>(20,483)</u>
Expenditures				
Operating				
Personnel services	241,957	259,900	259,900	17,943
Employee benefits	106,009	150,040	150,040	44,031
Materials and services	38,481	45,580	45,580	7,099
Capital outlay	-	2,944	2,944	2,944
Total operating	<u>386,447</u>	<u>458,464</u>	<u>458,464</u>	<u>72,017</u>
Total expenditures	<u>386,447</u>	<u>458,464</u>	<u>458,464</u>	<u>72,017</u>
Excess of revenues over (under) expenditures	<u>(4,058)</u>	<u>(96,558)</u>	<u>(96,558)</u>	<u>(92,500)</u>
Other financing sources (uses)				
Transfers in	69,857	69,857	69,857	-
Total other sources (uses)	<u>69,857</u>	<u>69,857</u>	<u>69,857</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	65,799	(26,701)	(26,701)	(92,500)
Fund balance at beginning of year	43,815	26,701	26,701	(17,114)
Fund balance at end of year	<u>\$ 109,614</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (109,614)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
WATER FUND
June 30, 2017

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2017
ASSETS			
Current assets			
Unrestricted			
Cash with depositories	\$ 136,298	\$ 122,880	\$ 259,178
Water and sewer accounts receivable	82,050	-	82,050
Less allowance for doubtful accounts	(3,246)	-	(3,246)
Taxes receivable	1,223	-	1,223
Less allowance for uncollectible	(125)	-	(125)
Accounts receivable	1,306	-	1,306
Due from other funds	-	399,651	399,651
Total current assets	<u>217,506</u>	<u>522,531</u>	<u>740,037</u>
Noncurrent assets			
Property, plant, and equipment	5,329,218	-	5,329,218
Less accumulated depreciation	<u>(2,707,843)</u>	-	<u>(2,707,843)</u>
Property, plant, and equipment - net	<u>2,621,375</u>	<u>0</u>	<u>2,621,375</u>
Total assets	<u>2,838,881</u>	<u>522,531</u>	<u>3,361,412</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>52,511</u>	-	<u>52,511</u>
Total assets and deferred outflows of resources	<u>2,891,392</u>	<u>522,531</u>	<u>3,413,923</u>
LIABILITIES			
Current liabilities			
Accounts payable	10,687	-	10,687
Accrued liabilities	926	-	926
Accrued compensated absences	10,022	-	10,022
Current portion of long term debt	47,195	-	47,195
Accrued interest	38,235	-	38,235
Customer deposits	8,891	-	8,891
Total current liabilities	<u>115,956</u>	<u>0</u>	<u>115,956</u>
Noncurrent liabilities			
Net pension liability	108,920	-	108,920
Loan payable - special public works fund	<u>1,248,487</u>	-	<u>1,248,487</u>
Total noncurrent liabilities	<u>1,357,407</u>	<u>0</u>	<u>1,357,407</u>
Total liabilities	<u>1,473,363</u>	<u>0</u>	<u>1,473,363</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>21,992</u>	-	<u>21,992</u>
Total deferred inflows of resources	<u>21,992</u>	<u>0</u>	<u>21,992</u>
Total liabilities and deferred inflows of resources	<u>1,495,355</u>	<u>0</u>	<u>1,495,355</u>
NET POSITION			
Net investment in capital assets	1,287,458	-	1,287,458
Unrestricted	<u>108,579</u>	<u>522,531</u>	<u>631,110</u>
Total net position	<u>\$ 1,396,037</u>	<u>\$ 522,531</u>	<u>\$ 1,918,568</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER FUND
For the year ended
June 30, 2017

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2017
Operating revenues			
User fees	\$ 671,150	\$ -	\$ 671,150
Miscellaneous income	1,329	-	1,329
Total operating revenues	<u>672,479</u>	<u>0</u>	<u>672,479</u>
Operating expenses			
Administration			
Personal services	84,902	-	84,902
Supplies, repairs, and services	16,067	-	16,067
Utility operation			
Personal services	94,208	-	94,208
Supplies, repairs, and services	105,554	-	105,554
Depreciation	113,483	-	113,483
Motor pool interfund charges	30,000	-	30,000
Total operating expenses	<u>444,214</u>	<u>0</u>	<u>444,214</u>
Operating income (loss)	<u>228,265</u>	<u>0</u>	<u>228,265</u>
Nonoperating revenues (expenses)			
Interest earned	1,184	4,843	6,027
Interest expense	(66,528)	-	(66,528)
Total nonoperating revenues (expenses)	<u>(65,344)</u>	<u>4,843</u>	<u>(60,501)</u>
Income (loss) before transfers	162,921	4,843	167,764
Operating transfers in/out	(100,817)	100,817	-
Operating transfers out	(6,352)	-	(6,352)
Transfer of capital assets	(460)	-	(460)
Increase (decrease) in net position	55,292	105,660	160,952
Net position at beginning of year	<u>1,340,745</u>	<u>416,871</u>	<u>1,757,616</u>
Net position at end of year	<u>\$ 1,396,037</u>	<u>\$ 522,531</u>	<u>\$ 1,918,568</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
WATER FUND
For the year ended
June 30, 2017

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2017
Cash flows from operating activities			
Cash received from customers	\$ 652,684	\$ -	\$ 652,684
Cash paid to employees	(167,410)	-	(167,410)
Cash paid to suppliers	(143,164)	-	(143,164)
Net cash provided (used) by operating activities	<u>342,110</u>	<u>0</u>	<u>342,110</u>
Cash flows from capital activities			
Capital assets transferred to other funds	(460)	-	(460)
Interest expense	(70,231)	-	(70,231)
Principal debt payments	(125,478)	-	(125,478)
Net cash provided (used) by capital activities	<u>(196,169)</u>	<u>0</u>	<u>(196,169)</u>
Cash flows from non-capital financing activities			
Interfund transfers	(107,169)	100,817	(6,352)
Interfund loans	-	(399,651)	(399,651)
Net cash provided (used) by non-capital financing activities	<u>(107,169)</u>	<u>(298,834)</u>	<u>(406,003)</u>
Cash flows from investing activities			
Interest on investments	1,184	4,843	6,027
Net cash provided (used) by investing activities	<u>1,184</u>	<u>4,843</u>	<u>6,027</u>
Net increase (decrease) in cash	39,956	(293,991)	(254,035)
Cash and cash equivalents at beginning of year	96,342	416,871	513,213
Cash and cash equivalents at end of year	<u>\$ 136,298</u>	<u>\$ 122,880</u>	<u>\$ 259,178</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 228,265</u>	<u>\$ -</u>	<u>\$ 228,265</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	113,483	-	113,483
(Increase) or decrease in			
Accounts receivable	(20,478)	-	(20,478)
Prepaid expenses	994	-	994
Net pension liability/asset	60,438	-	60,438
Deferred outflow of resources	(40,998)	-	(40,998)
Increase or (decrease) in			
Accounts payable	7,463	-	7,463
Accrued liabilities	(799)	-	(799)
Deferred inflows of resources	(7,446)	-	(7,446)
Accrued compensated absences	506	-	506
Customer deposits	682	-	682
Total adjustments	<u>113,845</u>	<u>0</u>	<u>113,845</u>
Net cash provided by operating activities	<u>\$ 342,110</u>	<u>\$ 0</u>	<u>\$ 342,110</u>

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF BUDGET BASIS INDIVIDUAL FUND SCHEDULES
TO ACCRUAL BASIS COMBINING SCHEDULES**
WATER FUND
For the year ended
June 30, 2017

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2017
Reconciliation of beginning fund balance to beginning net position			
Beginning fund balance - budget basis	\$ 145,435	\$ 416,871	\$ 562,306
Add net property taxes receivable	1,098	-	1,098
Add fixed assets	5,329,218	-	5,329,218
Less accumulated depreciation on fixed assets	(2,594,360)	-	(2,594,360)
Add net pension liability	(48,482)	-	(48,482)
Add deferred outflow of resources	11,513	-	11,513
Less deferred inflow of resources	(29,438)	-	(29,438)
Less accrued compensated absences	(9,516)	-	(9,516)
Less loan payable	(1,421,160)	-	(1,421,160)
Less prior period interest allocation	(1,626)	-	(1,626)
Less accrued interest payable	(41,937)	-	(41,937)
Beginning net position	<u>\$ 1,340,745</u>	<u>\$ 416,871</u>	<u>\$ 1,757,616</u>
Reconciliation of change in fund balance to change in net position			
Change in fund balance - budget basis	\$ 52,095	\$ 105,660	\$ 157,755
Less depreciation expense on fixed assets	(113,483)	-	(113,483)
Loan principal payments	125,478	-	125,478
Change in pension expense	(11,994)	-	(11,994)
Change in accrued interest expense	3,702	-	3,702
Change in accrued compensated absences	(506)	-	(506)
Increase (decrease) in net position	<u>\$ 55,292</u>	<u>\$ 105,660</u>	<u>\$ 160,952</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 197,530	\$ 522,531	\$ 720,061
Add net property taxes receivable	1,098	-	1,098
Add fixed assets	5,329,218	-	5,329,218
Less accumulated depreciation on fixed assets	(2,707,843)	-	(2,707,843)
Less net pension liability	(108,920)	-	(108,920)
Add deferred outflow of resources	52,511	-	52,511
Less deferred inflow of resources	(21,992)	-	(21,992)
Less accrued compensated absences	(10,022)	-	(10,022)
Less loan payable	(1,295,682)	-	(1,295,682)
Less prior period interest allocation	(1,626)	-	(1,626)
Less accrued interest payable	(38,235)	-	(38,235)
Ending net position	<u>\$ 1,396,037</u>	<u>\$ 522,531</u>	<u>\$ 1,918,568</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER FUND - 02
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 671,151	\$ 622,547	\$ 622,547	\$ (48,604)
Miscellaneous income	1,329	-	-	(1,329)
Total operating revenue	<u>672,480</u>	<u>622,547</u>	<u>622,547</u>	<u>(49,933)</u>
Operating expenses				
Administration				
Personnel services	40,971	48,305	48,305	7,334
Employee benefits	31,356	45,758	45,758	14,402
Materials and services	16,527	16,873	16,873	346
Total administration	<u>88,854</u>	<u>110,936</u>	<u>110,936</u>	<u>22,082</u>
Operating				
Personnel services	63,255	91,760	91,760	28,505
Employee benefits	31,029	51,960	51,960	20,931
Materials and services	105,554	127,794	127,794	22,240
Capital outlay	-	7,000	7,000	7,000
Debt service	195,708	195,810	195,810	102
Motor pool	30,000	30,000	30,000	-
Contingency	-	10,000	10,000	10,000
Total operating	<u>425,546</u>	<u>514,324</u>	<u>514,324</u>	<u>88,778</u>
Total operating expenses	<u>514,400</u>	<u>625,260</u>	<u>625,260</u>	<u>110,860</u>
Operating income (loss)	<u>158,080</u>	<u>(2,713)</u>	<u>(2,713)</u>	<u>(160,793)</u>
Nonoperating revenues				
Interest earned	1,184	332	332	(852)
Total nonoperating revenues	<u>1,184</u>	<u>332</u>	<u>332</u>	<u>(852)</u>
Increase (decrease) in fund balance before transfers	159,264	(2,381)	(2,381)	(161,645)
Transfers				
Transfers out	<u>(107,169)</u>	<u>(108,201)</u>	<u>(108,201)</u>	<u>(1,032)</u>
Increase (decrease) in fund balance	52,095	(110,582)	(110,582)	(162,677)
Fund balance at beginning of year	145,435	110,582	110,582	(34,853)
Fund balance at end of year	<u>\$ 197,530</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (197,530)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER REPLACEMENT RESERVE FUND - 27
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total operating revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating expenses				
Operating				
Materials and services	-	30,000	30,000	30,000
Capital outlay	-	486,582	486,582	486,582
Total operating	<u>0</u>	<u>516,582</u>	<u>516,582</u>	<u>516,582</u>
Total operating expenses	<u>0</u>	<u>516,582</u>	<u>516,582</u>	<u>516,582</u>
Operating income (loss)	<u>0</u>	<u>(516,582)</u>	<u>(516,582)</u>	<u>(516,582)</u>
Nonoperating revenues				
Interest earned	<u>4,843</u>	<u>1,244</u>	<u>1,244</u>	<u>(3,599)</u>
Total nonoperating revenues	<u>4,843</u>	<u>1,244</u>	<u>1,244</u>	<u>(3,599)</u>
Increase (decrease) in fund balance before transfers	4,843	(515,338)	(515,338)	(520,181)
Transfers				
Transfers in	<u>100,817</u>	<u>100,817</u>	<u>100,817</u>	<u>-</u>
Increase (decrease) in fund balance	105,660	(414,521)	(414,521)	(520,181)
Fund balance at beginning of year	<u>416,871</u>	<u>414,521</u>	<u>414,521</u>	<u>(2,350)</u>
Fund balance at end of year	<u>\$ 522,531</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (522,531)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
SEWER FUND
June 30, 2017

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ 65,889	\$ 341,859
Water and sewer accounts receivable	64,534	5,042	309
Less allowance for doubtful accounts	(2,818)	-	-
Accounts receivable	1,063	-	-
Total current assets	<u>62,779</u>	<u>70,931</u>	<u>342,168</u>
Noncurrent assets			
Property, plant, and equipment	3,206,031	-	-
Less accumulated depreciation	(2,018,288)	-	-
Property, plant, and equipment - net	<u>1,187,743</u>	<u>0</u>	<u>0</u>
Total assets	<u>1,250,522</u>	<u>70,931</u>	<u>342,168</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	43,291	32,806	-
Total assets and deferred outflows of resources	<u>1,293,813</u>	<u>103,737</u>	<u>342,168</u>
LIABILITIES			
Current liabilities			
Accounts payable	59,856	2,135	-
Accrued liabilities	765	684	-
Accrued compensated absences	4,958	4,838	-
Due to other funds	399,651	-	-
Current portion of long term debt	40,203	-	-
Accrued interest	17,692	-	-
Total current liabilities	<u>523,125</u>	<u>7,657</u>	<u>0</u>
Noncurrent liabilities			
Net pension liability	93,993	59,041	-
Loan payable - special public works fund	558,342	-	-
Total noncurrent liabilities	<u>652,335</u>	<u>59,041</u>	<u>0</u>
Total liabilities	<u>1,175,460</u>	<u>66,698</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	6,108	10,416	-
Total deferred inflows of resources	<u>6,108</u>	<u>10,416</u>	<u>0</u>
Total liabilities and deferred inflows of resources	<u>1,181,568</u>	<u>77,114</u>	<u>0</u>
NET POSITION			
Net investment in capital assets	571,506	-	-
Unrestricted	(459,261)	26,623	342,168
Total net position	<u>\$ 112,245</u>	<u>\$ 26,623</u>	<u>\$ 342,168</u>

28

Sewer Collection Replacement Fund	<u>Totals</u> June 30, 2017
\$ 298,423	\$ 706,171
-	69,885
-	(2,818)
-	1,063
<u>298,423</u>	<u>774,301</u>
-	3,206,031
-	(2,018,288)
<u>0</u>	<u>1,187,743</u>
<u>298,423</u>	<u>1,962,044</u>
-	76,097
<u>298,423</u>	<u>2,038,141</u>
-	61,991
-	1,449
-	9,796
-	399,651
-	40,203
-	17,692
<u>0</u>	<u>530,782</u>
-	153,034
-	558,342
<u>0</u>	<u>711,376</u>
<u>0</u>	<u>1,242,158</u>
-	16,524
<u>0</u>	<u>16,524</u>
<u>0</u>	<u>1,258,682</u>
-	571,506
298,423	207,953
<u>\$ 298,423</u>	<u>\$ 779,459</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
SEWER FUND
For the year ended
June 30, 2017

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Operating revenues			
User fees	\$ 566,243	\$ 55,356	\$ 3,704
Miscellaneous income	2,319	120	-
Total operating revenues	<u>568,562</u>	<u>55,476</u>	<u>3,704</u>
Operating expenses			
Administration			
Personal services	82,988	41,359	-
Supplies, repairs, and services	13,610	12,472	-
Utility operation			
Personal services	70,378	96,841	-
Supplies, repairs, and services	64,047	76,891	-
Depreciation	59,220	-	-
Motor pool interfund charges	25,000	20,000	-
Total operating expenses	<u>315,243</u>	<u>247,563</u>	<u>0</u>
Operating income (loss)	<u>253,319</u>	<u>(192,087)</u>	<u>3,704</u>
Nonoperating revenues (expenses)			
Interest earned	742	547	3,380
Interest expense	(31,975)	-	-
Total nonoperating revenues (expenses)	<u>(31,233)</u>	<u>547</u>	<u>3,380</u>
Income (loss) before transfers	222,086	(191,540)	7,084
Operating transfers in/out	(274,749)	207,799	11,296
Operating transfers out	(6,577)	(6,352)	-
Transfer of capital assets	(150,460)	(460)	-
Increase (decrease) in net position	(209,700)	9,447	18,380
Net position at beginning of year	<u>321,945</u>	<u>17,176</u>	<u>323,788</u>
Net position at end of year	<u>\$ 112,245</u>	<u>\$ 26,623</u>	<u>\$ 342,168</u>

28 Sewer Collection Replacement Fund	<u>Totals</u> June 30, 2017
\$ 4,215	\$ 629,518
<u>-</u>	<u>2,439</u>
<u>4,215</u>	<u>631,957</u>
-	124,347
-	26,082
-	167,219
-	140,938
-	59,220
-	45,000
<u>0</u>	<u>562,806</u>
<u>4,215</u>	<u>69,151</u>
2,790	7,459
<u>-</u>	<u>(31,975)</u>
<u>2,790</u>	<u>(24,516)</u>
7,005	44,635
55,654	-
-	(12,929)
<u>-</u>	<u>(150,920)</u>
62,659	(119,214)
<u>235,764</u>	<u>898,673</u>
<u>\$ 298,423</u>	<u>\$ 779,459</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
SEWER FUND
For the year ended
June 30, 2017

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Cash flows from operating activities			
Cash received from customers	\$ 553,629	\$ 50,434	\$ 3,395
Cash paid to employees	(140,401)	(125,514)	-
Cash paid to suppliers	(45,485)	(112,565)	-
Net cash provided (used) by operating activities	<u>367,743</u>	<u>(187,645)</u>	<u>3,395</u>
Cash flows from capital activities			
Capital assets transferred to other funds	(150,460)	(460)	-
Capital assets purchased	(372,950)	-	-
Interest expense	(33,335)	-	-
Principal debt payments	(46,019)	-	-
Net cash provided (used) by capital activities	<u>(602,764)</u>	<u>(460)</u>	<u>0</u>
Cash flows from non-capital financing activities			
Interfund transfers	(281,326)	201,447	11,296
Interfund loan proceeds	399,651	-	-
Net cash provided (used) by non-capital financing activities	<u>118,325</u>	<u>201,447</u>	<u>11,296</u>
Cash flows from investing activities			
Interest on investments	743	547	3,380
Net cash provided (used) by investing activities	<u>743</u>	<u>547</u>	<u>3,380</u>
Net increase (decrease) in cash	(115,953)	13,889	18,071
Cash and cash equivalents at beginning of year	115,953	52,000	323,788
Cash and cash equivalents at end of year	<u>\$ 0</u>	<u>\$ 65,889</u>	<u>\$ 341,859</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 253,319</u>	<u>\$ (192,087)</u>	<u>\$ 3,704</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	59,220	-	-
(Increase) or decrease in			
Accounts receivable	(14,933)	(5,042)	(309)
Prepaid expenses	994	-	-
Net pension liability/asset	53,144	40,282	-
Deferred outflow of resources	(36,050)	(27,325)	-
Increase or (decrease) in			
Accounts payable	57,655	(771)	-
Accrued liabilities	(536)	(171)	-
Deferred inflows of resources	(6,547)	(4,962)	-
Accrued compensated absences	1,477	2,431	-
Total adjustments	<u>114,424</u>	<u>4,442</u>	<u>(309)</u>
Net cash provided (used) by operating activities	<u>\$ 367,743</u>	<u>\$ (187,645)</u>	<u>\$ 3,395</u>

28

Sewer Collection Replacement Fund	<u>Totals</u> June 30, 2017
\$ 4,215	\$ 611,673
-	(265,915)
-	(158,050)
<u>4,215</u>	<u>187,708</u>
-	(150,920)
-	(372,950)
-	(33,335)
-	(46,019)
<u>0</u>	<u>(603,224)</u>
55,654	(12,929)
-	399,651
<u>55,654</u>	<u>386,722</u>
2,790	7,460
<u>2,790</u>	<u>7,460</u>
62,659	(21,334)
235,764	727,505
<u>\$ 298,423</u>	<u>\$ 706,171</u>
<u>\$ 4,215</u>	<u>\$ 69,151</u>
-	59,220
-	(20,284)
-	994
-	93,426
-	(63,375)
-	56,884
-	(707)
-	(11,509)
-	3,908
<u>0</u>	<u>118,557</u>
<u>\$ 4,215</u>	<u>\$ 187,708</u>

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF BUDGET BASIS INDIVIDUAL FUND SCHEDULES
TO ACCRUAL BASIS COMBINING SCHEDULES**
SEWER FUND
For the year ended
June 30, 2017

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Reconciliation of beginning fund balance to beginning net position			
Beginning fund balance - budget basis	\$ 159,668	\$ 48,239	\$ 323,788
Add fixed assets	2,833,081	-	-
Less accumulated depreciation on capital assets	(1,959,068)	-	-
Less net pension liability	(40,849)	(18,759)	-
Add deferred outflow of resources	7,241	5,481	-
Less deferred inflow of resources	(12,655)	(15,378)	-
Less accrued compensated absences	(3,482)	(2,407)	-
Less loan payable	(644,564)	-	-
Add prior period interest allocation	1,626	-	-
Less accrued interest payable	(19,053)	-	-
Beginning net position	<u>\$ 321,945</u>	<u>\$ 17,176</u>	<u>\$ 323,788</u>
Reconciliation of change in fund balance to change in net position			
Change in fund balance - budget basis	\$ (558,785)	\$ 19,873	\$ 18,380
Less depreciation expense on capital assets	(59,220)	-	-
Add capital assets purchased	372,950	-	-
Loan principal payments	46,019	-	-
Change in pension expense	(10,547)	(7,995)	-
Change in accrued interest expense	1,360	-	-
Change in accrued compensated absences	(1,477)	(2,431)	-
Increase (decrease) in net position	<u>\$ (209,700)</u>	<u>\$ 9,447</u>	<u>\$ 18,380</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ (399,117)	\$ 68,112	\$ 342,168
Add fixed assets	3,206,031	-	-
Less accumulated depreciation on capital assets	(2,018,288)	-	-
Less net pension liability	(93,993)	(59,041)	-
Add deferred outflow of resources	43,291	32,806	-
Less deferred inflow of resources	(6,108)	(10,416)	-
Less accrued compensated absences	(4,959)	(4,838)	-
Less loan payable	(598,545)	-	-
Add prior period interest allocation	1,626	-	-
Less accrued interest payable	(17,693)	-	-
Ending net position	<u>\$ 112,245</u>	<u>\$ 26,623</u>	<u>\$ 342,168</u>

28 Sewer Collection Replacement Fund	<u>Totals</u> June 30, 2017
\$ 235,764	\$ 767,459
-	2,833,081
-	(1,959,068)
-	(59,608)
-	12,722
-	(28,033)
-	(5,889)
-	(644,564)
-	1,626
-	(19,053)
<u>\$ 235,764</u>	<u>\$ 898,673</u>
\$ 62,659	\$ (457,873)
-	(59,220)
-	372,950
-	46,019
-	(18,542)
-	1,360
-	(3,908)
<u>\$ 62,659</u>	<u>\$ (119,214)</u>
\$ 298,423	\$ 309,586
-	3,206,031
-	(2,018,288)
-	(153,034)
-	76,097
-	(16,524)
-	(9,797)
-	(598,545)
-	1,626
-	(17,693)
<u>\$ 298,423</u>	<u>\$ 779,459</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER FUND - 03
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 566,243	\$ 508,513	\$ 508,513	\$ (57,730)
Miscellaneous income	2,319	-	-	(2,319)
Total operating revenue	<u>568,562</u>	<u>508,513</u>	<u>508,513</u>	<u>(60,049)</u>
Operating expenses				
Administration				
Personnel services	40,970	48,315	48,315	7,345
Employee benefits	29,994	38,543	38,543	8,549
Materials and services	14,070	15,346	15,346	1,276
Total administration	<u>85,034</u>	<u>102,204</u>	<u>102,204</u>	<u>17,170</u>
Operating				
Personnel services	48,246	51,135	51,135	2,889
Employee benefits	22,132	27,353	27,353	5,221
Materials and services	64,048	64,064	64,064	16
Capital outlay	522,950	-	519,000	(3,950)
Debt service	79,354	79,450	79,450	96
Motor pool	25,000	25,000	25,000	-
Contingency	-	10,000	10,000	10,000
Total operating	<u>761,730</u>	<u>257,002</u>	<u>776,002</u>	<u>14,272</u>
Total operating expenses	<u>846,764</u>	<u>359,206</u>	<u>878,206</u>	<u>31,442</u>
Operating income (loss)	<u>(278,202)</u>	<u>149,307</u>	<u>(369,693)</u>	<u>(91,491)</u>
Nonoperating revenues				
Debt proceeds	-	-	519,000	519,000
Interest earned	743	398	398	(345)
Total nonoperating revenues	<u>743</u>	<u>398</u>	<u>519,398</u>	<u>518,655</u>
Increase (decrease) in fund balance before transfers	(277,459)	149,705	149,705	427,164
Transfers				
Transfers out	(281,326)	(282,358)	(282,358)	(1,032)
Increase (decrease) in fund balance	(558,785)	(132,653)	(132,653)	426,132
Fund balance at beginning of year	159,668	132,653	132,653	(27,015)
Fund balance at end of year	<u>\$ (399,117)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 399,117</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
JOINT SEWER FUND - 04
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 55,356	\$ 68,126	\$ 58,939	\$ 3,583
Miscellaneous income	120	-	-	(120)
Total operating revenue	<u>55,476</u>	<u>68,126</u>	<u>58,939</u>	<u>3,463</u>
Operating expenses				
Administration				
Personnel services	17,495	19,900	19,900	2,405
Employee benefits	15,510	22,055	22,055	6,545
Materials and services	12,932	16,044	16,044	3,112
Total administration	<u>45,937</u>	<u>57,999</u>	<u>57,999</u>	<u>12,062</u>
Operating				
Personnel services	70,218	63,525	63,525	(6,693)
Employee benefits	24,551	27,702	27,702	3,151
Materials and services	76,891	139,753	130,566	53,675
Contingency	-	5,000	5,000	5,000
Motor pool	20,000	20,000	20,000	-
Total operating	<u>191,660</u>	<u>255,980</u>	<u>246,793</u>	<u>55,133</u>
Total operating expenses	<u>237,597</u>	<u>313,979</u>	<u>304,792</u>	<u>67,195</u>
Operating income (loss)	<u>(182,121)</u>	<u>(245,853)</u>	<u>(245,853)</u>	<u>(63,732)</u>
Nonoperating revenues				
Interest earned	547	136	136	(411)
Total nonoperating revenues	<u>547</u>	<u>136</u>	<u>136</u>	<u>(411)</u>
Increase (decrease) in fund balance before transfers	(181,574)	(245,717)	(245,717)	(64,143)
Transfers				
Transfers in	207,799	207,799	207,799	-
Transfers out	(6,352)	(7,384)	(7,384)	(1,032)
Increase (decrease) in fund balance	19,873	(45,302)	(45,302)	(65,175)
Fund balance at beginning of year	48,239	45,302	45,302	(2,937)
Fund balance at end of year	<u>\$ 68,112</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (68,112)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TREATMENT PLANT RESERVE FUND - 05
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total operating revenue	<u>3,704</u>	<u>3,704</u>	<u>3,704</u>	<u>0</u>
Operating expenses				
Operating				
Materials and services	-	10,000	10,000	10,000
Capital outlay	-	329,516	329,516	329,516
Total operating	<u>0</u>	<u>339,516</u>	<u>339,516</u>	<u>339,516</u>
Total operating expenses	<u>0</u>	<u>339,516</u>	<u>339,516</u>	<u>339,516</u>
Operating income (loss)	<u>3,704</u>	<u>(335,812)</u>	<u>(335,812)</u>	<u>(339,516)</u>
Nonoperating revenues				
Intergovernmental revenues	-	-	-	-
Interest earned	3,380	971	971	(2,409)
Total nonoperating revenues	<u>3,380</u>	<u>971</u>	<u>971</u>	<u>(2,409)</u>
Increase (decrease) in fund balance before transfers	7,084	(334,841)	(334,841)	(341,925)
Transfers				
Transfers in	<u>11,296</u>	<u>11,296</u>	<u>11,296</u>	<u>-</u>
Increase (decrease) in fund balance	18,380	(323,545)	(323,545)	(341,925)
Fund balance at beginning of year	<u>323,788</u>	<u>323,545</u>	<u>323,545</u>	<u>(243)</u>
Fund balance at end of year	<u>\$ 342,168</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (342,168)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER COLLECTION REPLACEMENT FUND - 28
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 4,215	\$ -	\$ -	\$ (4,215)
Total operating revenue	<u>4,215</u>	<u>0</u>	<u>0</u>	<u>(4,215)</u>
Operating expenses				
Administration				
Materials and services	-	30,000	30,000	30,000
Total administration	<u>0</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
Operating				
Capital outlay	-	270,433	270,433	270,433
Total operating	<u>0</u>	<u>270,433</u>	<u>270,433</u>	<u>270,433</u>
Total operating expenses	<u>0</u>	<u>300,433</u>	<u>300,433</u>	<u>300,433</u>
Operating income (loss)	<u>4,215</u>	<u>(300,433)</u>	<u>(300,433)</u>	<u>(304,648)</u>
Nonoperating revenues				
Interest earned	2,790	732	732	(2,058)
Total nonoperating revenues	<u>2,790</u>	<u>732</u>	<u>732</u>	<u>(2,058)</u>
Increase (decrease) in fund balance before transfers	7,005	(299,701)	(299,701)	(306,706)
Transfers				
Transfers in	55,654	55,654	55,654	-
Increase (decrease) in fund balance	62,659	(244,047)	(244,047)	(306,706)
Fund balance at beginning of year	235,764	244,047	244,047	8,283
Fund balance at end of year	<u>\$ 298,423</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (298,423)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2017

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2017
ASSETS			
Current assets			
Cash with depositories	\$ 399,412	\$ 121,884	\$ 521,296
Accounts receivable	3,395	-	3,395
Total current assets	<u>402,807</u>	<u>121,884</u>	<u>524,691</u>
Noncurrent assets			
Equipment and vehicles	701,836	-	701,836
Less accumulated depreciation	(641,352)	-	(641,352)
Equipment and vehicles - net	<u>60,484</u>	<u>0</u>	<u>60,484</u>
Total assets	<u>463,291</u>	<u>121,884</u>	<u>585,175</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>7,481</u>	<u>7,415</u>	<u>14,896</u>
Total deferred outflows of resources	<u>7,481</u>	<u>7,415</u>	<u>14,896</u>
Total assets and deferred outflows of resources	<u>470,772</u>	<u>129,299</u>	<u>600,071</u>
LIABILITIES			
Current liabilities			
Accounts payable	2,755	34	2,789
Accrued liabilities	98	375	473
Accrued compensated absences	<u>2,619</u>	<u>-</u>	<u>2,619</u>
Total current liabilities	5,472	409	5,881
Noncurrent liabilities			
Net pension liability	<u>12,900</u>	<u>9,702</u>	<u>22,602</u>
Total liabilities	<u>18,372</u>	<u>10,111</u>	<u>28,483</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>3,111</u>	<u>6,601</u>	<u>9,712</u>
Total deferred inflows of resources	<u>3,111</u>	<u>6,601</u>	<u>9,712</u>
Total liabilities and deferred inflows of resources	<u>21,483</u>	<u>16,712</u>	<u>38,195</u>
NET POSITION			
Invested in capital assets	60,484	-	60,484
Unrestricted	<u>388,805</u>	<u>112,587</u>	<u>501,392</u>
Total net position	<u>\$ 449,289</u>	<u>\$ 112,587</u>	<u>\$ 561,876</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the year ended
June 30, 2017

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2017
Operating revenues			
User fees	\$ 10,250	\$ -	\$ 10,250
Interfund charges	137,000	35,319	172,319
Miscellaneous income	2,113	-	2,113
Total operating revenues	<u>149,363</u>	<u>35,319</u>	<u>184,682</u>
Operating expenses			
Operating			
Personnel services	20,489	18,176	38,665
Supplies, repairs, and services	21,978	-	21,978
Depreciation	14,370	-	14,370
Total operating	<u>56,837</u>	<u>18,176</u>	<u>75,013</u>
Public safety			
Supplies, repairs, and services	33,053	-	33,053
Depreciation	23,612	-	23,612
Total public safety	<u>56,665</u>	<u>0</u>	<u>56,665</u>
Total operating expenses	<u>113,502</u>	<u>18,176</u>	<u>131,678</u>
Operating income (loss)	<u>35,861</u>	<u>17,143</u>	<u>53,004</u>
Nonoperating revenues (expenses)			
Interest earned	3,618	1,303	4,921
Total nonoperating revenues	<u>3,618</u>	<u>1,303</u>	<u>4,921</u>
Income (loss) before transfers	39,479	18,446	57,925
Transfers	-	(20,481)	(20,481)
Change in net position	39,479	(2,035)	37,444
Net position at beginning of year	409,810	114,622	524,432
Net position at end of year	<u>\$ 449,289</u>	<u>\$ 112,587</u>	<u>\$ 561,876</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended
June 30, 2017

	<u>26</u>	<u>33</u>	<u>Totals</u>
	Motor Pool	Unpaid Compensation	June 30, 2017
Cash flows from operating activities			
Cash received from customers	\$ 146,691	\$ 35,319	\$ 182,010
Cash paid to employees	(17,882)	(16,688)	(34,570)
Cash paid to suppliers	(53,336)	-	(53,336)
Net cash provided (used) by operating activities	<u>75,473</u>	<u>18,631</u>	<u>94,104</u>
Cash flows from non-capital financing activities			
Interfund transfers	-	(20,481)	(20,481)
Net cash provided (used) by non-capital financing activities	<u>0</u>	<u>(20,481)</u>	<u>(20,481)</u>
Cash flows from investing activities			
Interest on investments	3,618	1,303	4,921
Net cash from investing activities	<u>3,618</u>	<u>1,303</u>	<u>4,921</u>
Net increase (decrease) in cash	79,091	(547)	78,544
Cash and cash equivalents at beginning of year	<u>320,321</u>	<u>122,431</u>	<u>442,752</u>
Cash and cash equivalents at end of year	<u>\$ 399,412</u>	<u>\$ 121,884</u>	<u>\$ 521,296</u>
Reconciliation of operating income (loss)			
to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 35,861</u>	<u>\$ 17,143</u>	<u>\$ 53,004</u>
Adjustments to reconcile operating income (loss)			
to net cash provided by operating activities			
Depreciation expense	37,982	-	37,982
(Increase) or decrease in			
Accounts receivable	(2,672)	-	(2,672)
Deferred outflow of resources	(6,108)	(5,697)	(11,805)
Increase or (decrease) in			
Accounts payable	1,695	34	1,729
Accrued liabilities	(40)	(212)	(252)
Net pension liability	9,004	8,398	17,402
Deferred inflows of resources	(1,109)	(1,035)	(2,144)
Accrued compensated absences	860	-	860
Total adjustments	<u>39,612</u>	<u>1,488</u>	<u>41,100</u>
Net cash provided by operating activities	<u>\$ 75,473</u>	<u>\$ 18,631</u>	<u>\$ 94,104</u>

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF BUDGET BASIS INDIVIDUAL FUND SCHEDULES
TO ACCRUAL BASIS COMBINING SCHEDULES
INTERNAL SERVICE FUNDS**
For the year ended
June 30, 2017

	<u>26</u> Motor Pool	<u>33</u> Unpaid Compensation	<u>Totals</u> June 30, 2017
Reconciliation of beginning fund balance to beginning net position			
Beginning fund balance - budget basis	\$ 319,846	\$ 121,844	\$ 441,690
Add capital assets	701,836	-	701,836
Less accumulated depreciation on capital assets	(603,370)	-	(603,370)
Add net pension asset	1,373	1,718	3,091
Add deferred outflow of resources	(3,896)	(1,304)	(5,200)
Less deferred inflow of resources	(4,220)	(7,636)	(11,856)
Less accrued compensated absences	(1,759)	-	(1,759)
Beginning net position	<u>\$ 409,810</u>	<u>\$ 114,622</u>	<u>\$ 524,432</u>
Reconciliation of change in fund balance to increase in net position			
Change in fund balance - budget basis	\$ 80,108	\$ (369)	\$ 79,739
Change in pension expense	(1,787)	(1,666)	(3,453)
Change in accrued compensated absences	(860)	-	(860)
Less depreciation expense	(37,982)	-	(37,982)
Increase (decrease) in net position	<u>\$ 39,479</u>	<u>\$ (2,035)</u>	<u>\$ 37,444</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 399,954	\$ 121,475	\$ 521,429
Add capital assets	701,836	-	701,836
Less accumulated depreciation on capital assets	(641,352)	-	(641,352)
Add deferred outflow of resources	7,481	7,415	14,896
Less net pension liability	(12,900)	(9,702)	(22,602)
Less deferred inflow of resources	(3,111)	(6,601)	(9,712)
Less accrued compensated absences	(2,619)	-	(2,619)
Ending net position	<u>\$ 449,289</u>	<u>\$ 112,587</u>	<u>\$ 561,876</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MOTOR POOL FUND - 26
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 10,250	\$ 10,160	\$ 10,160	\$ (90)
Interfund charges	137,000	137,000	137,000	-
Miscellaneous income	2,113	-	-	(2,113)
Total operating revenue	<u>149,363</u>	<u>147,160</u>	<u>147,160</u>	<u>(2,203)</u>
Operating expenses				
Motor pool				
Personnel services	10,814	31,600	31,600	20,786
Employee benefits	7,028	22,670	22,670	15,642
Materials and services	21,978	63,020	63,020	41,042
Capital outlay	-	271,990	271,990	271,990
Total motor pool	<u>39,820</u>	<u>389,280</u>	<u>389,280</u>	<u>349,460</u>
Police				
Materials and services	19,413	34,190	34,190	14,777
Capital outlay	-	13,650	13,650	13,650
Total police	<u>19,413</u>	<u>47,840</u>	<u>47,840</u>	<u>28,427</u>
Fire				
Materials and services	13,640	21,620	21,620	7,980
Total fire	<u>13,640</u>	<u>21,620</u>	<u>21,620</u>	<u>7,980</u>
Total operating expenses	<u>72,873</u>	<u>458,740</u>	<u>458,740</u>	<u>385,867</u>
Operating income (loss)	<u>76,490</u>	<u>(311,580)</u>	<u>(311,580)</u>	<u>(388,070)</u>
Nonoperating revenues				
Interest earned	3,618	932	932	(2,686)
Total nonoperating revenues	<u>3,618</u>	<u>932</u>	<u>932</u>	<u>(2,686)</u>
Increase (decrease) in fund balance	80,108	(310,648)	(310,648)	(390,756)
Fund balance at beginning of year	319,846	310,648	310,648	(9,198)
Fund balance at end of year	<u>\$ 399,954</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (399,954)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
UNPAID COMPENSATION FUND - 33
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Interfund charges	\$ 35,319	\$ 35,114	\$ 35,114	\$ (205)
Total operating revenues	<u>35,319</u>	<u>35,114</u>	<u>35,114</u>	<u>(205)</u>
Operating expenses				
Personnel services	12,690	98,000	98,000	85,310
Employee benefits	3,820	32,854	32,854	29,034
Total operating expenses	<u>16,510</u>	<u>130,854</u>	<u>130,854</u>	<u>114,344</u>
Operating income (loss)	<u>18,809</u>	<u>(95,740)</u>	<u>(95,740)</u>	<u>(114,549)</u>
Nonoperating revenues (expenses)				
Interest earned	1,303	348	348	(955)
Transfers out	(20,481)	(20,481)	(20,481)	-
Total nonoperating revenues (expenses)	<u>(19,178)</u>	<u>(20,133)</u>	<u>(20,133)</u>	<u>(955)</u>
Increase (decrease) in fund balance	(369)	(115,873)	(115,873)	(115,504)
Fund balance at beginning of year	<u>121,844</u>	<u>115,873</u>	<u>115,873</u>	<u>(5,971)</u>
Fund balance at end of year	<u>\$ 121,475</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (121,475)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN FIDUCIARY FUND BALANCE
BUDGET AND ACTUAL
SAFE COALITION FUND - 100
For the year ended
June 30, 2017

	Actual	Budget		(Over) Under Budget
		Original	Final	
Additions				
Intergovernmental	\$ 19,592	\$ 15,000	\$ 15,000	\$ (4,592)
Interest earned	274	75	75	(199)
Other additions	412	325	325	(87)
Total additions	<u>20,278</u>	<u>15,400</u>	<u>15,400</u>	<u>(4,878)</u>
Deductions				
Materials and services	<u>18,823</u>	<u>40,330</u>	<u>40,330</u>	<u>21,507</u>
Total deductions	<u>18,823</u>	<u>40,330</u>	<u>40,330</u>	<u>21,507</u>
Net decrease in fiduciary fund balance	1,455	(24,930)	(24,930)	(26,385)
Fund balance at beginning of year	<u>29,836</u>	<u>24,930</u>	<u>24,930</u>	<u>(4,906)</u>
Fund balance at end of year	<u>\$ 31,291</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (31,291)</u>

COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON

AUDIT COMMENTS AND DISCLOSURES

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the City of John Day, Oregon as of and for the year ended June 30, 2017, and have issued our report thereon dated December 1, 2017. We conducted our audit in accordance with government auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

Budget Compliance

Except as noted below the City appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2017 and the preparation and adoption of its budget and tax levy for the year ended June 30, 2018. A description of the budgeting process is included in the Notes to the Basic Financial Statements.

Over-Expenditures of Appropriations:

On an overall basis, the City's fiscal 2016-2017 expenditures were not in excess of appropriations. However, the following over-expenditures of budget resolution categories in violation of statutory requirements occurred:

<u>Fund</u>	<u>Category</u>	<u>Over-Expenditure Amount</u>
Sewer	Capital Outlay	\$ 3,950

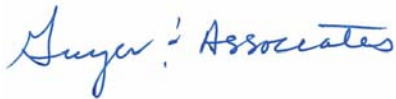
These expenditures are at variance with ORS 294.435, which states, no greater expenditure of public money shall be made for any specific purpose than the amount appropriated therefor.

OAR 162-10-0230 Internal Control

For information related to the City's internal control over financial reporting, see the accompanying Governmental Auditing Standards report included in this package.

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

This report is intended solely for the information of the City Council, management, the Oregon Secretary of State Audits Division, federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Guyer & Associates
Certified Public Accountants
A Professional Corporation



Kent J. Bailey, CPA



Oregon Secretary of State – Audits Division

Summary of Revenues and Expenditures

Please refer to instructions on next page.

A. Municipal corporation information			
Municipality name:	<u>City of John Day</u>	Reporting period: From	<u>07/01/2016</u>
Address line 1:	<u>450 E. Main Street</u>	To	<u>06/30/2017</u>
Address line 2:	_____	Report type:	<u>Audit</u>
City, state, ZIP:	<u>John Day</u> <u>OR</u> <u>97845</u>	Opinion issued:	<u>Unmodified</u>
Check if new address:	<input type="checkbox"/>	Basis of accounting:	<u>GAAP</u>
If this is the final report , please enter the last date of operations: _____			

B. Financial statement audit – Reported deficiencies	
<p>1. Regarding internal controls over financial reporting, how many significant deficiencies and material weaknesses were reported? _____ <u>1</u></p> <p>2. Of those control deficiencies reported, how many resulted in the following: Accounting errors/Misstatements: _____ Noncompliance: _____</p>	<p>3. How were deficiencies communicated? Check all that apply.</p> <p><input type="checkbox"/> Report issued in accordance with Government Auditing Standards</p> <p><input type="checkbox"/> Communication in accordance with Statements on Auditing Standards AU-C 265 "Communicating Internal Control Related Matters Identified in an Audit"</p> <p><input checked="" type="checkbox"/> Other (specify communication): <u>Rpt required by state regs</u></p> <p><input type="checkbox"/> No deficiencies</p> <p>Per OAR 162-010-0230, a copy must be filed with Secretary of State.</p>

C. Summary of revenues and expenditures

Revenues and/or receipts		Expenditures and/or disbursements	
a. Revenues from government-wide statement of activities:	\$ 2,937,944	a. Expenditures from government-wide statement of activities:	\$ 2,559,483
b. Fiduciary fund additions:	\$ 20,278	b. Fiduciary fund deductions:	\$ 18,823
c. Gross revenues subtotal (a + b):	\$ 2,958,222	c. Gross expenditures subtotal (a + b):	\$ 2,578,306
d. Revenues of component units:		d. Component unit expenditures reported with primary government:	
e. Taxes, assessments and other collections to be distributed to other governments:		e. Turnovers to other municipal corporations:	
f. Exempt revenue subtotal (d + e):	\$ 0	f. Exempt expenditures subtotal (d + e):	\$ 0
g. Net revenues (c – f):	\$ 2,958,222	g. Net expenditures (c – f):	\$ 2,578,306

D. Filing fee:	\$ 250
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E. Submitted by			
Auditor name:	<u>Kent J. Bailey, CPA</u>	Municipal license number:	<u>4826</u>
Firm name:	<u>Guyer and Associates, CPA's</u>	Date:	<u>12/01/2017</u>
Municipal contact name, title:	<u>Nick Green, City Manager</u>	Municipal phone:	<u>(541) 575-0028</u>

Submit: Click the "Submit" button on the right to submit this form via email. Save a copy for your records.

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*



Scott A. Martin
Jacob J. Collier

Megan R. Adams
Michael J. Rudi

Randell C. Guyer, Jr.
Kent J. Bailey

David F. Lindley
Linda L. Cyr

Kara J. Bond

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and City Council
City of John Day
John Day, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of John Day, Oregon as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of John Day, Oregon's basic financial statements, and have issued our report thereon dated December 1, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of John Day, Oregon's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of John Day, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of John Day, Oregon's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

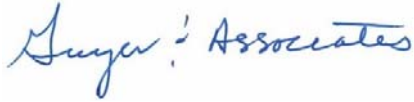
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of John Day, Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



GUYER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

By: 

Kent J. Bailey, CPA
December 1, 2017