

CITY OF JOHN DAY, OREGON

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

For the Year Ended June 30, 2018



CITY OF JOHN DAY, OREGON
CITY COUNCIL AND OFFICIALS
June 30, 2018

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
Ron Lundbom	620 SE Hillcrest Road John Day, OR 97845	Mayor
Steve Schuette	864 NW Bridge Street John Day, OR 97845	Council President
Gregg Haberly	195 Ford Road Extension John Day, OR 97845	Councilor
Brandon Smith	123 NW Canton Street John Day, OR 97845	Councilor
Shannon Adair	221 Valley View Drive John Day, OR 97845	Councilor
Paul Smith	231 Valley View Drive John Day, OR 97845	Councilor
David Holland	850 NW Bridge Street John Day, OR 97845	Councilor
Nicholas Green	John Day	City Manager
Solutions, CPAs PC	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, 2018

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INDEPENDENT AUDITOR'S REPORT

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

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 (the City), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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. 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.

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, 2018, 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.

As discussed in Note 21 to the financial statements, the June 30, 2017 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

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Report on Summarized Comparative Information

We have previously audited the City of John Day, Oregon's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived, except for the following: as discussed in Note 25 to the financial statements, the City has implemented GASB Statement No. 75. In the application of GASB 75, the prior year summarized totals in the Statement of Net Position have been restated to reflect the net OPEB liability. However, information is not available to appropriately restate the Statement of Activities. Our opinion is not modified in respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13, budgetary comparison information on pages 72-75, and schedules of pension and other postemployment benefit information on pages 68-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 budgetary comparison information and schedules of pension and other postemployment benefit information are 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 budgetary comparison information and schedules of pension and other postemployment benefit information are 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 introductory section, combining and budgetary comparison schedules, and other supplemental schedules as listed in the table of contents on pages 78-108 and 112 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and budgetary comparison schedules, and other supplemental schedules as listed in the table of contents on pages 78-108 and 112 are 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, this supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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 February 25, 2019, 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

Guyer & Associates
Certified Public Accountants
A Professional Corporation

By:

Kent Bailey

Kent Bailey
Baker City, Oregon
February 25, 2019

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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, 2018 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 16.

FINANCIAL HIGHLIGHTS

Following are the financial highlights of the City for the fiscal year ended June 30, 2018.

- ◆ The assets of the City exceeded its liabilities at the close of the fiscal year by \$10,459,823 (net position). Of this amount, \$1,941,983 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 \$2,190,754 during the year, and most of this increase is related to increased revenue from the State of Oregon for 911 operations and the Broadband Project.
- ◆ Governmental funds reported combined ending fund balances at year-end of \$3,509,840, an increase of \$2,449,674 compared to last year.
- ◆ The General Fund's unassigned fund balance at the end of the current year was \$745,611, or approximately 87.16% 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.
 - Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

The City's major governmental funds are presented in their own. Budgetary comparison schedules are presented for the General Fund, the Street Fund, IT 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.
- ◆ **Comments and Disclosures.** This includes supplemental communication on City compliance as required by Oregon statute.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 3,629,666	\$ 1,312,990	\$ 1,984,164	\$ 1,396,240	\$ 5,613,830	\$ 2,709,230
Due from other funds	-	-	367,341	-	367,341	-
Capital assets, net of accumulated depreciation	5,289,877	5,094,878	3,716,434	3,809,118	9,006,311	8,903,996
Total assets	8,919,543	6,407,868	6,067,939	5,205,358	14,987,482	11,613,226
Deferred outflows of resources	210,837	366,333	78,029	128,608	288,866	494,941
Total assets and deferred outflows	9,130,380	6,774,201	6,145,968	5,333,966	15,276,348	12,108,167
Liabilities						
Current liabilities	128,286	119,416	302,272	247,087	430,558	366,503
Long-term liabilities	511,000	609,143	2,455,763	1,806,829	2,966,763	2,415,972
Net pension/OPEB liability	710,495	810,087	257,392	288,879	967,887	1,098,966
Due to other funds	367,341	-	-	-	367,341	-
Total liabilities	1,717,122	1,538,646	3,015,427	2,342,795	4,732,549	3,881,441
Deferred inflows of resources	38,525	16,649	45,451	38,516	83,976	55,165
Total liabilities and deferred inflows	1,755,647	1,555,295	3,060,878	2,381,311	4,816,525	3,936,606
Net position						
Net investment in capital assets	4,737,129	4,436,684	1,016,482	1,858,964	5,753,611	6,295,648
Restricted	2,764,229	606,543	-	-	2,764,229	606,543
Unrestricted	(126,625)	175,679	2,068,608	1,093,691	1,941,983	1,269,370
Total net position	\$ 7,374,733	\$ 5,218,906	\$ 3,085,090	\$ 2,952,655	\$ 10,459,823	\$ 8,171,561

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 \$1,836,000 from the State of Oregon to start the Broadband Project
- ◆ Received \$420,000 from the State of Oregon to enable continued operations of the county-wide dispatch center until a new organization can take on the operations.
- ◆ There was an increase in interest income due to an increase in cash.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Business-type Activities:

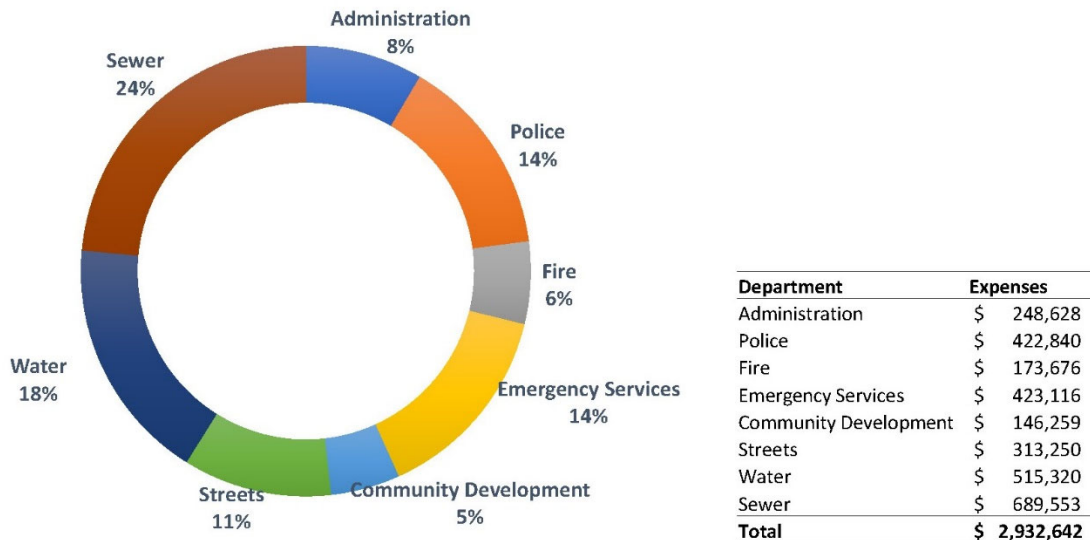
- ◆ The net position of the business type activities increased in the current year primarily due to revenues in excess of operating expenses.
- ◆ There was an increase in interest income due to an increase in cash

Table 2
Condensed Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 480,350	\$ 491,663	\$ 1,248,576	\$ 1,300,668	\$ 1,728,926	\$ 1,792,331
Operating grants	449,141	610,753	-	-	449,141	610,753
Capital grants	1,836,054	19,432	-	-	1,836,054	19,432
General revenues						
Property taxes	362,377	348,970	-	-	362,377	348,970
Interest	47,716	15,046	25,370	13,487	73,086	28,533
Other	637,571	304,917	54,778	3,768	692,349	308,685
Total revenue	<u>3,813,209</u>	<u>1,790,781</u>	<u>1,328,724</u>	<u>1,317,923</u>	<u>5,141,933</u>	<u>3,108,704</u>
Expenses						
General government	248,628	183,425	-	-	248,628	183,425
Streets	313,250	245,640	-	-	313,250	245,640
Public safety	1,019,632	1,050,493	-	-	1,019,632	1,050,493
Community development	146,259	-	-	-	146,259	-
Utilities	-	-	1,223,410	1,250,685	1,223,410	1,250,685
Total expenses	<u>1,727,769</u>	<u>1,479,558</u>	<u>1,223,410</u>	<u>1,250,685</u>	<u>2,951,179</u>	<u>2,730,243</u>
Change in net position	<u>\$ 2,085,440</u>	<u>\$ 311,223</u>	<u>\$ 105,314</u>	<u>\$ 67,238</u>	<u>\$ 2,190,754</u>	<u>\$ 378,461</u>

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

Figure 1. Expenditures by Department (from Statement of Activities for the Year Ended June 30, 2018)



CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

FUND ANALYSIS

General Fund

General Fund revenues exceeded expenditures by \$35,654. The General Fund includes four departments: Administration, Police, Fire, and Main Street Revitalization. Revenue increase was due in part to rental income received from the businesses located in the Main Street building owned by the City. The City received funding from HB 3400, this income will not be received in the future. The Fire department received debt proceeds to complete the Fire Hall office project.

Street Fund

Street Fund expenditures exceeded revenues by \$66,320. 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. The City did not receive federal forest fees this year. The State Highway fund revenues were \$111,892; while total operating costs were \$188,613, resulting in a decrease in fund balance.

911 Fund

The fund balance of the 911 Fund increased by \$423,601 in the current year. An increase of \$70,387 was a prior period adjustment for receivables. The balance of the increase was from operations. The operational increase is primarily due to the receipt of funding from HB 5006. This was a grant to enable the continued operations of the county wide dispatch center and plan for its transition from the City. Effective January 1, 2019, all emergency communications services formerly provided by John Day will be operated by the Grant County Emergency Communications Agency, a new intergovernmental agency the City created in conjunction with twelve other local governments through Oregon Revised Statute 190.010 (see Ordinance No. 18-174-04).

IT Fund

This is a new fund for the City this fiscal year. The revenues of this fund are a result of State Appropriations of \$1,836,000. These funds will be used to establish broadband infrastructure for those communities participating in the project. Once established the broadband service will be provided by the Grant County Digital Network Coalition, a council of governments organized under Oregon Revised Statute 190.010 to improve broadband access throughout Grant County (see Ordinance No. 18-171-01).

Community Development Fund

This is a new fund for the City this fiscal year. The revenues of this fund consist of a monthly fee from the utility customers of the City and a grant. These funds will be used as incentive for building and remodeling of homes in the City of John Day as part of an Urban Renewal Area the City created in June 2018 (see Ordinance No. 18-172-02 and Ordinance No. 18-173-03).

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Water Fund

The Water Fund's net position increased \$104,808 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 increased \$14,200 in the current year. 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.

Table 3
Changes in Fund Balances / Net Position - Major Funds
For the year ended June 30, 2018

Governmental Funds	General	Street	IT	911
	Fund	Fund	Fund	Fund
Beginning fund balance, restated	\$ 383,236	\$ 496,929	\$ -	\$ 180,001
Add revenues	835,248	121,996	1,855,284	742,160
Less expenditures	(799,594)	(188,316)	(93,616)	(407,114)
Add (less) transfers	326,721	(21,011)	-	18,168
Change in fund balance	362,375	(87,331)	1,761,668	353,214
Ending fund balance	<u>\$ 745,611</u>	<u>\$ 409,598</u>	<u>\$ 1,761,668</u>	<u>\$ 533,215</u>
Proprietary Funds		Water	Sewer	
		Fund	Fund	
Beginning net position, restated		\$ 1,919,361	\$ 778,862	
Add revenues		640,766	687,958	
Less expenditures		(529,862)	(661,318)	
Add (less) transfers		(6,096)	(12,440)	
Change in net position		104,808	14,200	
Ending net position		<u>\$ 2,024,169</u>	<u>\$ 793,062</u>	

GENERAL FUND BUDGET ANALYSIS

Table 4
General Fund Significant Budget Variations
For the year ended June 30, 2018

Revenues	Final		
	Budget	Actual	Difference
Taxes	\$ 331,212	\$ 365,630	\$ (34,418)
Intergovernmental revenues	674,141	217,834	456,307
Expenditures			
Police	475,273	356,500	118,773
Fire	206,737	76,724	130,013
Main St. revitalization	1,501,200	126,060	1,375,140

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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 \$356,359 for FY18 is \$400 less than the previous year. Actual fire expenditures of \$76,604 for FY18 is \$70,796 less than the previous year. This decrease is related to the beginning of the Fire Hall Office project. Both Police and Fire expenditures were significantly lower than budgeted.

Several resolutions were passed during the fiscal year related to the budget:

- ◆ Resolution 17-775-11 to establish the Agri-Business department of the Sewer Fund and change appropriations of the Sewer Fund;
- ◆ Resolution 18-777-01 to transfer appropriations within the Water Fund;
- ◆ Resolution 18-778-02 to appropriate the DLCD Technical Assistance Grant;
- ◆ Resolution 18-779-03 to establish the IT fund and appropriate state appropriation revenue;
- ◆ Resolution 18-782-06 to establish the Main Street Revitalization department of the General Fund and appropriate anticipated revenue;
- ◆ Resolution 18-784-08 to authorize refinancing of existing borrowings;
- ◆ Resolution 18-785-09 to authorize refinancing of existing borrowings and financing for the fire station;
- ◆ Resolution 18-792-16 to transfer appropriations between categories of the General Fund;
- ◆ Resolution 18-793-17 to transfer appropriations between categories of the Sewer Fund;
- ◆ Resolution 18-794-18 authorizing an interfund loan from the Water Fund to the General Fund.

CAPITAL ASSET ACTIVITY

Table 5
Capital Assets Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 215,727	\$ 190,017	\$ 518,577	\$ 578,887	\$ 734,304	\$ 768,904
Construction in progress	92,456	23,790	111,315	-	203,771	23,790
Buildings	2,040,345	2,017,035	35,375	49,090	2,075,720	2,066,125
Streets/utility system	2,692,491	2,766,922	3,011,007	3,136,874	5,703,498	5,903,796
Equipment	248,858	97,114	40,160	44,267	289,018	141,381
Total capital assets	<u>\$ 5,289,877</u>	<u>\$ 5,094,878</u>	<u>\$ 3,716,434</u>	<u>\$ 3,809,118</u>	<u>\$ 9,006,311</u>	<u>\$ 8,903,996</u>

For the year ended June 30, 2018, the City had the following major capital acquisitions during the year:

John Deere Backhoe	\$112,780
Main Street property	\$107,127
Sewer Plant Project CIP	\$76,212
Walking Trail System CIP	\$39,275
Police Vehicle	\$38,893
LS Tractor	\$37,800

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Donated Police Vehicles x2	\$19,400
Public Works Shop Project CIP	\$14,051
Trimble Water Meter Reading System	\$13,000
Innovation Gateway Project CIP	\$12,943
Main Street Property CIP	\$10,279
Arrow 200 RTK Receiver	\$6,990
Firehall Office Project CIP	\$5,061
GIS Data Conversion CIP	\$22,160

LONG-TERM DEBT ACTIVITY

Table 6
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Water system improvement loan	\$ -	\$ -	\$ -	\$ 597,176	\$ -	\$ 597,176
Airport industrial park loan	-	-	-	1,297,051	-	1,297,051
Lang purchase agreement	-	69,442	-	-	-	69,442
Fire station bonds	550,000	588,000	-	-	550,000	588,000
SPWF - Gateway project	-	-	493,380	-	493,380	-
WA Fed consolidation loan	-	-	2,182,952	-	2,182,952	-
Accrued compensated absences	37,557	42,707	20,278	19,818	57,835	62,525
Total outstanding debt	<u>\$ 587,557</u>	<u>\$ 700,149</u>	<u>\$ 2,696,610</u>	<u>\$ 1,914,045</u>	<u>\$ 3,284,167</u>	<u>\$ 2,614,194</u>

The Water System Improvement Loan is a loan that was obtained in 2002 for west-end water improvements. This note was paid off during the fiscal year with the proceeds from the Washington Federal Consolidation Loan. See Notes 7 and 8 for more information.

The Airport Industrial Park Loan is a loan that was obtained in 2003. This note was paid off during the fiscal year with the proceeds from the Washington Federal Consolidated Loan. See Notes 7 and 9 for more information.

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. This note was paid off during the fiscal year with the proceeds from the Washington Federal Consolidated Loan. See Notes 7 and 10 for more information.

The City entered into a contract with Washington Federal in 2018 for the purpose of consolidating higher interest rates loans from 2002 and 2003. There was also proceeds from this loan to enable the City to complete the Fire Hall project. See Notes 7 and 13 for more information.

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 \$38,000. See Notes 7 and 11 for more information.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

The City entered into an agreement on August 28, 2017 to borrow \$519,000 from the Oregon Economic Development Department Special Public Works Fund for purchase of property for the future sewer utility plant expansion. See Notes 7 and 12 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.

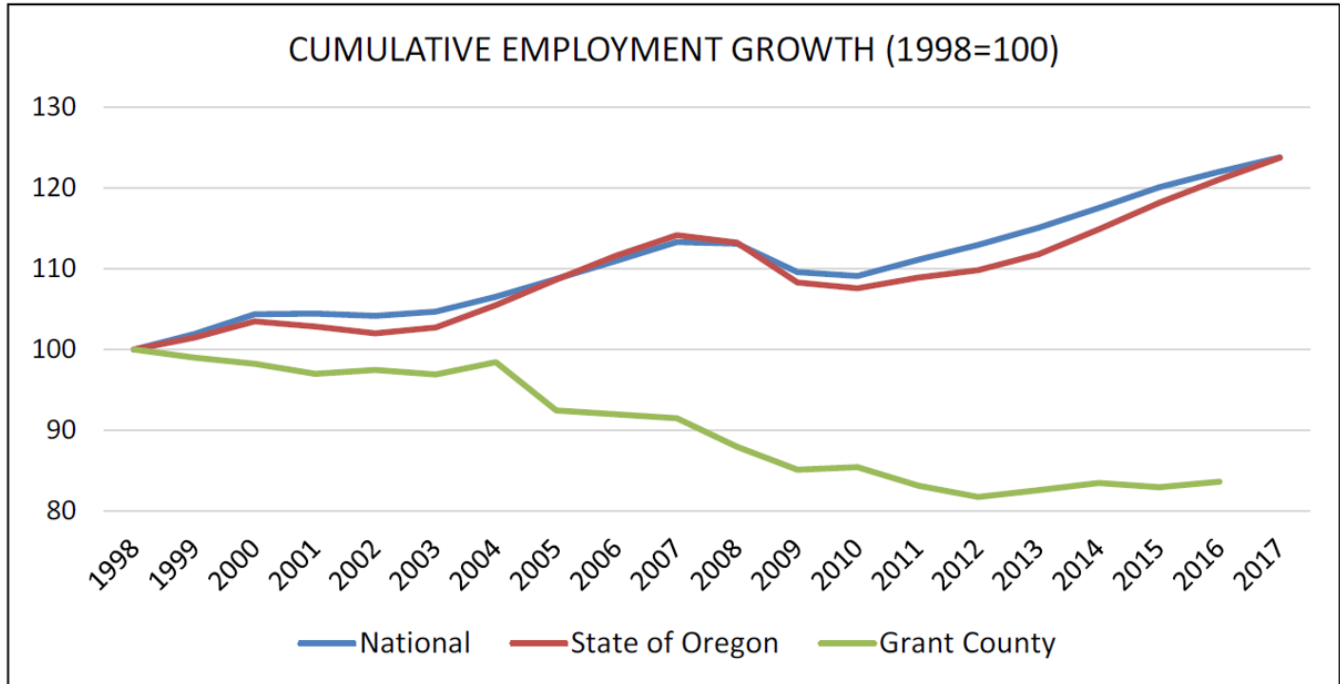
1. Interest rate increases will remain modest.
2. Projected revenues for the coming year and balanced those projections with anticipated department expenditures, considering factors such as historic trends, current economic indicators, and demand for service, impacts of decisions made at the regional, 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. This process continued in FY18 with a cost structure re-alignment to better align spending with the city's capabilities. 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 significantly increased the City's net position in FY18.
4. Administrative expenses were included in the 2017-18 budget to show the true cost of operating the Emergency Communication's Center.

The City has experienced over two decades of moderate economic 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. Additionally, job growth in Grant County continues to lag the state and nation (figure 2). As a result, Grant County is currently classified as the most distressed area in Oregon by the Oregon Secretary of State.

To address these issues, the City created a Strategy for Growth in January 2017. 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

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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.



SOURCE: U.S. Bureau of Economic Analysis, JOHNSON ECONOMICS

John Day's 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.

To further its strategy, the City created three new intergovernmental agencies in FY18: The John Day Urban Renewal Agency; the Grant County Emergency Communications Agency; and the Grant County Digital Network Coalition. These agencies were anticipated as part of John Day's Strategy for Growth adopted in 2017, which called on the City to reorganize for growth by identifying strategic partners, engaging local stakeholders and building internal capacity. These agencies will allow the City to extend its influence in promoting regional economic development by working through regional partners rather than independently carrying the financial burden for economic growth for the entire county.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

The City also secured \$200,000 in funding through the Oregon Transportation Growth Management (TGM) grant to further the development of the Innovation Gateway, an 80-acre riverfront innovation center acquired by the City in FY17. These funds are administered by the Oregon Department of Transportation (ODOT) and as a result are not reflected in the FY18 audit. The City hired a consulting team consisting of: DKS (prime); Walker Macy (project lead); the Angelo Planning Group; JLM and Interfluve. These consultants will create the area development plan for the Innovation Gateway, including the design for the 7th Street Extension to improve transit access to the north side of the city and establishing the site for the city's future wastewater treatment facility.

In FY19, planning for these capital improvement projects will be coupled with the engineering of the city's new wastewater treatment facility (to replace the existing facility built in 1947) and a comprehensive economic development strategy (CEDS), which will culminate in a regional economic development summit (REDS) for John Day to be held in May 2019. Multiple state and federal agencies will convene at the REDS to review the results of the CEDS and help identify additional funding sources to help fuel our growth and economic recovery.

While the Strategy for Growth has not yet led to an increase in population or discernible job creation, the City's efforts to implement the strategy have had a significant positive impact on our financial statements. As the City's investment and cost-realignment efforts continue, the balance sheet should continue to strengthen.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET POSITION
June 30, 2018
(With Comparative Totals for 2017)

	Governmental Activities	Business-type Activities
ASSETS		
Cash and investments	\$ 3,678,298	\$ 1,578,612
Receivables		
Property taxes	39,888	-
Other	178,512	137,693
Prepaid expenses	827	-
Internal balances	(267,859)	267,859
Due from other funds	-	367,341
Capital assets (net of accumulated depreciation)		
Construction in progress	92,456	111,315
Land	215,727	518,577
Buildings and infrastructure	4,732,835	3,046,383
Equipment	248,859	40,159
Total capital assets	5,289,877	3,716,434
Total assets	8,919,543	6,067,939
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension/OPEB	210,837	78,029
Total assets and deferred outflows of resources	9,130,380	6,145,968
LIABILITIES		
Accounts payable	49,850	25,131
Accrued liabilities	(869)	2,687
Deposits payable	-	9,987
Accrued interest payable	2,748	23,621
Accrued compensated absences	37,557	20,278
Net pension/OPEB liability	710,495	257,392
Due to other funds	367,341	-
Loans payable		
Due within one year	39,000	220,568
Due in more than one year	511,000	2,455,763
Total liabilities	1,717,122	3,015,427
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension/OPEB	38,525	45,451
Total liabilities and deferred inflows of resources	1,755,647	3,060,878
NET POSITION		
Net investment in capital assets	4,737,129	1,016,482
Restricted for streets	409,598	-
Restricted for community development	1,821,416	-
Restricted for public safety - 911	533,215	-
Unrestricted	(126,625)	2,068,608
Total net position	\$ 7,374,733	\$ 3,085,090

* restated for OPEB. See Note 22

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

Total	
June 30, 2018	June 30, 2017*
\$ 5,256,910	\$ 2,454,639
39,888	44,238
316,205	209,273
827	1,080
-	-
367,341	-
203,771	23,790
734,304	768,904
7,779,218	7,969,921
289,018	141,381
<u>9,006,311</u>	<u>8,903,996</u>
<u>14,987,482</u>	<u>11,613,226</u>
288,866	494,941
<u>15,276,348</u>	<u>12,108,167</u>
74,981	95,068
1,818	7,643
9,987	8,891
26,369	56,679
57,835	62,525
967,887	1,098,966
367,341	-
259,568	135,697
<u>2,966,763</u>	<u>2,415,972</u>
<u>4,732,549</u>	<u>3,881,441</u>
83,976	55,165
<u>4,816,525</u>	<u>3,936,606</u>
5,753,611	6,295,648
409,598	496,929
1,821,416	-
533,215	109,614
1,941,983	1,269,370
<u>\$ 10,459,823</u>	<u>\$ 8,171,561</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2018
(With Comparative Totals for 2017)

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ (248,628)	\$ 47,280	\$ -	\$ -
Police	(422,840)	10,303	32,762	-
Fire	(173,676)	42,473	-	54
Emergency services	(423,116)	25,996	705,880	-
Community development	(146,259)	73,913	-	1,836,000
Streets	(313,250)	102,803	130,499	-
Total governmental activities	\$ (1,727,769)	\$ 302,768	\$ 869,141	\$ 1,836,054
Business-type activities				
Water	\$ (515,320)	\$ 616,657	\$ -	\$ -
Sewer	(689,553)	631,919	-	-
Total business-type activities	\$ (1,204,873)	\$ 1,248,576	\$ 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
Total general revenues, special items, and transfers
Changes in net position
Net position - beginning
Cumulative effect of GASB 75 restatement
Prior period adjustment
Net position - ending

* restated for OPEB. See Note 22

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, 2018	June 30, 2017*
\$ (201,348)	\$ -	\$ (201,348)	\$ (100,122)
(379,775)	-	(379,775)	(376,571)
(131,149)	-	(131,149)	(147,331)
308,760	-	308,760	(48,204)
1,763,654	-	1,763,654	-
(79,948)	-	(79,948)	140,694
<u>1,280,194</u>	<u>0</u>	<u>1,280,194</u>	<u>(531,534)</u>
-	101,337	101,337	183,777
-	(57,634)	(57,634)	36,867
<u>0</u>	<u>43,703</u>	<u>43,703</u>	<u>220,644</u>
298,387	-	298,387	288,848
63,990	-	63,990	60,122
52,316	-	52,316	45,062
127,083	-	127,083	-
47,716	25,370	73,086	28,533
<u>196,942</u>	<u>52,960</u>	<u>249,902</u>	<u>199,786</u>
786,434	78,330	864,764	622,351
275	1,818	2,093	67,000
<u>18,537</u>	<u>(18,537)</u>	<u>-</u>	<u>-</u>
<u>805,246</u>	<u>61,611</u>	<u>866,857</u>	<u>689,351</u>
2,085,440	105,314	2,190,754	378,461
5,218,906	2,952,655	8,171,561	7,882,939
-	-	-	(89,839)
<u>70,387</u>	<u>27,121</u>	<u>97,508</u>	<u>-</u>
<u>\$ 7,374,733</u>	<u>\$ 3,085,090</u>	<u>\$ 10,459,823</u>	<u>\$ 8,171,561</u>

CITY OF JOHN DAY
Grant County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018
(With Comparative Totals for 2017)

	01 General Fund	06 Street Fund	07 IT Fund
ASSETS	<u> </u>	<u> </u>	<u> </u>
Current assets			
Cash and investments	\$ 728,398	\$ 401,526	1,776,636
Receivables			
Taxes	39,888	-	-
Other	43,163	13,205	-
Prepaid expenses	827	-	-
Total assets	<u>\$ 812,276</u>	<u>\$ 414,731</u>	<u>\$ 1,776,636</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Current liabilities			
Accounts payable	\$ 25,568	\$ 2,262	\$ 14,968
Accrued liabilities	1,209	492	-
Total liabilities	<u>26,777</u>	<u>2,754</u>	<u>14,968</u>
Deferred inflows of resources			
Unavailable property tax revenue	39,888	-	-
Unavailable other revenue	-	2,379	-
Total deferred inflows of resources	<u>39,888</u>	<u>2,379</u>	<u>0</u>
Fund balances			
Restricted for streets	-	409,598	-
Restricted for community development	-	-	1,761,668
Restricted for public safety - 911	-	-	-
Unassigned	745,611	-	-
Total fund balances	<u>745,611</u>	<u>409,598</u>	<u>1,761,668</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 812,276</u>	<u>\$ 414,731</u>	<u>\$ 1,776,636</u>

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

32 911 Fund	Nonmajor 10 Comm Dev Fund	Total	
		June 30, 2018	June 30, 2017
\$ 461,662	\$ 18,713	\$ 3,386,935	\$ 967,995
-	-	39,888	43,141
77,064	43,432	176,864	51,505
-	-	827	1,079
<u>\$ 538,726</u>	<u>\$ 62,145</u>	<u>\$ 3,604,514</u>	<u>\$ 1,063,720</u>
\$ 2,812	\$ 2,320	\$ 47,930	\$ 19,602
2,699	77	4,477	4,793
<u>5,511</u>	<u>2,397</u>	<u>52,407</u>	<u>24,395</u>
-	-	39,888	43,141
-	-	2,379	6,405
<u>0</u>	<u>0</u>	<u>42,267</u>	<u>49,546</u>
-	-	409,598	496,929
-	59,748	1,821,416	-
533,215	-	533,215	109,614
-	-	745,611	383,236
<u>533,215</u>	<u>59,748</u>	<u>3,509,840</u>	<u>989,779</u>
<u>\$ 538,726</u>	<u>\$ 62,145</u>	<u>\$ 3,604,514</u>	<u>\$ 1,063,720</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, 2018

Total Fund Balances		\$ 3,509,840
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 7,876,632	
Accumulated depreciation	<u>(2,586,755)</u>	5,289,877
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.		39,888
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.		2,379
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.		1,153
Net pension liability is not a financial resource and therefore is not reported in the governmental funds.		(710,495)
Current year PERS contributions are deferred outflows of resources that will be recognized as an expense in the subsequent period.		210,837
The city's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next 5 years.		(38,525)
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.		(37,557)
Balances due to other funds are not payable in the current year and therefore are not included in the governmental funds.		(367,341)
Long-term debts not payable in the current year are not reported as governmental fund liabilities.		(550,000)
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.		(2,748)
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.		295,284
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>(267,859)</u>
Total Net Position		<u><u>\$ 7,374,733</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, 2018

(With Comparative Totals for 2017)

	01 General Fund	06 Street Fund	07 IT Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes	\$ 365,630	\$ -	\$ -
Intergovernmental revenues	217,834	111,892	1,836,000
User fees	12,375	1,447	-
Licenses and fees	189,438	-	-
Fines and forfeitures	6,861	-	-
Interest earned	7,188	7,760	19,284
Miscellaneous income	35,922	897	-
Total revenues	<u>835,248</u>	<u>121,996</u>	<u>1,855,284</u>
Expenditures			
Current			
General government	111,838	-	-
Public safety	428,163	-	-
Highways and streets	-	188,316	-
Community development	9,197	-	93,616
Debt service			
Principal	107,458	-	-
Interest	20,560	-	-
Capital outlay	<u>122,378</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>799,594</u>	<u>188,316</u>	<u>93,616</u>
Excess of revenues over (under) expenditures	<u>35,654</u>	<u>(66,320)</u>	<u>1,761,668</u>
Other financing sources (uses)			
Interfund loan proceeds	367,341	-	-
Operating transfers in	15,208	-	-
Operating transfers out	(13,828)	(1,011)	-
Interfund charges Motor Pool	<u>(42,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>326,721</u>	<u>(21,011)</u>	<u>0</u>
Net changes in fund balances	362,375	(87,331)	1,761,668
Fund balance at beginning of year	383,236	496,929	-
Prior period adjustment	-	-	-
Fund balance at end of year - by category			
Restricted	-	409,598	1,761,668
Unassigned	<u>745,611</u>	<u>-</u>	<u>-</u>
Fund balance at end of year - total	<u>\$ 745,611</u>	<u>\$ 409,598</u>	<u>\$ 1,761,668</u>

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

32 911 Fund	Nonmajor 10 Comm Dev Fund	Totals	
		June 30, 2018	June 30, 2017
\$ -	\$ -	\$ 365,630	\$ 343,996
731,875	36,800	2,934,401	776,019
-	-	13,822	314
-	73,913	263,351	183,269
-	-	6,861	5,436
5,945	278	40,455	8,959
4,340	-	41,159	171,158
<u>742,160</u>	<u>110,991</u>	<u>3,665,679</u>	<u>1,489,151</u>
-	-	111,838	112,008
405,338	-	833,501	824,005
-	-	188,316	122,571
-	51,243	154,056	-
-	-	107,458	47,006
-	-	20,560	22,492
1,776	-	124,154	37,646
<u>407,114</u>	<u>51,243</u>	<u>1,539,883</u>	<u>1,165,728</u>
<u>335,046</u>	<u>59,748</u>	<u>2,125,796</u>	<u>323,423</u>
-	-	367,341	-
18,168	-	33,376	86,111
-	-	(14,839)	(46,349)
-	-	(62,000)	(62,000)
<u>18,168</u>	<u>0</u>	<u>323,878</u>	<u>(22,238)</u>
353,214	59,748	2,449,674	301,185
109,614	-	989,779	688,594
70,387	-	70,387	-
<u>533,215</u>	<u>59,748</u>	<u>2,764,229</u>	<u>606,543</u>
-	-	745,611	383,236
<u>\$ 533,215</u>	<u>\$ 59,748</u>	<u>\$ 3,509,840</u>	<u>\$ 989,779</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, 2018

Net Change in Fund Balance		\$ 2,449,674
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	\$ 161,742	
Less current year depreciation	<u>(150,191)</u>	11,551
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.		
Loan proceeds		(367,341)
Change in accrued interest payable		(1,996)
Loan principal payments		107,443
Changes in net pension/OPEB liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds.		
		(75,090)
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.		
		5,373
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.		
		(45,609)
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.		
		13,694
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.		
		(3,253)
Sidewalk LID note receivable payments are recognized as revenue in the year received in the governmental funds. In the Statement of Activities revenues are		
		(4,026)

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, 2018

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.

\$ (4,980)

Change in Net Position

\$ 2,085,440

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, 2018

	<u>Agency Funds</u> <u>June 30,</u> <u>2018</u>
ASSETS	
Cash and investments	\$ -
Accounts receivable	-
Total assets	<u>0</u>
LIABILITIES	
Accounts payable	-
Due to other organizations	-
Total liabilities	<u>0</u>
NET POSITION	
Total net position	<u><u>\$ 0</u></u>

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, 2018
(With Comparative Totals for 2017)

	Water Fund	Sewer Fund
ASSETS		
Current assets		
Cash with depositories	\$ 797,750	\$ 780,862
Water and sewer accounts receivable	74,794	66,372
Less allowance for doubtful accounts	(3,011)	(2,819)
Taxes receivable	-	-
Less allowance for uncollectibles	-	-
Accounts receivable	2,190	167
Due from other funds	367,341	-
Total current assets	1,239,064	844,582
Noncurrent assets		
Construction in progress	11,080	100,235
Property, plant, and equipment	5,345,713	3,149,216
Less accumulated depreciation	(2,819,026)	(2,070,784)
Property, plant, and equipment - net	2,537,767	1,178,667
Total assets	3,776,831	2,023,249
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension/OPEB	32,879	45,150
Total deferred outflows of resources	32,879	45,150
Total assets and deferred outflows of resources	3,809,710	2,068,399
LIABILITIES		
Current liabilities		
Accounts payable	4,422	20,709
Accrued liabilities	907	1,780
Accrued compensated absences	9,713	10,565
Due to other funds	-	-
Current portion of long-term debt	155,400	65,168
Accrued interest	9,429	14,192
Customer deposits	9,987	-
Total current liabilities	189,858	112,414
Noncurrent liabilities		
Net pension liability/OPEB	110,844	146,548
Loans payable	1,459,984	995,779
Total long-term liabilities	1,570,828	1,142,327
Total liabilities	1,760,686	1,254,741

Continued on next page

Totals		Governmental Activities Internal Service Funds
June 30, 2018	June 30, 2017*	
\$ 1,578,612	\$ 965,349	\$ 291,363
141,166	151,935	-
(5,830)	(6,064)	-
-	1,223	-
-	(125)	-
2,357	2,369	495
367,341	399,651	-
<u>2,083,646</u>	<u>1,514,338</u>	<u>291,858</u>
111,315	-	-
8,494,929	8,535,249	924,760
(4,889,810)	(4,726,131)	(680,828)
<u>3,716,434</u>	<u>3,809,118</u>	<u>243,932</u>
<u>5,800,080</u>	<u>5,323,456</u>	<u>535,790</u>
78,029	128,608	8,960
<u>78,029</u>	<u>128,608</u>	<u>8,960</u>
<u>5,878,109</u>	<u>5,452,064</u>	<u>544,750</u>
25,131	72,678	1,920
2,687	2,375	(5,346)
20,278	19,818	2,841
-	399,651	-
220,568	87,398	-
23,621	55,927	-
9,987	8,891	-
<u>302,272</u>	<u>646,738</u>	<u>(585)</u>
257,392	288,879	18,699
<u>2,455,763</u>	<u>1,806,829</u>	<u>-</u>
<u>2,713,155</u>	<u>2,095,708</u>	<u>18,699</u>
<u>3,015,427</u>	<u>2,742,446</u>	<u>18,114</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018
(With Comparative Totals for 2017)

	Water Fund	Sewer Fund
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension/OPEB	\$ 24,855	\$ 20,596
Total deferred inflows of resources	24,855	20,596
Total liabilities and deferred inflows of resources	1,785,541	1,275,337
NET POSITION		
Net investment in capital assets	912,954	103,528
Unrestricted	1,111,215	689,534
Total net position	\$ 2,024,169	\$ 793,062
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Net position of business-type activities		

* restated for OPEB. See Note 22

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, 2018</u>	<u>June 30, 2017*</u>	
<u>\$ 45,451</u>	<u>\$ 38,516</u>	<u>\$ 10,369</u>
<u>45,451</u>	<u>38,516</u>	<u>10,369</u>
<u>3,060,878</u>	<u>2,780,962</u>	<u>28,483</u>
<u>1,016,482</u>	<u>1,858,964</u>	<u>243,932</u>
<u>1,800,749</u>	<u>812,138</u>	<u>272,335</u>
<u>2,817,231</u>	<u>\$ 2,671,102</u>	<u>\$ 516,267</u>
<u>267,859</u>		
<u>\$ 3,085,090</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, 2018

(With Comparative Totals for 2017)

	<u>Water Fund</u>	<u>Sewer Fund</u>
Operating revenues		
User fees	\$ 616,657	\$ 631,918
Interfund charges	-	-
Miscellaneous income	9,865	2,413
Total operating revenues	<u>626,522</u>	<u>634,331</u>
Operating expenses		
Personal services	179,143	320,618
Supplies, repairs, and services	148,842	202,316
Capital outlay	-	1,614
Depreciation	111,183	52,496
Motor pool interfund charges	30,000	45,000
Total operating expenses	<u>469,168</u>	<u>622,044</u>
Operating income (loss)	<u>157,354</u>	<u>12,287</u>
Nonoperating revenues (expenses)		
Intergovernmental revenues	-	42,500
Interest earned	14,244	11,127
Interest expense	(60,694)	(39,274)
Total nonoperating revenues (expenses)	<u>(46,450)</u>	<u>14,353</u>
Income (loss) before transfers	110,904	26,640
Transfer of capital assets	-	-
Operating transfers out	<u>(6,096)</u>	<u>(12,440)</u>
Net income (loss) / increase (decrease) in net position	104,808	14,200
Net position at beginning of year	1,904,651	766,451
Cumulative effect of GASB 75 restatement	-	-
Prior period adjustment	<u>14,710</u>	<u>12,411</u>
Net position at end of year	<u>\$ 2,024,169</u>	<u>\$ 793,062</u>

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

* restated for OPEB. See Note 22

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

Totals		Governmental Activities Internal Service Funds
June 30, 2018	June 30, 2017*	
\$ 1,248,575	\$ 1,300,668	\$ 8,592
-	-	141,678
<u>12,278</u>	<u>3,768</u>	<u>20,802</u>
<u>1,260,853</u>	<u>1,304,436</u>	<u>171,072</u>
499,761	470,676	98,666
351,158	288,641	84,646
1,614	-	-
163,679	172,703	39,476
<u>75,000</u>	<u>75,000</u>	<u>-</u>
<u>1,091,212</u>	<u>1,007,020</u>	<u>222,788</u>
<u>169,641</u>	<u>297,416</u>	<u>(51,716)</u>
42,500	-	-
25,371	13,486	6,107
<u>(99,968)</u>	<u>(98,503)</u>	<u>-</u>
<u>(32,097)</u>	<u>(85,017)</u>	<u>6,107</u>
137,544	212,399	(45,609)
-	(151,380)	-
<u>(18,536)</u>	<u>(19,281)</u>	<u>-</u>
119,008	41,738	(45,609)
2,671,102	2,656,289	561,876
-	(26,925)	-
<u>27,121</u>	<u>-</u>	<u>-</u>
<u>\$ 2,817,231</u>	<u>\$ 2,671,102</u>	<u>\$ 516,267</u>
\$ 119,008		
<u>(13,694)</u>		
<u>\$ 105,314</u>		

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2018
(With Comparative Totals for 2017)

	Water Fund	Sewer Fund
	<u> </u>	<u> </u>
Cash flows from operating activities		
Cash received from customers	\$ 651,608	\$ 651,152
Cash paid to employees	(168,969)	(303,993)
Cash paid to suppliers	<u>(172,102)</u>	<u>(290,212)</u>
Net cash provided (used) by operating activities	<u>310,537</u>	<u>56,947</u>
Cash flows from capital activities		
Acquisition of capital assets	(27,575)	(103,730)
Capital assets acquired and transferred to other funds	-	-
Sale of capital assets	-	60,310
Interest expense	(65,019)	(33,550)
Debt proceeds	382,105	519,000
Principal debt payments	<u>(99,889)</u>	<u>(65,823)</u>
Net cash provided (used) by capital and related financing activities	<u>189,622</u>	<u>376,207</u>
Cash flows from non-capital financing activities		
Interfund transfers	(6,096)	(12,440)
Interfund loans	32,310	(399,651)
Intergovernmental revenues	-	42,500
Net cash provided (used) by non-capital financing activities	<u>26,214</u>	<u>(369,591)</u>
Cash flows from investing activities		
Interest on investments	<u>12,199</u>	<u>11,128</u>
Net cash provided (used) by investing activities	<u>12,199</u>	<u>11,128</u>
Net increase (decrease) in cash	538,572	74,691
Cash and cash equivalents at beginning of year	<u>259,178</u>	<u>706,171</u>
Cash and cash equivalents at end of year	<u><u>\$ 797,750</u></u>	<u><u>\$ 780,862</u></u>

Continued on next page

Totals		Governmental Activities Internal Service Funds
June 30, 2018	June 30, 2017	
\$ 1,302,760	\$ 1,264,357	\$ 154,571
(472,962)	(433,325)	(101,573)
(462,314)	(301,214)	(85,514)
<u>367,484</u>	<u>529,818</u>	<u>(32,516)</u>
(131,305)	(372,950)	(203,524)
-	(151,380)	-
60,310	-	-
(98,569)	(103,566)	-
901,105	-	-
(165,712)	(171,497)	-
<u>565,829</u>	<u>(799,393)</u>	<u>(203,524)</u>
(18,536)	(19,281)	-
(367,341)	-	-
42,500	-	-
<u>(343,377)</u>	<u>(19,281)</u>	<u>0</u>
<u>23,327</u>	<u>13,487</u>	<u>6,107</u>
<u>23,327</u>	<u>13,487</u>	<u>6,107</u>
613,263	(275,369)	(229,933)
<u>965,349</u>	<u>1,240,718</u>	<u>521,296</u>
<u>\$ 1,578,612</u>	<u>\$ 965,349</u>	<u>\$ 291,363</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2018
(With Comparative Totals for 2017)

	Water Fund	Sewer Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Net operating income (loss)	<u>\$ 157,354</u>	<u>\$ 12,287</u>
Adjustments to reconcile operating income (loss) expenses to net cash provided by operating activities		
Depreciation expense	111,183	52,496
Donated capital assets	-	-
Legal fees	13,005	-
(Increase) or decrease in		
Accounts receivable	23,990	16,821
Prepaid expenses	-	-
Net pension/OPEB liability/asset	(11,994)	(19,494)
Deferred outflow of resources	19,632	30,947
Increase or (decrease) in		
Accounts payable	(6,265)	(41,282)
Accrued liabilities	(18)	331
Deferred inflows of resources	2,863	4,072
Accrued compensated absences	(309)	769
Customer deposits	1,096	-
Total adjustments	<u>153,183</u>	<u>44,660</u>
Net cash provided (used) by operating activities	<u>\$ 310,537</u>	<u>\$ 56,947</u>
Noncash capital activities		
Principal debt payments	\$ (1,195,793)	\$ (558,342)

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

Totals		Governmental Activities Internal Service Funds
June 30, 2018	June 30, 2017	
<u>\$ 169,641</u>	<u>\$ 297,416</u>	<u>\$ (51,716)</u>
163,679	172,703	39,476
-	-	(19,400)
13,005	-	-
40,811	(40,762)	2,899
-	1,988	-
(31,488)	153,864	(3,903)
50,579	(104,373)	5,936
(47,547)	64,347	(868)
313	(1,506)	(5,819)
6,935	(18,955)	657
460	4,414	222
1,096	682	-
<u>197,843</u>	<u>232,402</u>	<u>19,200</u>
<u>\$ 367,484</u>	<u>\$ 529,818</u>	<u>\$ (32,516)</u>

\$ (1,754,135)

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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. Beginning in fiscal year 2018, the City implemented the following statement issued by GASB.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement is effective for periods beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Implementation of GASB 75 did have an impact on the district's financial statements for the fiscal year ended June 30, 2018, see Note 17 and 18 – Other Post-Employment Benefits (OPEB) and Note 22 – Prior Period Restatement.

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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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.

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.

IT Fund – The IT Fund was created to establish a new fiber optic network as a part of the city's commitment to community development.

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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

The City reports the following fiduciary fund:

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

Additionally, the City reports the following fund types:

Special revenue funds account for funds restricted to a particular purpose. These include the Street, 911, and Community Development funds.

Capital project funds account for the accumulation of money for major capital projects. This includes the IT Fund.

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 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 position 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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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.

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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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.

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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. Other Post-Employment Benefits (OPEB)

PERS – Retirement Health Insurance Account

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

Citycounty Insurance Services Implicit Rate Subsidy

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, the City has relied on actuarial reports. The City allows retired employees to purchase health insurance at the same rates as active employees. The related expense is recognized as the City pays premiums to CIS or when claims are paid to health providers, depending on which insurance plan the retirees participate in.

K. 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.

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.

L. 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.

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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.

M. 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.

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.

N. 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, 2017, from which the summarized information was derived.

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Note 2. Deposits and Investments

At June 30, 2018 the carrying amount of the City's deposits was \$148,007 and the bank balance was \$202,875. The insurance and collateral requirements for deposits are established by banking 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, 2018 none of the City's bank balance was exposed to custodial credit risk.

As of June 30, 2018 the City had \$5,108,903 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 3. Receivables

Receivables are presented net of allowances for uncollectible accounts. Receivables are comprised of the following as of June 30, 2018:

	Governmental	Business
Property taxes	\$ 39,888	\$ -
User fees	-	135,336
Other	178,512	2,357
Total	\$ 218,400	\$ 137,693

Note 4. Capital Assets

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

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Governmental Activities	Balance July 01, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets				
<i>Assets not being depreciated</i>				
Land	\$ 190,017	\$ 25,710	\$ -	\$ 215,727
Construction in progress	23,790	68,666	-	92,456
<i>Assets being depreciated</i>				
Buildings	2,433,868	81,417	-	2,515,285
Street improvements	3,389,597	-	-	3,389,597
Equipment	1,454,694	208,873	-	1,663,567
Total assets being depreciated	<u>7,278,159</u>	<u>290,290</u>	<u>0</u>	<u>7,568,449</u>
Total capital assets	<u>7,491,966</u>	<u>384,666</u>	<u>0</u>	<u>7,876,632</u>
Accumulated Depreciation				
Buildings	416,833	58,107	-	474,940
Street improvements	622,675	74,431	-	697,106
Equipment	1,357,580	57,129	-	1,414,709
Total depreciation	<u>2,397,088</u>	<u>189,667</u>	<u>0</u>	<u>2,586,755</u>
Governmental activities capital assets - net	<u>\$ 5,094,878</u>	<u>\$ 194,999</u>	<u>\$ 0</u>	<u>\$ 5,289,877</u>

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

Business Activities	Balance July 01, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets				
<i>Assets not being depreciated:</i>				
Land	\$ 578,887	\$ -	\$ 60,310	\$ 518,577
Construction in progress	-	111,315	-	111,315
<i>Assets being depreciated:</i>				
Buildings	562,898	-	-	562,898
Utility systems	6,414,189	-	-	6,414,189
Equipment	979,274	19,990	-	999,264
Total assets being depreciated	<u>7,956,361</u>	<u>19,990</u>	<u>0</u>	<u>7,976,351</u>
Total capital assets	<u>8,535,248</u>	<u>131,305</u>	<u>60,310</u>	<u>8,606,243</u>
Accumulated Depreciation				
Buildings	513,809	13,714	-	527,523
Utility systems	3,277,314	125,868	-	3,403,182
Equipment	935,007	24,097	-	959,104
Total depreciation	<u>4,726,130</u>	<u>163,679</u>	<u>0</u>	<u>4,889,809</u>
Business activities capital assets - net	<u>\$ 3,809,118</u>	<u>\$ (32,374)</u>	<u>\$ 60,310</u>	<u>\$ 3,716,434</u>

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Depreciation was charged to the following functions:

Function	Governmental Activities	Business Activities
General operations	\$ 37,556	\$ -
Fire	59,082	-
Police	15,665	-
Streets	74,934	-
Emergency services	2,430	-
Water	-	111,183
Sewer	-	52,496
Total depreciation	<u>\$ 189,667</u>	<u>\$ 163,679</u>

Note 5. 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 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. Interfund transfers for fiscal year ended June 30, 2018 consisted of the following:

Transfers Out	Operating Transfers In		
	General	911	Total
Governmental funds			
General Fund	\$ -	\$ 13,828	\$ 13,828
Street Fund	-	1,011	1,011
Total governmental	<u>0</u>	<u>14,839</u>	<u>14,839</u>
Business-type funds			
Water Fund	5,069	1,027	6,096
Sewer Fund	10,139	2,302	12,441
Total business-type	<u>15,208</u>	<u>3,329</u>	<u>18,537</u>
Total	<u>\$ 15,208</u>	<u>\$ 18,168</u>	<u>\$ 33,376</u>

Note 6. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2018 are as follows:

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Due to/from other funds		
Receivable	Payable	
	General Fund, Fire Department	
Water Fund		\$ 367,341
Due to/from other funds		\$ 367,341

Note 7. Changes in Long-Term Debt

The following is a summary of debt of the City for the year ended June 30, 2018:

	Payable at June 30, 2017	Addition	Reduction	Payable at June 30, 2018	Due in One Year
Special Public Works Fund Loan Payable - Water System Improvements	\$ 597,176	\$ -	\$ 597,176	\$ -	\$ -
Special Public Works Fund Loan Payable - Airport Industrial Park	1,297,051	-	1,297,051	-	-
Stella Lang Purchase Agreement	69,442	-	69,442	-	-
Fire Hall Bonds Payable	588,000	-	38,000	550,000	39,000
Special Public Works Fund Loan Payable - Gateway Property	-	519,000	25,620	493,380	10,568
Washington Federal Consolidation Loan Payable	-	2,182,952	-	2,182,952	210,000
Accrued Compensated Absences	62,526	70,420	75,111	57,835	-
Totals	\$ 2,614,196	\$ 2,772,372	\$ 2,102,401	\$ 3,284,167	\$ 259,568

Interest expense of \$122,539 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.

Note 8. 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 was to be paid over 25 years, including interest of 3.0-5.0% through December 2026. On April 27, 2018, the balance was paid in full with loan proceeds from Washington Federal.

Note 9. 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

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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. On April 27, 2018, the balance was paid in full with loan proceeds from Washington Federal.

Note 10. 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. On April 27, 2018, the balance was paid in full with loan proceeds from Washington Federal.

Note 11. 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, 2018, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
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	55,912	11,912	44,000
2024-2028	276,590	38,590	238,000
2029-2030	110,912	4,912	106,000
Total	<u>\$ 665,648</u>	<u>\$ 115,648</u>	<u>\$ 550,000</u>

Note 12. Special Public Works Fund Loan Payable

The City applied for and received a loan from the Oregon Economic Development Department Special Public Works Fund for the purchase of property for a future sewer plant expansion. Terms of the \$519,000 loan are 25 annual payments on December 1 of each year including interest of 3.78 percent through December 1, 2041. Annual payments are \$29,217.29 for the first two years and \$31,793.65 for the remaining 23 years. The loan is secured by net revenues from the City's Wastewater System after payment of operation and maintenance cost of the system, and all real and personal property associated with the Wastewater System are collateral for the loan. The first payment was made on December 1, 2017. As of June 30, 2018, future payments are as follows:

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Fiscal Year Ending June 30,	Total	Interest	Principal
2019	\$ 29,218	\$ 18,650	\$ 10,568
2020	31,793	18,250	13,543
2021	31,792	17,737	14,055
2022	31,793	17,206	14,587
2023	31,794	16,656	15,138
2024-2028	158,968	74,250	84,718
2029-2033	158,968	56,981	101,987
2034-2038	158,969	36,193	122,776
2039-2042	127,174	11,166	116,008
Total	<u>\$ 760,469</u>	<u>\$ 267,089</u>	<u>\$ 493,380</u>

Note 13. Washington Federal Loan Payable

The City applied for and received a loan from Washington Federal for sewer system improvements, fire hall improvements, and to refinance other City debt. The loan of \$2,182,952 (74% Water Fund and 26% Sewer Fund) will be paid over 10 years, including interest of 3.34%. Interest payments are made semiannually on June 1 and December 1. Principal payments begin December 1, 2018 and will continue through December 1, 2027. The bank reserves the right, at its sole option, to request the unpaid balance to be paid in full on December 1, 2022 or the bank, at its sole option, could reset the rate at December 1, 2022 and allow payments to continue on to the 10-year maturity. If the rate resets, the interest rate will be based on the St Louis Fed 5-year Treasury Constant Maturity Rate, plus 1.75%, multiplied by 0.79. As of June 30, 2018, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2019	\$ 288,986	\$ 78,986	\$ 210,000
2020	275,896	65,896	210,000
2021	268,882	58,882	210,000
2022	261,868	51,868	210,000
2023	254,854	44,854	210,000
2024-28	1,243,114	110,162	1,132,952
Total	<u>\$ 2,593,600</u>	<u>\$ 410,648</u>	<u>\$ 2,182,952</u>

Note 14. Water Fund Loan to General Fund

On April 27, 2018, the Water Fund loaned \$367,341 of the Washington Federal loan proceeds to the General Fund for the purpose of completing construction on the new fire hall. Terms of the loan are 10 annual payments of \$42,991.56 on December 1st including interest at 3.34% through December 1, 2027. The first payment is due December 1, 2018. There was accrued interest payable of \$2,045 at June 30, 2018. As of June 30, 2018, future payments are as follows:

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Fiscal Year Ending June 30,	Total	Interest	Principal
2019	\$ 42,992	\$ 5,143	\$ 37,849
2020	42,992	11,005	31,987
2021	42,992	9,937	33,055
2022	42,992	8,833	34,159
2023	42,992	7,692	35,300
2024-28	214,956	19,965	194,991
Total	<u>\$ 429,916</u>	<u>\$ 62,575</u>	<u>\$ 367,341</u>

Note 15. 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, 2018, were \$1,203. As of June 30, 2018, the City had future minimum payments under operating leases as follows:

Fiscal Year Ending June 30,	Total Future Minimum Lease Payments	Operating Leases
2019	\$ 1,203	\$ 1,203
2020	1,203	1,203
2021	963	963
Total	<u>\$ 3,369</u>	<u>\$ 3,369</u>

Note 16. 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

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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
- 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.

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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.

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

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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, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. 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, 2018 were \$65,922, excluding amounts to fund employer specific liabilities. The rates, presented as a percentage of covered payroll, for the City in effect for the fiscal year ended June 30, 2018 were:

<u>Rate Category</u>	<u>Normal Cost Rate</u>	<u>Combined UAL Rate</u>	<u>Net Rate</u>
PERS general service	15.91%	-2.71%	13.20%
OPSRP general service	8.02%	-2.71%	5.31%
OPSRP police & fire	12.79%	-2.71%	10.08%

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, 2017, through June 30, 2019, 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, 2015
Measurement date	June 30, 2017
Experience Study	2014, published September 2015
Actuarial cost method	Entry Age Normal
Actuarial assumption:	
Inflation rate	2.50 percent

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Investment rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries RP-2000 Sex-distinct, generational per Scale BB, 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 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

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. 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. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at http://www.oregon.gov/pers/docs/financial_reports/2017_cafir.pdf.

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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

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)	\$ 1,481,603	\$ 869,392	\$ 357,471

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

At June 30, 2018, the City reported a liability of \$869,392 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's proportion was .00644948 percent.

For the year ended June 30, 2018, the City recognized pension expense of \$210,827. Pension expense includes the City's proportionate share of system pension expense, adjusted for amortization of deferred amounts, of \$162,227 and employee contributions picked up by the City of \$48,600.

At June 30, 2018, 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
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June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 42,044	\$ -
Changes in assumptions	158,475	-
Net difference between projected and actual earnings on pension plan investments	8,957	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	78,700
City contributions subsequent to the measurement date	72,963	-
Total	\$ 282,439	\$ 78,700

The amount of \$72,963 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, 2019. 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
2019	\$ 16,073
2020	87,954
2021	59,067
2022	(30,844)
2023	(1,474)
Thereafter	-
Total	\$ 130,776

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2017 measurement date that would require a brief description under GASB standard, with exception of on July 28, 2017 the PERS Board adopted a 7.20% assumed rate.

The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2018, consistent with this Board's policy decision from 2013 that the assumed rate will be effective January 1 following the Board's adoption of the rate. A January 1

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

effective date also provides equitable treatment to all members who retire in a year that a change is adopted, no matter which month they retire. The adopted assumed rate will be aligned with the new actuarial equivalency factors (AEFs), which will allow for clear effective date for all transactions that involve calculations using both the rate and AEF components.

Note 17. Other Post-Employment Benefits (OPEB) - RHIA

Plan Description

Organization

The Oregon Public Employees Retirement System administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit Other Post-Employment Benefit (OPEB) plan (the plan) for political subdivisions such as the City. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the plan.

Plan Membership

RHIA was established by ORS 238.420. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

Contribution

Contributions are mandatory for each employer that is a member of PERS. For the fiscal year ended June 30, 2018, the City's contribution rate was 0.43 percent of PERS subject to wages. Employees are not required to contribute to the plan.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2015.

Actuarial Methods and Assumptions

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience Study	2014, published September 23, 2015
Actuarial cost method	Entry Age Normal
Actuarial assumption:	
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; Disable retirees: 20%
Mortality	Healthy retirees and beneficiaries RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

	<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 Sex-distinct, generational per Scale BB, disabled mortality table.</p>
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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.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the OPEB 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 RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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. 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. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at http://www.oregon.gov/pers/docs/financial_reports/2017_caf.pdf.

Sensitivity of the City’s Proportionate Share of Net OPEB Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net OPEB 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:

CITY OF JOHN DAY
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net OPEB liability (asset)	\$ 374	\$ (2,682)	\$ (5,281)

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

At June 30, 2018, the City reported an asset of \$2,682 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the City's proportion was .00642639 percent.

For the year ended June 30, 2018, the City recognized income of \$75. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 1,242
Changes in proportion and differences between City contributions and proportionate share of contributions	-	241
Total	\$ 0	\$ 1,483

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Grant County, Oregon
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June 30, 2018

Fiscal Year	Deferred outflow or (inflow) of Resources
2019	\$ (400)
2020	(400)
2021	(374)
2022	(309)
2023	-
Thereafter	-
Total	\$ (1,483)

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2017 measurement date that would require a brief description under GASB standard, with exception of on July 28, 2017 the PERS Board adopted a 7.20% assumed rate.

The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2018, consistent with this Board’s policy decision from 2013 that the assumed rate will be effective January 1 following the Board’s adoption of the rate. A January 1 effective date also provides equitable treatment to all members who retire in a year that a change is adopted, no matter which month they retire. The adopted assumed rate will be aligned with the new actuarial equivalency factors (AEFs), which will allow for clear effective date for all transactions that involve calculations using both the rate and AEF components.

Note 18. Other Post-Employment Benefits (OPEB) – CIS Health Insurance Subsidy

Plan Description

A single-employer retiree benefit plan that provides post-employment health benefits to eligible employees and their spouses. There are active members in the plan.

The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the city’s implicit employer contribution.

The city did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Funding Policy

The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the city to fund these benefits in advance.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

Annual OPEB Cost and Total OPEB Liability

The annual other post-employment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The annual OPEB expense is an accounting item designed to recognize certain changes to the Total OPEB Liability in the current period income statement. Additionally, changes to the Total OPEB Liability not fully recognized in a given year's OPEB expense will be tracked as deferred inflows and outflows and recognized incrementally in the OPEB expense over time. See Schedule of Changes in Total OPEB Liability and Related Ratios for detailed information and a table showing the components of the city's annual OPEB costs and liabilities.

Actuarial Methods and Assumptions

The Total OPEB Liability for the current year was determined as part of the July 1, 2016 actuarial valuation using the entry age normal method. Actuarial valuations of an ongoing plan involve estimates of the value or reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 3.58% compounded annually; (b) an inflation rate of 2.5%; and (c) no post-retirement benefit increases and a payroll increase of 3.5%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following table shows sensitivity of the Total OPEB Liability to changes in discount and trend rates, as determined by the July 1, 2017 actuarial valuation.

	<u>1% Decrease (2.58%)</u>	<u>Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
City's proportionate share of the net OPEB liability (asset)	\$ 107,754	\$ 101,177	\$ 95,062
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability (asset)	\$ 93,663	\$ 101,177	\$ 109,691

At June 30, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ -	\$ 3,793
City contributions subsequent to the measurement date	<u>6,427</u>	<u>-</u>
Total	<u>\$ 6,427</u>	<u>\$ 3,793</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Fiscal Year	Deferred outflow or (inflow) of Resources
2019	\$ (677)
2020	(677)
2021	(677)
2022	(677)
2023	(677)
Thereafter	(408)
Total	<u>\$ (3,793)</u>

Program membership consisted of 18 active and 1 retired participants at July 1, 2017.

Note 19. 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 20. Commitments and Contingencies

Amounts received or receivable from grantor agencies are restricted and 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 21. Prior Period Adjustment

A prior period adjustment of \$97,508 was made to account for specific receivable balances as of June 30, 2017. Water and sewer receivables account for \$27,121 of this adjustment and the balance of \$70,387 represents an adjustment for 911 fund receivables.

Note 22. Prior Year Restatement

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement is effective for periods beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

Due to the City's adoption of GASB 75, net position was restated at July 1, 2017. With the adoption of GASB 75, the City's net position was restated to include the City's overall other post-employment

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2018

benefits (OPEB) liability. The following is a reconciliation of the total net position as previously reported at July 1, 2017, to the restated net position:

	Governmental	Proprietary Funds		Business-type	Total
	Activities	Water	Sewer	Activities	
Net position - 07/01/2017 (as originally reported)	\$ 5,281,820	\$ 1,918,568	\$ 779,459	\$ 2,979,580	\$ 8,261,400
Cumulative effect of change in accounting principle	(62,914)	(13,917)	(13,008)	(26,925)	(89,839)
Net position - 07/01/2017 restated	<u>\$ 5,218,906</u>	<u>\$ 1,904,651</u>	<u>\$ 766,451</u>	<u>\$ 2,952,655</u>	<u>\$ 8,171,561</u>

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*

Year Ended, June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (asset) (NPL/A)	(c) District covered payroll	(b/c) NPL/A as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.00644948%	\$ 869,392	\$ 672,124	129.35%	83.10%
2017	0.00672200%	\$ 1,009,127	\$ 736,153	137.08%	80.50%
2016	0.00672538%	\$ 386,135	\$ 735,503	52.50%	91.88%
2015	0.00767280%	\$ (173,920)	\$ 783,863	-22.19%	103.59%
2014	0.00767280%	\$ 391,554	\$ 820,999	47.69%	91.97%

* 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 CITY CONTRIBUTIONS
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

Year Ended, June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District covered payroll	Contributions as a percent of covered payroll
2018	\$ 69,836	\$ 69,836	\$ -	\$ 839,706	8.32%
2017	\$ 41,170	\$ 41,170	\$ -	\$ 672,124	6.13%
2016	\$ 48,173	\$ 48,173	\$ -	\$ 736,153	6.54%
2015	\$ 51,296	\$ 51,296	\$ -	\$ 735,503	6.97%
2014	\$ 51,201	\$ 51,201	\$ -	\$ 783,863	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.

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
RETIREE HEALTH INSURANCE ACCOUNT PERS
Last 10 Fiscal Years*

Year Ended, June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net OPEB liability (asset) (NOL/A)	(c) City covered payroll	(b/c) NOL/A as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.00642639%	\$ (2,682)	\$ 672,124	-0.40%	108.90%

* 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 CITY CONTRIBUTIONS
RETIREE HEALTH INSURANCE ACCOUNT PERS
Last 10 Fiscal Years*

Year Ended, June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	City covered payroll	Contributions as a percent of covered payroll
2018	\$ 3,199	\$ 3,199	\$ -	\$ 839,706	0.38%

* 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.

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
CIS HEALTH INSURANCE
Last 10 Fiscal Years*

Year Ended, June 30,	Total OPEB Liability Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions
2018	\$ 102,343	\$ 5,260	\$ 2,997	-	\$ (4,470)

* 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 CITY CONTRIBUTIONS
CIS HEALTH INSURANCE
Last 10 Fiscal Years*

Year Ended, June 30,	Actuarially Determined Contribution	Contributions During Year	Difference	City covered payroll	Contributions as a percent of covered payroll
2018	\$ 6,427	\$ 6,427	-	\$ 953,120	0.67%

* 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.

<u>Benefit Payments</u>	<u>Total OPEB Liability Ending</u>	<u>Estimated Covered Payroll</u>	<u>Total OPEB Liability as a % of Covered Payroll</u>
\$ (4,953)	\$ 101,177	\$ 835,274	12.1%

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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 365,630	\$ 331,212	\$ 331,212	\$ (34,418)
Intergovernmental revenues	217,834	274,141	674,141	456,307
User Fees	12,375	-	15,600	3,225
Licenses and fees	189,438	175,330	175,330	(14,108)
Fines and forfeitures	6,861	4,000	4,000	(2,861)
Interest earned	7,188	930	930	(6,258)
Miscellaneous income	35,922	7,800	26,800	(9,122)
Total revenue	<u>835,248</u>	<u>793,413</u>	<u>1,228,013</u>	<u>392,765</u>
Expenditures				
Administration	112,293	118,313	137,313	25,020
Police	356,500	475,273	475,273	118,773
Fire	76,724	251,737	206,737	130,013
Main St revitalization	126,060	-	1,501,200	1,375,140
Debt service	128,017	71,000	130,400	2,383
Total expenditures	<u>799,594</u>	<u>916,323</u>	<u>2,450,923</u>	<u>1,651,329</u>
Excess of revenues over (under) expenditures	<u>35,654</u>	<u>(122,910)</u>	<u>(1,222,910)</u>	<u>(1,258,564)</u>
Other financing sources (uses)				
Debt proceeds	367,341	-	1,100,000	732,659
Transfers in	15,208	21,359	21,359	6,151
Transfers out	(13,828)	(42,501)	(42,501)	(28,673)
Interfund charges Motor Pool	(42,000)	(42,000)	(42,000)	-
Total other sources (uses)	<u>326,721</u>	<u>(63,142)</u>	<u>1,036,858</u>	<u>710,137</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>362,375</u>	<u>(186,052)</u>	<u>(186,052)</u>	<u>(548,427)</u>
Fund balance at beginning of year	<u>383,236</u>	<u>186,052</u>	<u>186,052</u>	<u>(197,184)</u>
Fund balance at end of year	<u>\$ 745,611</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (745,611)</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 111,892	\$ 142,183	\$ 142,183	\$ 30,291
User fees	1,447	-	-	(1,447)
Interest earned	7,760	2,285	2,285	(5,475)
Miscellaneous income	897	40	40	(857)
Total revenue	<u>121,996</u>	<u>144,508</u>	<u>144,508</u>	<u>22,512</u>
Expenditures				
Personnel services	84,866	109,490	109,490	24,624
Materials and services	103,450	203,532	203,532	100,082
Capital outlay	-	67,500	67,500	67,500
Contingency	-	200,000	200,000	200,000
Total expenditures	<u>188,316</u>	<u>580,522</u>	<u>580,522</u>	<u>392,206</u>
Excess of revenues over (under) expenditures	<u>(66,320)</u>	<u>(436,014)</u>	<u>(436,014)</u>	<u>(369,694)</u>
Other financing sources (uses)				
Transfers out	(1,011)	(1,011)	(1,011)	-
Interfund charges Motor Pool	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other sources (uses)	<u>(21,011)</u>	<u>(21,011)</u>	<u>(21,011)</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(87,331)</u>	<u>(457,025)</u>	<u>(457,025)</u>	<u>(369,694)</u>
Fund balance at beginning of year	<u>496,929</u>	<u>457,025</u>	<u>457,025</u>	<u>(39,904)</u>
Fund balance at end of year	<u>\$ 409,598</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (409,598)</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 731,875	\$ 443,905	\$ 443,905	\$ (287,970)
Interest earned	5,945	199	199	(5,746)
Miscellaneous income	4,340	2,450	2,450	(1,890)
Total revenue	<u>742,160</u>	<u>446,554</u>	<u>446,554</u>	<u>(295,606)</u>
Expenditures				
Personnel services	356,753	432,203	432,203	75,450
Materials and services	48,585	59,772	59,772	11,187
Capital outlay	1,776	67,731	67,731	65,955
Total expenditures	<u>407,114</u>	<u>559,706</u>	<u>559,706</u>	<u>152,592</u>
Excess of revenues over (under) expenditures	<u>335,046</u>	<u>(113,152)</u>	<u>(113,152)</u>	<u>(448,198)</u>
Other financing sources (uses)				
Transfers in	18,168	46,841	46,841	28,673
Total other sources (uses)	<u>18,168</u>	<u>46,841</u>	<u>46,841</u>	<u>28,673</u>
Excess of revenues and other sources over (under) expenditures and other uses	353,214	(66,311)	(66,311)	(419,525)
Fund balance at beginning of year	109,614	66,311	66,311	(43,303)
Prior period adjustment	70,387	-	-	(70,387)
Fund balance at end of year	<u>\$ 533,215</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (533,215)</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
For the Year Ended
June 30, 2018

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, 2018.

During the year ended June 30, 2018, disbursements in the General and major special revenue funds were within certified budget amounts in all functions.

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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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 365,630	\$ 331,212	\$ 331,212	\$ (34,418)
Intergovernmental revenues	217,834	274,141	674,141	456,307
User fees	12,375	-	15,600	3,225
Licenses and fees	189,438	175,330	175,330	(14,108)
Fines and forfeitures	6,861	4,000	4,000	(2,861)
Interest earned	7,188	930	930	(6,258)
Miscellaneous income	35,922	7,800	26,800	(9,122)
Total revenue	<u>835,248</u>	<u>793,413</u>	<u>1,228,013</u>	<u>392,765</u>
Expenditures				
Administration				
Personnel services	23,519	26,335	30,335	6,816
Materials and services	88,320	81,178	96,178	7,858
Capital outlay	454	10,800	10,800	10,346
Total administration	<u>112,293</u>	<u>118,313</u>	<u>137,313</u>	<u>25,020</u>
Police				
Personnel services	311,853	427,183	427,183	115,330
Materials and services	44,647	46,770	46,770	2,123
Capital outlay	-	1,320	1,320	1,320
Total police	<u>356,500</u>	<u>475,273</u>	<u>475,273</u>	<u>118,773</u>
Fire				
Personnel services	27,376	38,547	38,547	11,171
Materials and services	44,287	61,190	61,190	16,903
Capital outlay	5,061	152,000	107,000	101,939
Total fire	<u>76,724</u>	<u>251,737</u>	<u>206,737</u>	<u>130,013</u>
Main Street Revitalization				
Materials and services	9,197	-	12,200	3,003
Capital outlay	116,863	-	1,489,000	1,372,137
Total main street revitalization	<u>126,060</u>	<u>0</u>	<u>1,501,200</u>	<u>1,375,140</u>
Debt service	128,017	71,000	130,400	2,383
Total expenditures	<u>799,594</u>	<u>916,323</u>	<u>2,450,923</u>	<u>1,651,329</u>
Excess of revenues over (under) expenditures	<u>35,654</u>	<u>(122,910)</u>	<u>(1,222,910)</u>	<u>(1,258,564)</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Other financing sources (uses)				
Loan from the Water Fund	\$ 367,341	\$ -	\$ 1,100,000	\$ 732,659
Transfers in	15,208	21,359	21,359	6,151
Transfers out	(13,828)	(42,501)	(42,501)	(28,673)
Interfund charges Motor Pool	(42,000)	(42,000)	(42,000)	-
Total other sources (uses)	<u>326,721</u>	<u>(63,142)</u>	<u>1,036,858</u>	<u>710,137</u>
Excess of revenues and other sources over (under) expenditures and other uses	362,375	(186,052)	(186,052)	(548,427)
Fund balance at beginning of year	383,236	186,052	186,052	(197,184)
Fund balance at end of year	<u>\$ 745,611</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (745,611)</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 111,892	\$ 142,183	\$ 142,183	\$ 30,291
User fees	1,447	-	-	(1,447)
Interest earned	7,760	2,285	2,285	(5,475)
Miscellaneous income	897	40	40	(857)
Total revenue	<u>121,996</u>	<u>144,508</u>	<u>144,508</u>	<u>22,512</u>
Expenditures				
Administration				
Personnel services	15,787	17,658	17,658	1,871
Materials and services	9,335	10,592	10,592	1,257
Total administration	<u>25,122</u>	<u>28,250</u>	<u>28,250</u>	<u>3,128</u>
Operating				
Personnel services	69,079	91,832	91,832	22,753
Materials and services	94,115	192,940	192,940	98,825
Capital outlay	-	67,500	67,500	67,500
Contingency	-	200,000	200,000	200,000
Total operating	<u>163,194</u>	<u>552,272</u>	<u>552,272</u>	<u>389,078</u>
Total expenditures	<u>188,316</u>	<u>580,522</u>	<u>580,522</u>	<u>392,206</u>
Excess of revenues over (under) expenditures	<u>(66,320)</u>	<u>(436,014)</u>	<u>(436,014)</u>	<u>(369,694)</u>
Other financing sources (uses)				
Transfers out	(1,011)	(1,011)	(1,011)	-
Interfund charges Motor Pool	(20,000)	(20,000)	(20,000)	-
Total other sources (uses)	<u>(21,011)</u>	<u>(21,011)</u>	<u>(21,011)</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(87,331)</u>	<u>(457,025)</u>	<u>(457,025)</u>	<u>(369,694)</u>
Fund balance at beginning of year	<u>496,929</u>	<u>457,025</u>	<u>457,025</u>	<u>(39,904)</u>
Fund balance at end of year	<u>\$ 409,598</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (409,598)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
IT FUND - 07
For the year ended
June 30, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 1,836,000	\$ -	\$ 1,836,000	\$ -
Interest earned	19,284	-	150	(19,134)
Total revenue	<u>1,855,284</u>	<u>0</u>	<u>1,836,150</u>	<u>(19,134)</u>
Expenditures				
Personnel services	16,557	-	25,000	8,443
Materials and services	77,059	-	66,800	(10,259)
Capital outlay	-	-	1,744,350	1,744,350
Total expenditures	<u>93,616</u>	<u>0</u>	<u>1,836,150</u>	<u>1,742,534</u>
Excess of revenues over (under) expenditures	1,761,668	0	0	(1,761,668)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 1,761,668</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,761,668)</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 731,875	\$ 443,905	\$ 443,905	\$ (287,970)
Interest earned	5,945	199	199	(5,746)
Miscellaneous income	4,340	2,450	2,450	(1,890)
Total revenue	<u>742,160</u>	<u>446,554</u>	<u>446,554</u>	<u>(295,606)</u>
Expenditures				
Administration				
Personnel services	20,804	24,014	24,014	3,210
Materials and services	11,177	11,312	11,312	135
Total administration	<u>31,981</u>	<u>35,326</u>	<u>35,326</u>	<u>3,345</u>
Operating				
Personnel services	335,949	408,189	408,189	72,240
Materials and services	37,408	48,460	48,460	11,052
Capital outlay	1,776	67,731	67,731	65,955
Total operating	<u>375,133</u>	<u>524,380</u>	<u>524,380</u>	<u>149,247</u>
Total expenditures	<u>407,114</u>	<u>559,706</u>	<u>559,706</u>	<u>152,592</u>
Excess of revenues over (under) expenditures	<u>335,046</u>	<u>(113,152)</u>	<u>(113,152)</u>	<u>(448,198)</u>
Other financing sources (uses)				
Transfers in	18,168	46,841	46,841	28,673
Total other sources (uses)	<u>18,168</u>	<u>46,841</u>	<u>46,841</u>	<u>28,673</u>
Excess of revenues and other sources over (under) expenditures and other uses	353,214	(66,311)	(66,311)	(419,525)
Fund balance at beginning of year	109,614	66,311	66,311	(43,303)
Prior period adjustment	70,387	-	-	(70,387)
Fund balance at end of year	<u>\$ 533,215</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (533,215)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FUND - 10
For the year ended
June 30, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 36,800	\$ -	\$ 37,800	\$ 1,000
Licenses and fees	73,913	61,560	61,560	(12,353)
Interest earned	278	-	-	(278)
Total revenue	<u>110,991</u>	<u>61,560</u>	<u>99,360</u>	<u>(11,631)</u>
Expenditures				
Personnel services	15,016	17,638	17,638	2,622
Materials and services	36,227	43,922	81,722	45,495
Total expenditures	<u>51,243</u>	<u>61,560</u>	<u>99,360</u>	<u>48,117</u>
Excess of revenues over (under) expenditures	59,748	0	0	(59,748)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 59,748</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (59,748)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
WATER FUND
June 30, 2018

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2018
ASSETS			
Current assets			
Unrestricted			
Cash with depositories	\$ 796,373	\$ 1,377	\$ 797,750
Water and sewer accounts receivable	74,794	-	74,794
Less allowance for doubtful accounts	(3,011)	-	(3,011)
Accounts receivable	2,190	-	2,190
Due from other funds	367,341	-	367,341
Total current assets	<u>1,237,687</u>	<u>1,377</u>	<u>1,239,064</u>
Noncurrent assets			
Construction in progress	11,080	-	11,080
Property, plant, and equipment	5,345,713	-	5,345,713
Less accumulated depreciation	(2,819,026)	-	(2,819,026)
Property, plant, and equipment - net	<u>2,537,767</u>	<u>0</u>	<u>2,537,767</u>
Total assets	<u>3,775,454</u>	<u>1,377</u>	<u>3,776,831</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension/OPEB	32,879	-	32,879
Total assets and deferred outflows of resources	<u>3,808,333</u>	<u>1,377</u>	<u>3,809,710</u>
LIABILITIES			
Current liabilities			
Accounts payable	4,422	-	4,422
Accrued liabilities	907	-	907
Accrued compensated absences	9,713	-	9,713
Current portion of long term debt	155,400	-	155,400
Accrued interest	9,429	-	9,429
Customer deposits	9,987	-	9,987
Total current liabilities	<u>189,858</u>	<u>0</u>	<u>189,858</u>
Noncurrent liabilities			
Net pension liability/OPEB	110,844	-	110,844
Loan payable - Washington Federal	1,459,984	-	1,459,984
Total noncurrent liabilities	<u>1,570,828</u>	<u>0</u>	<u>1,570,828</u>
Total liabilities	<u>1,760,686</u>	<u>0</u>	<u>1,760,686</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension/OPEB	24,855	-	24,855
Total deferred inflows of resources	<u>24,855</u>	<u>0</u>	<u>24,855</u>
Total liabilities and deferred inflows of resources	<u>1,785,541</u>	<u>0</u>	<u>1,785,541</u>
NET POSITION			
Net investment in capital assets	912,954	-	912,954
Unrestricted	1,109,838	1,377	1,111,215
Total net position	<u>\$ 2,022,792</u>	<u>\$ 1,377</u>	<u>\$ 2,024,169</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, 2018

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2018
Operating revenues			
User fees	\$ 616,657	\$ -	\$ 616,657
Miscellaneous income	9,865	-	9,865
Total operating revenues	<u>626,522</u>	<u>0</u>	<u>626,522</u>
Operating expenses			
Administration			
Personal services	49,048	-	49,048
Supplies, repairs, and services	55,931	-	55,931
Utility operation			
Personal services	130,095	-	130,095
Supplies, repairs, and services	92,911	-	92,911
Depreciation	111,183	-	111,183
Motor pool interfund charges	30,000	-	30,000
Total operating expenses	<u>469,168</u>	<u>0</u>	<u>469,168</u>
Operating income (loss)	<u>157,354</u>	<u>0</u>	<u>157,354</u>
Nonoperating revenues (expenses)			
Interest earned	14,211	33	14,244
Interest expense	(60,694)	-	(60,694)
Total nonoperating revenues (expenses)	<u>(46,483)</u>	<u>33</u>	<u>(46,450)</u>
Income (loss) before transfers	110,871	33	110,904
Operating transfers in/out	<u>515,091</u>	<u>(521,187)</u>	<u>(6,096)</u>
Increase (decrease) in net position	625,962	(521,154)	104,808
Net position at beginning of year	1,382,120	522,531	1,904,651
Prior period adjustment	<u>14,710</u>	<u>-</u>	<u>14,710</u>
Net position at end of year	<u>\$ 2,022,792</u>	<u>\$ 1,377</u>	<u>\$ 2,024,169</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
WATER FUND
For the year ended
June 30, 2018

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2018
Cash flows from operating activities			
Cash received from customers	\$ 651,608	\$ -	\$ 651,608
Cash paid to employees	(168,969)	-	(168,969)
Cash paid to suppliers	(172,102)	-	(172,102)
Net cash provided (used) by operating activities	<u>310,537</u>	<u>0</u>	<u>310,537</u>
Cash flows from capital activities			
Capital assets purchased	(27,575)	-	(27,575)
Interest expense	(65,019)	-	(65,019)
Debt proceeds	382,105	-	382,105
Principal debt payments	(99,889)	-	(99,889)
Net cash provided (used) by capital activities	<u>189,622</u>	<u>0</u>	<u>189,622</u>
Cash flows from non-capital financing activities			
Interfund transfers	515,091	(521,187)	(6,096)
Interfund loans	(367,341)	399,651	32,310
Net cash provided (used) by non-capital financing activities	<u>147,750</u>	<u>(121,536)</u>	<u>26,214</u>
Cash flows from investing activities			
Interest on investments	12,166	33	12,199
Net cash provided (used) by investing activities	<u>12,166</u>	<u>33</u>	<u>12,199</u>
Net increase (decrease) in cash	660,075	(121,503)	538,572
Cash and cash equivalents at beginning of year	136,298	122,880	259,178
Cash and cash equivalents at end of year	<u>\$ 796,373</u>	<u>\$ 1,377</u>	<u>\$ 797,750</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	\$ 157,354	\$ -	\$ 157,354
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	111,183	-	111,183
Legal fees	13,005	-	13,005
(Increase) or decrease in			
Accounts receivable	23,990	-	23,990
Net pension liability/asset	(11,994)	-	(11,994)
Deferred outflow of resources	19,632	-	19,632
Increase or (decrease) in			
Accounts payable	(6,265)	-	(6,265)
Accrued liabilities	(18)	-	(18)
Deferred inflows of resources	2,863	-	2,863
Accrued compensated absences	(309)	-	(309)
Customer deposits	1,096	-	1,096
Total adjustments	<u>153,183</u>	<u>0</u>	<u>153,183</u>
Net cash provided by operating activities	<u>\$ 310,537</u>	<u>\$ 0</u>	<u>\$ 310,537</u>
Noncash capital activities			
Principal debt payments	\$ (1,195,793)	\$ -	\$ (1,195,793)

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, 2018

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2018
Reconciliation of beginning fund balance to beginning net position			
Beginning 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)
Add net pension liability	(122,837)	-	(122,837)
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)
Beginning net position	<u>\$ 1,382,120</u>	<u>\$ 522,531</u>	<u>\$ 1,904,651</u>
Reconciliation of change in fund balance to change in net position			
Change in fund balance - budget basis	\$ 640,746	\$ (521,154)	\$ 119,592
Add assets purchased and capitalized	27,575	-	27,575
Less depreciation expense on fixed assets	(111,183)	-	(111,183)
Change in loans payable	(319,702)	-	(319,702)
Change in pension expense	(10,501)	-	(10,501)
Change in accrued interest expense	28,806	-	28,806
Change in due from other fund	367,340	-	367,340
Change in interest receivable	2,045	-	2,045
Change in accrued compensated absences	836	-	836
Increase (decrease) in net position	<u>\$ 625,962</u>	<u>\$ (521,154)</u>	<u>\$ 104,808</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 852,986	\$ 1,377	\$ 854,363
Add fixed assets	5,356,793	-	5,356,793
Less accumulated depreciation on fixed assets	(2,819,026)	-	(2,819,026)
Add interest receivable	2,045	-	2,045
Add due from other fund	367,340	-	367,340
Less net pension liability	(110,843)	-	(110,843)
Add deferred outflow of resources	32,879	-	32,879
Less deferred inflow of resources	(24,855)	-	(24,855)
Less accrued compensated absences	(9,714)	-	(9,714)
Less loan payable	(1,615,384)	-	(1,615,384)
Less accrued interest payable	(9,429)	-	(9,429)
Ending net position	<u>\$ 2,022,792</u>	<u>\$ 1,377</u>	<u>\$ 2,024,169</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 616,657	\$ 601,758	\$ 601,758	\$ (14,899)
Miscellaneous income	9,865	-	-	(9,865)
Total operating revenue	<u>626,522</u>	<u>601,758</u>	<u>601,758</u>	<u>(24,764)</u>
Operating expenses				
Administration				
Personnel services	47,094	54,234	54,234	7,140
Materials and services	67,011	43,794	43,794	(23,217)
Total administration	<u>114,105</u>	<u>98,028</u>	<u>98,028</u>	<u>(16,077)</u>
Operating				
Personnel services	121,855	130,260	130,260	8,405
Materials and services	96,933	112,080	114,080	17,147
Capital outlay	13,000	7,000	24,000	11,000
Debt service	1,385,183	275,800	275,800	(1,109,383)
Motor pool	30,000	30,000	30,000	-
Contingency	-	617,642	598,642	598,642
Total operating	<u>1,646,971</u>	<u>1,172,782</u>	<u>1,172,782</u>	<u>(474,189)</u>
Total operating expenses	<u>1,761,076</u>	<u>1,270,810</u>	<u>1,270,810</u>	<u>(490,266)</u>
Operating income (loss)	<u>(1,134,554)</u>	<u>(669,052)</u>	<u>(669,052)</u>	<u>465,502</u>
Nonoperating revenues				
Debt proceeds	1,615,384	-	-	(1,615,384)
Interest earned	12,166	776	776	(11,390)
Total nonoperating revenues	<u>1,627,550</u>	<u>776</u>	<u>776</u>	<u>(1,626,774)</u>
Increase (decrease) in fund balance before transfers	492,996	(668,276)	(668,276)	(1,161,272)
Transfers				
Transfers in	521,187	521,187	521,187	-
Transfers out	(6,096)	(8,147)	(8,147)	(2,051)
Loan to General Fund	(367,341)	-	-	367,341
Increase (decrease) in fund balance	640,746	(155,236)	(155,236)	(795,982)
Fund balance at beginning of year	197,530	155,236	155,236	(42,294)
Prior period adjustment	14,710	-	-	(14,710)
Fund balance at end of year	<u>\$ 852,986</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (852,986)</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, 2018

	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				
Capital outlay	-	-	-	-
Total operating expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating income (loss)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Nonoperating revenues				
Interest earned	33	-	-	(33)
Total nonoperating revenues	<u>33</u>	<u>0</u>	<u>0</u>	<u>(33)</u>
Increase (decrease) in fund balance before transfers	33	0	0	(33)
Transfers				
Transfers out	(521,187)	(521,187)	(521,187)	-
Increase (decrease) in fund balance	(521,154)	(521,187)	(521,187)	(33)
Fund balance at beginning of year	<u>522,531</u>	<u>521,187</u>	<u>521,187</u>	<u>(1,344)</u>
Fund balance at end of year	<u>\$ 1,377</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,377)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
SEWER FUND
June 30, 2018

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
ASSETS			
Current assets			
Cash and cash equivalents	\$ 650,533	\$ 118,113	\$ 11,381
Sewer accounts receivable	66,291	81	-
Less allowance for doubtful accounts	(2,819)	-	-
Accounts receivable	167	-	-
Total current assets	<u>714,172</u>	<u>118,194</u>	<u>11,381</u>
Noncurrent assets			
Construction in progress	100,235	-	-
Property, plant, and equipment	3,149,216	-	-
Less accumulated depreciation	<u>(2,070,784)</u>	<u>-</u>	<u>-</u>
Property, plant, and equipment - net	1,178,667	0	0
Total assets	<u>1,892,839</u>	<u>118,194</u>	<u>11,381</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension/OPEB	26,084	19,066	-
Total assets and deferred outflows of resources	<u>1,918,923</u>	<u>137,260</u>	<u>11,381</u>
LIABILITIES			
Current liabilities			
Accounts payable	20,405	304	-
Accrued liabilities	1,056	724	-
Accrued compensated absences	5,684	4,881	-
Current portion of long term debt	65,168	-	-
Accrued interest	14,192	-	-
Total current liabilities	<u>106,505</u>	<u>5,909</u>	<u>0</u>
Noncurrent liabilities			
Net pension liability/OPEB	96,542	50,006	-
Loan payable - Washington Federal	512,967	-	-
Loan payable - special public works fund	482,812	-	-
Total noncurrent liabilities	<u>1,092,321</u>	<u>50,006</u>	<u>0</u>
Total liabilities	<u>1,198,826</u>	<u>55,915</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension/OPEB	8,658	11,938	-
Total deferred inflows of resources	<u>8,658</u>	<u>11,938</u>	<u>0</u>
Total liabilities and deferred inflows of resources	<u>1,207,484</u>	<u>67,853</u>	<u>0</u>
NET POSITION			
Net investment in capital assets	103,528	-	-
Unrestricted	607,911	69,407	11,381
Total net position	<u>\$ 711,439</u>	<u>\$ 69,407</u>	<u>\$ 11,381</u>

28 Sewer Collection Replacement Fund	<u>Totals</u> June 30, 2018
\$ 835	\$ 780,862
-	66,372
-	(2,819)
-	167
<u>835</u>	<u>844,582</u>
-	100,235
-	3,149,216
-	(2,070,784)
<u>0</u>	<u>1,178,667</u>
<u>835</u>	<u>2,023,249</u>
-	45,150
<u>835</u>	<u>2,068,399</u>
-	20,709
-	1,780
-	10,565
-	65,168
-	14,192
<u>0</u>	<u>112,414</u>
-	146,548
-	512,967
-	482,812
<u>0</u>	<u>1,142,327</u>
<u>0</u>	<u>1,254,741</u>
-	20,596
<u>0</u>	<u>20,596</u>
<u>0</u>	<u>1,275,337</u>
-	103,528
835	689,534
<u>\$ 835</u>	<u>\$ 793,062</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, 2018

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Operating revenues			
User fees	\$ 566,142	\$ 65,776	\$ -
Miscellaneous income	1,802	611	-
Total operating revenues	<u>567,944</u>	<u>66,387</u>	<u>0</u>
Operating expenses			
Administration			
Personal services	48,682	32,069	-
Supplies, repairs, and services	45,052	18,766	-
Utility operation			
Personal services	97,447	98,831	-
Supplies, repairs, and services	37,476	70,363	-
Capital outlay	1,614	-	-
Depreciation	52,496	-	-
Motor pool interfund charges	25,000	20,000	-
Agri-business			
Personal services	43,589	-	-
Supplies, repairs, and services	30,659	-	-
Total operating expenses	<u>382,015</u>	<u>240,029</u>	<u>0</u>
Operating income (loss)	<u>185,929</u>	<u>(173,642)</u>	<u>0</u>
Nonoperating revenues (expenses)			
Intergovernmental revenues	42,500	-	-
Interest earned	9,607	1,476	-
Interest expense	(39,274)	-	-
Total nonoperating revenues (expenses)	<u>12,833</u>	<u>1,476</u>	<u>0</u>
Income (loss) before transfers	198,762	(172,166)	0
Operating transfers in/out	<u>401,029</u>	<u>214,950</u>	<u>(330,787)</u>
Increase (decrease) in net position	599,791	42,784	(330,787)
Net position at beginning of year	99,237	26,623	342,168
Prior period adjustment	<u>12,411</u>	<u>-</u>	<u>-</u>
Net position at end of year	<u>\$ 711,439</u>	<u>\$ 69,407</u>	<u>\$ 11,381</u>

28 Sewer Collection Replacement Fund	Totals June 30, 2018
\$ -	\$ 631,918
-	2,413
<u>0</u>	<u>634,331</u>
-	80,751
-	63,818
-	196,278
-	107,839
-	1,614
-	52,496
-	45,000
-	43,589
-	30,659
<u>0</u>	<u>622,044</u>
<u>0</u>	<u>12,287</u>
-	42,500
44	11,127
-	(39,274)
<u>44</u>	<u>14,353</u>
44	26,640
<u>(297,632)</u>	<u>(12,440)</u>
(297,588)	14,200
298,423	766,451
-	12,411
<u>\$ 835</u>	<u>\$ 793,062</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
SEWER FUND
For the year ended
June 30, 2018

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Cash flows from operating activities			
Cash received from customers	\$ 579,495	\$ 71,348	\$ 309
Cash paid to employees	(179,403)	(124,590)	-
Cash paid to suppliers	(179,252)	(110,960)	-
Net cash provided (used) by operating activities	<u>220,840</u>	<u>(164,202)</u>	<u>309</u>
Cash flows from capital activities			
Capital assets purchased	(103,730)	-	-
Capital assets sold	60,310	-	-
Interest expense	(33,550)	-	-
Debt proceeds	519,000	-	-
Principal debt payments	(65,823)	-	-
Net cash provided (used) by capital activities	<u>376,207</u>	<u>0</u>	<u>0</u>
Cash flows from non-capital financing activities			
Interfund transfers	401,029	214,950	(330,787)
Interfund loan activity	(399,651)	-	-
Intergovernmental revenues	42,500	-	-
Net cash provided (used) by non-capital financing activities	<u>43,878</u>	<u>214,950</u>	<u>(330,787)</u>
Cash flows from investing activities			
Interest on investments	9,608	1,476	-
Net cash provided (used) by investing activities	<u>9,608</u>	<u>1,476</u>	<u>0</u>
Net increase (decrease) in cash	650,533	52,224	(330,478)
Cash and cash equivalents at beginning of year	-	65,889	341,859
Cash and cash equivalents at end of year	<u>\$ 650,533</u>	<u>\$ 118,113</u>	<u>\$ 11,381</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 185,929</u>	<u>\$ (173,642)</u>	<u>\$ -</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	52,496	-	-
(Increase) or decrease in			
Accounts receivable	11,551	4,961	309
Net pension/OPEB liability/asset	(10,459)	(9,035)	-
Deferred outflow of resources	17,207	13,740	-
Increase or (decrease) in			
Accounts payable	(39,451)	(1,831)	-
Accrued liabilities	291	40	-
Deferred inflows of resources	2,550	1,522	-
Accrued compensated absences	726	43	-
Total adjustments	<u>34,911</u>	<u>9,440</u>	<u>309</u>
Net cash provided (used) by operating activities	<u>\$ 220,840</u>	<u>\$ (164,202)</u>	<u>\$ 309</u>
Noncash capital activities			
Principal debt payments	\$ (558,342)	\$ -	\$ -

28 Sewer Collection Replacement Fund	Totals June 30, 2018
\$ -	\$ 651,152
-	(303,993)
-	(290,212)
<u>0</u>	<u>56,947</u>
-	(103,730)
-	60,310
-	(33,550)
-	519,000
-	(65,823)
<u>0</u>	<u>376,207</u>
(297,632)	(12,440)
-	(399,651)
-	42,500
<u>(297,632)</u>	<u>(369,591)</u>
<u>44</u>	<u>11,128</u>
<u>44</u>	<u>11,128</u>
(297,588)	74,691
298,423	706,171
<u>\$ 835</u>	<u>\$ 780,862</u>
<u>\$ -</u>	<u>\$ 12,287</u>
-	52,496
-	16,821
-	(19,494)
-	30,947
-	(41,282)
-	331
-	4,072
-	769
<u>0</u>	<u>44,660</u>
<u>\$ 0</u>	<u>\$ 56,947</u>
\$ -	\$ (558,342)

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, 2018

	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	\$ (399,117)	\$ 68,112	\$ 342,168
Add fixed assets	3,206,031	-	-
Less accumulated depreciation on capital assets	(2,018,288)	-	-
Less net pension/OPEB liability	(107,001)	(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	1,624	-	-
Less accrued interest payable	(17,691)	-	-
Beginning net position	<u>\$ 99,237</u>	<u>\$ 26,623</u>	<u>\$ 342,168</u>
Reconciliation of change in fund balance to change in net position			
Change in fund balance - budget basis	\$ 1,079,417	\$ 49,054	\$ (330,787)
Less depreciation expense on capital assets	(52,496)	-	-
Add capital assets purchased	103,730	-	-
Less capital assets sold	(60,310)	-	-
Change in loans payable	(462,402)	-	-
Change in pension/OPEB expense	(9,298)	(6,227)	-
Change in accrued interest expense	3,499	-	-
Change in accrued compensated absences	(2,349)	(43)	-
Increase (decrease) in net position	<u>\$ 599,791</u>	<u>\$ 42,784</u>	<u>\$ (330,787)</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 692,711	\$ 117,166	\$ 11,381
Add fixed assets	3,249,451	-	-
Less accumulated depreciation on capital assets	(2,070,784)	-	-
Less net pension/OPEB liability	(96,542)	(50,006)	-
Add deferred outflow of resources	26,084	19,066	-
Less deferred inflow of resources	(8,658)	(11,938)	-
Less accrued compensated absences	(5,684)	(4,881)	-
Less loans payable	(1,060,947)	-	-
Less accrued interest payable	(14,192)	-	-
Ending net position	<u>\$ 711,439</u>	<u>\$ 69,407</u>	<u>\$ 11,381</u>

28 Sewer Collection Replacement Fund	<u>Totals</u> June 30, 2018
\$ 298,423	\$ 309,586
-	3,206,031
-	(2,018,288)
-	(166,042)
-	76,097
-	(16,524)
-	(9,797)
-	(598,545)
-	1,624
-	(17,691)
<u>\$ 298,423</u>	<u>\$ 766,451</u>
\$ (297,588)	\$ 500,096
-	(52,496)
-	103,730
-	(60,310)
-	(462,402)
-	(15,525)
-	3,499
-	(2,392)
<u>\$ (297,588)</u>	<u>\$ 14,200</u>
\$ 835	\$ 822,093
-	3,249,451
-	(2,070,784)
-	(146,548)
-	45,150
-	(20,596)
-	(10,565)
-	(1,060,947)
-	(14,192)
<u>\$ 835</u>	<u>\$ 793,062</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 566,142	\$ 554,742	\$ 554,742	\$ (11,400)
Miscellaneous income	1,801	-	-	(1,801)
Total operating revenue	<u>567,943</u>	<u>554,742</u>	<u>554,742</u>	<u>(13,201)</u>
Operating expenses				
Administration				
Personnel services	46,816	54,234	54,234	7,418
Materials and services	56,132	42,174	42,174	(13,958)
Total administration	<u>102,948</u>	<u>96,408</u>	<u>96,408</u>	<u>(6,540)</u>
Operating				
Personnel services	90,805	78,407	78,407	(12,398)
Materials and services	52,291	79,310	89,310	37,019
Capital outlay	77,826	90,000	80,000	2,174
Debt service	666,939	109,300	109,300	(557,639)
Motor pool	25,000	25,000	25,000	-
Contingency	-	726,426	620,676	620,676
Total operating	<u>912,861</u>	<u>1,108,443</u>	<u>1,002,693</u>	<u>89,832</u>
Agri Business				
Personnel services	42,072	-	88,000	45,928
Materials and services	30,659	-	17,750	(12,909)
Total agri business	<u>72,731</u>	<u>0</u>	<u>105,750</u>	<u>33,019</u>
Total operating expenses	<u>1,088,540</u>	<u>1,204,851</u>	<u>1,204,851</u>	<u>116,311</u>
Operating income (loss)	<u>(520,597)</u>	<u>(650,109)</u>	<u>(650,109)</u>	<u>(129,512)</u>
Nonoperating revenues				
Intergovernmental revenues	42,500	70,000	70,000	27,500
Debt proceeds	1,086,567	-	-	(1,086,567)
Proceeds from sale of land	60,310	70,000	70,000	9,690
Interest earned	9,608	553	553	(9,055)
Total nonoperating revenues	<u>1,198,985</u>	<u>140,553</u>	<u>140,553</u>	<u>(1,058,432)</u>
Increase (decrease) in fund balance before transfers	678,388	(509,556)	(509,556)	(1,187,944)
Transfers				
Transfers in	628,419	628,419	628,419	-
Transfers out	(227,390)	(229,441)	(229,441)	(2,051)
Increase (decrease) in fund balance	<u>1,079,417</u>	<u>(110,578)</u>	<u>(110,578)</u>	<u>(1,189,995)</u>
Fund balance at beginning of year	(399,117)	110,578	110,578	509,695
Prior period adjustment	12,411	-	-	(12,411)
Fund balance at end of year	<u>\$ 692,711</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (692,711)</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 65,776	\$ 62,078	\$ 62,078	\$ (3,698)
Miscellaneous income	611	-	-	(611)
Total operating revenue	<u>66,387</u>	<u>62,078</u>	<u>62,078</u>	<u>(4,309)</u>
Operating expenses				
Administration				
Personnel services	30,848	34,384	34,384	3,536
Materials and services	<u>18,767</u>	<u>24,668</u>	<u>24,668</u>	<u>5,901</u>
Total administration	<u>49,615</u>	<u>59,052</u>	<u>59,052</u>	<u>9,437</u>
Operating				
Personnel services	93,781	141,998	141,998	48,217
Materials and services	70,363	102,780	102,780	32,417
Capital outlay	-	1,000	1,000	1,000
Contingency	-	5,000	5,000	5,000
Motor pool	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total operating	<u>184,144</u>	<u>270,778</u>	<u>270,778</u>	<u>86,634</u>
Total operating expenses	<u>233,759</u>	<u>329,830</u>	<u>329,830</u>	<u>96,071</u>
Operating income (loss)	<u>(167,372)</u>	<u>(267,752)</u>	<u>(267,752)</u>	<u>(100,380)</u>
Nonoperating revenues				
Interest earned	<u>1,476</u>	<u>164</u>	<u>164</u>	<u>(1,312)</u>
Total nonoperating revenues	<u>1,476</u>	<u>164</u>	<u>164</u>	<u>(1,312)</u>
Increase (decrease) in fund balance before transfers	(165,896)	(267,588)	(267,588)	(101,692)
Transfers				
Transfers in	221,046	221,046	221,046	-
Transfers out	<u>(6,096)</u>	<u>(8,146)</u>	<u>(8,146)</u>	<u>(2,050)</u>
Increase (decrease) in fund balance	49,054	(54,688)	(54,688)	(103,742)
Fund balance at beginning of year	<u>68,112</u>	<u>54,688</u>	<u>54,688</u>	<u>(13,424)</u>
Fund balance at end of year	<u>\$ 117,166</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (117,166)</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, 2018

	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				
Capital outlay	-	-	-	-
Total operating expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating income (loss)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Nonoperating revenues				
Interest earned	-	-	-	-
Total nonoperating revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase (decrease) in fund balance before transfers	0	0	0	0
Transfers				
Transfers out	<u>(330,787)</u>	<u>(330,787)</u>	<u>(330,787)</u>	<u>-</u>
Increase (decrease) in fund balance	<u>(330,787)</u>	<u>(330,787)</u>	<u>(330,787)</u>	<u>0</u>
Fund balance at beginning of year	<u>342,168</u>	<u>330,787</u>	<u>330,787</u>	<u>(11,381)</u>
Fund balance at end of year	<u>\$ 11,381</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,381)</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ -	\$ -	\$ -	\$ -
Total operating revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating expenses				
Capital outlay	-	-	-	-
Total operating expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating income (loss)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Nonoperating revenues				
Interest earned	44	-	-	(44)
Total nonoperating revenues	<u>44</u>	<u>0</u>	<u>0</u>	<u>(44)</u>
Increase (decrease) in fund balance before transfers	44	-	-	(44)
Transfers				
Transfers out	(297,632)	(297,632)	(297,632)	-
Increase (decrease) in fund balance	(297,588)	(297,632)	(297,632)	(44)
Fund balance at beginning of year	298,423	297,632	297,632	(791)
Fund balance at end of year	<u>\$ 835</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (835)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2018
ASSETS			
Current assets			
Cash with depositories	\$ 239,940	\$ 51,423	\$ 291,363
Accounts receivable	495	-	495
Total current assets	<u>240,435</u>	<u>51,423</u>	<u>291,858</u>
Noncurrent assets			
Equipment and vehicles	924,760	-	924,760
Less accumulated depreciation	(680,828)	-	(680,828)
Equipment and vehicles - net	<u>243,932</u>	<u>0</u>	<u>243,932</u>
Total assets	<u>484,367</u>	<u>51,423</u>	<u>535,790</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>4,410</u>	<u>4,550</u>	<u>8,960</u>
Total deferred outflows of resources	<u>4,410</u>	<u>4,550</u>	<u>8,960</u>
Total assets and deferred outflows of resources	<u>488,777</u>	<u>55,973</u>	<u>544,750</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,920	-	1,920
Accrued liabilities	134	(5,480)	(5,346)
Accrued compensated absences	<u>2,841</u>	<u>-</u>	<u>2,841</u>
Total current liabilities	4,895	(5,480)	(585)
Noncurrent liabilities			
Net pension liability	<u>10,881</u>	<u>7,818</u>	<u>18,699</u>
Total liabilities	<u>15,776</u>	<u>2,338</u>	<u>18,114</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>3,451</u>	<u>6,918</u>	<u>10,369</u>
Total liabilities and deferred inflows of resources	<u>19,227</u>	<u>9,256</u>	<u>28,483</u>
NET POSITION			
Invested in capital assets	243,932	-	243,932
Unrestricted	<u>225,618</u>	<u>46,717</u>	<u>272,335</u>
Total net position	<u>\$ 469,550</u>	<u>\$ 46,717</u>	<u>\$ 516,267</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, 2018

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2018
Operating revenues			
User fees	\$ 8,592	\$ -	\$ 8,592
Interfund charges	137,000	4,678	141,678
Miscellaneous income	20,802	-	20,802
Total operating revenues	<u>166,394</u>	<u>4,678</u>	<u>171,072</u>
Operating expenses			
Operating			
Personnel services	26,349	72,317	98,666
Supplies, repairs, and services	40,547	-	40,547
Depreciation	22,705	-	22,705
Total operating	<u>89,601</u>	<u>72,317</u>	<u>161,918</u>
Public safety			
Supplies, repairs, and services	44,099	-	44,099
Depreciation	16,771	-	16,771
Total public safety	<u>60,870</u>	<u>0</u>	<u>60,870</u>
Total operating expenses	<u>150,471</u>	<u>72,317</u>	<u>222,788</u>
Operating income (loss)	<u>15,923</u>	<u>(67,639)</u>	<u>(51,716)</u>
Nonoperating revenues (expenses)			
Interest earned	4,338	1,769	6,107
Total nonoperating revenues	<u>4,338</u>	<u>1,769</u>	<u>6,107</u>
Change in net position	20,261	(65,870)	(45,609)
Net position at beginning of year	449,289	112,587	561,876
Net position at end of year	<u>\$ 469,550</u>	<u>\$ 46,717</u>	<u>\$ 516,267</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended
June 30, 2018

	<u>26</u>	<u>33</u>	<u>Totals</u>
	Motor Pool	Unpaid Compensation	June 30, 2018
Cash flows from operating activities			
Cash received from customers	\$ 149,893	\$ 4,678	\$ 154,571
Cash paid to employees	(24,699)	(76,874)	(101,573)
Cash paid to suppliers	(85,480)	(34)	(85,514)
Net cash provided (used) by operating activities	<u>39,714</u>	<u>(72,230)</u>	<u>(32,516)</u>
Cash flows from capital activities			
Purchases of capital assets	(203,524)	-	(203,524)
Net cash provided (used) by capital and related financing activities	(203,524)	0	(203,524)
Cash flows from investing activities			
Interest on investments	4,338	1,769	6,107
Net cash from investing activities	<u>4,338</u>	<u>1,769</u>	<u>6,107</u>
Net increase (decrease) in cash	(159,472)	(70,461)	(229,933)
Cash and cash equivalents at beginning of year	<u>399,412</u>	<u>121,884</u>	<u>521,296</u>
Cash and cash equivalents at end of year	<u>\$ 239,940</u>	<u>\$ 51,423</u>	<u>\$ 291,363</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 15,923</u>	<u>\$ (67,639)</u>	<u>\$ (51,716)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation expense	39,476	-	39,476
Donation of capital assets	(19,400)	-	(19,400)
(Increase) or decrease in			
Accounts receivable	2,899	-	2,899
Deferred outflow of resources	3,071	2,865	5,936
Increase or (decrease) in			
Accounts payable	(834)	(34)	(868)
Accrued liabilities	36	(5,855)	(5,819)
Net pension liability	(2,019)	(1,884)	(3,903)
Deferred inflows of resources	340	317	657
Accrued compensated absences	222	-	222
Total adjustments	<u>23,791</u>	<u>(4,591)</u>	<u>19,200</u>
Net cash provided by operating activities	<u>\$ 39,714</u>	<u>\$ (72,230)</u>	<u>\$ (32,516)</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, 2018

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2018
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of beginning fund balance to beginning net position			
Beginning 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	(9,702)	(2,221)
Less net pension liability	(12,900)	7,415	(5,485)
Less deferred inflow of resources	(3,111)	(6,601)	(9,712)
Less accrued compensated absences	(2,619)	-	(2,619)
Beginning net position	<u>\$ 449,289</u>	<u>\$ 112,587</u>	<u>\$ 561,876</u>

Reconciliation of change in fund balance to increase in net position			
Change in fund balance - budget basis	\$ (161,574)	\$ (64,572)	\$ (226,146)
Add capital asset purchases	203,524	-	203,524
Add equipment donated and capitalized	19,400	-	19,400
Change in pension expense	(1,392)	(1,298)	(2,690)
Change in accrued compensated absences	(221)	-	(221)
Less depreciation expense	(39,476)	-	(39,476)
Increase (decrease) in net position	<u>\$ 20,261</u>	<u>\$ (65,870)</u>	<u>\$ (45,609)</u>

Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 238,380	\$ 56,903	\$ 295,283
Add capital assets	924,760	-	924,760
Less accumulated depreciation on capital assets	(680,828)	-	(680,828)
Add deferred outflow of resources	4,410	4,550	8,960
Less net pension liability	(10,881)	(7,818)	(18,699)
Less deferred inflow of resources	(3,451)	(6,918)	(10,369)
Less accrued compensated absences	(2,840)	-	(2,840)
Ending net position	<u>\$ 469,550</u>	<u>\$ 46,717</u>	<u>\$ 516,267</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 8,592	\$ 10,380	\$ 10,380	\$ 1,788
Interfund charges	137,000	137,000	137,000	-
Miscellaneous income	1,401	-	-	(1,401)
Total operating revenue	<u>146,993</u>	<u>147,380</u>	<u>147,380</u>	<u>387</u>
Operating expenses				
Motor pool				
Personnel services	24,735	37,485	37,485	12,750
Materials and services	54,701	70,210	70,210	15,509
Capital outlay	150,580	335,087	335,087	184,507
Total motor pool	<u>230,016</u>	<u>442,782</u>	<u>442,782</u>	<u>212,766</u>
Police				
Materials and services	23,808	29,740	29,740	5,932
Capital outlay	38,894	40,000	40,000	1,106
Total police	<u>62,702</u>	<u>69,740</u>	<u>69,740</u>	<u>7,038</u>
Fire				
Materials and services	20,187	21,320	21,320	1,133
Total fire	<u>20,187</u>	<u>21,320</u>	<u>21,320</u>	<u>1,133</u>
Total operating expenses	<u>312,905</u>	<u>533,842</u>	<u>533,842</u>	<u>220,937</u>
Operating income (loss)	<u>(165,912)</u>	<u>(386,462)</u>	<u>(386,462)</u>	<u>(220,550)</u>
Nonoperating revenues				
Interest earned	4,338	1,923	1,923	(2,415)
Total nonoperating revenues	<u>4,338</u>	<u>1,923</u>	<u>1,923</u>	<u>(2,415)</u>
Increase (decrease) in fund balance	(161,574)	(384,539)	(384,539)	(222,965)
Fund balance at beginning of year	399,954	384,539	384,539	(15,415)
Fund balance at end of year	<u>\$ 238,380</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (238,380)</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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Interfund charges	\$ 4,678	\$ 4,632	\$ 4,632	\$ (46)
Total operating revenues	4,678	4,632	4,632	(46)
Operating expenses				
Personnel services	71,019	124,053	124,053	53,034
Total operating expenses	71,019	124,053	124,053	53,034
Operating income (loss)	(66,341)	(119,421)	(119,421)	(53,080)
Nonoperating revenues (expenses)				
Interest earned	1,769	594	594	(1,175)
Total nonoperating revenues (expenses)	1,769	594	594	(1,175)
Increase (decrease) in fund balance	(64,572)	(118,827)	(118,827)	(54,255)
Fund balance at beginning of year	121,475	118,827	118,827	(2,648)
Fund balance at end of year	\$ 56,903	\$ 0	\$ 0	\$ (56,903)

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, 2018

	Actual	Budget		(Over) Under Budget
		Original	Final	
Additions				
Intergovernmental	\$ 3,716	\$ 20,000	\$ 20,000	\$ 16,284
Interest earned	153	50	50	(103)
Other additions	150	250	250	100
Total additions	<u>4,019</u>	<u>20,300</u>	<u>20,300</u>	<u>16,281</u>
Deductions				
Materials and services	<u>35,310</u>	<u>37,082</u>	<u>37,082</u>	<u>1,772</u>
Total deductions	<u>35,310</u>	<u>37,082</u>	<u>37,082</u>	<u>1,772</u>
Net decrease in fiduciary fund balance	(31,291)	(16,782)	(16,782)	14,509
Fund balance at beginning of year	<u>31,291</u>	<u>16,782</u>	<u>16,782</u>	<u>(14,509)</u>
Fund balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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, 2018, and have issued our report thereon dated February 25, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City'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.
- 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):

1. Budget Compliance

Except as noted below the City appears to have complied with Local Budget Law (ORS 294.305 to 294.565) in preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2018 and the preparation and adoption of its budget and tax levy for the year ended June

30, 2019. A description of the budgeting process is included in the Notes to the Basic Financial Statements.

a. Over-Expenditures of Appropriations:

On an overall basis, the City's fiscal 2017-2018 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>
Water Fund	Materials & Services	6,070
IT Fund	Materials & Services	10,259

These expenditures are at variance with ORS 294.456, which states, an expenditure of public money may not be made for any purpose in an amount greater than the amount appropriated.

b. Failure to publish required notice – Budget Committee Meeting:

The City published a notice of the budget committee meeting once in a newspaper of general circulation, and also posted a notice on the City's internet website. However, the newspaper publication did not contain the web address for the internet posting, as required by ORS 294.426(5).

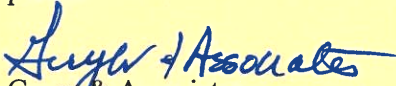

2. Failure to keep a written record of the sources of quotes or proposals received:

The City was unable to produce documentation of the bidding process for procurement of a new vehicle, in violation of ORS 279B.070.

OAR 162-10-0230 Internal Control

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 financial statements, but not 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. We have included our comments on internal control in a separate letter to the City Council dated February 25, 2019.

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


Guyer & Associates
Certified Public Accountants
A Professional Corporation

Kent J. Bailey, CPA
Baker City, Oregon
February 25, 2019



Oregon Secretary of State – Audits Division

Summary of Revenues and Expenditures

Please refer to instructions on next page.

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

B. Financial statement audit – Reported deficiencies	
<p>1. Regarding internal controls over financial reporting, how many significant deficiencies and material weaknesses were reported? _____ 0 _____</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 type="checkbox"/> Other (specify communication): _____</p> <p><input checked="" 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:	\$ 5,127,416	a. Expenditures from government-wide statement of activities:	\$ 2,889,118
b. Fiduciary fund additions:	\$ 4,019	b. Fiduciary fund deductions:	\$ 35,310
c. Gross revenues subtotal (a + b):	\$ 5,131,435	c. Gross expenditures subtotal (a + b):	\$ 2,924,428
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):	\$ 5,131,435	g. Net expenditures (c – f):	\$ 2,924,428

D. Filing fee:	\$ 250
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E. Submitted by	
Auditor name:	Kent J. Bailey, CPA
Municipal license number:	4826
Firm name:	Guyer and Associates, CPA's
Date:	02/25/2019
Municipal contact name, title:	Nick Green, City Manager
Municipal phone:	(541) 575-0028

Within 30 days of delivering the audit report to the municipal corporation, one copy of this summary must be filed with the Secretary of State, Audits Division, and one copy must be delivered to the municipal corporation. If deficiencies are communicated in a separate letter or in a report issued in accordance with *Government Auditing Standards*, a copy of that communication must also be filed. (OAR 162-010-0230)