

CITY OF JOHN DAY

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019



CITY OF JOHN DAY
 Basic Financial Statements and Supplementary Information
 Year Ended June 30, 2019

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CITY OF JOHN DAY
Basic Financial Statements and Supplementary Information
Year Ended June 30, 2019

CITY MAILING ADDRESS

450 EAST MAIN STREET
JOHN DAY, OR 97845

CITY OFFICIALS AND COUNCIL MEMBERS
AS OF JUNE 30, 2019

<u>Official</u>	<u>Name</u>	<u>Mailing Address</u>	<u>Term Expires</u>
<u>Governing Council</u>			
Mayor	Ron Lundbom	620 Se Hillcrest Rd - John Day OR	December 31, 2022
President	Steve Schutte	864 NW Bridge St - John Day OR	December 31, 2020
Councilor	Gregg Haberly	195 Ford Road Ext - John Day OR	December 31, 2022
Councilor	Brandon Smith	123 NW Canton St - John Day OR	December 31, 2020
Councilor	Shannon Adair	221 Valley View Dr - John Day OR	December 31, 2022
Councilor	Paul Smith	231 Valley View Dr - John Day OR	December 31, 2022
Councilor	David Holland	850 NW Bridge St - John Day OR	December 31, 2020

City Officials

City Manager Nicholas Green

City Recorder Solutions CPAs PC

City Attorney Bryan, Lovlien and Jarvis



GASLIN ACCOUNTING, PC
CERTIFIED PUBLIC ACCOUNTANTS

2550 BROADWAY STREET
BAKER CITY, OR 97814
(541)523-6471

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, as of and for the year ended June 30, 2019, 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' 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, 2019, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11, and 44 through 52 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 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken 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 financial statements as a whole. The *Other Budgetary Comparison Schedules* are presented for purposes of additional analysis and are not a required part of the financial statements.

The *Other Budgetary Comparison Schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the audit procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 3, 2019 on our consideration of City of John Day'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.

Gaslin Accounting CPA's PC



Robert Gaslin, CPA
December 3, 2019

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2019

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, 2019 based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

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

FINANCIAL HIGHLIGHTS

Following are the financial highlights of the City for the fiscal year ended June 30, 2019:

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$10,344,844 (net position). Of this amount, \$1,744,329 is unrestricted and may be used to meet the City's ongoing obligations and pay for day to day operations.
- The total net position decreased \$114,978 during the year, and most of this decrease was due to rising expenditures in both governmental and business-type activities.
- Governmental funds reported combined ending fund balances at year-end of \$2,522,233, a decrease of \$987,607 compared to last year.
- The General Fund's unassigned fund balance at the end of the current year was \$490,592, or approximately 44% 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.
- 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.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

TABLE 1
CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and Other Assets	\$ 2,701,561	\$ 3,629,666	\$ 1,845,246	\$ 1,984,164	\$ 4,546,807	\$ 5,613,830
Net Capital Assets	5,906,694	5,289,877	4,334,020	3,716,434	10,240,714	9,006,311
Total Assets	<u>8,608,255</u>	<u>8,919,543</u>	<u>6,179,266</u>	<u>5,700,598</u>	<u>14,787,521</u>	<u>14,620,141</u>
Deferred Outflows of Resources	<u>185,037</u>	<u>210,837</u>	<u>69,610</u>	<u>78,029</u>	<u>254,647</u>	<u>288,866</u>
Liabilities:						
Current Liabilities	125,054	128,286	458,072	302,272	583,126	430,558
Long-Term Liabilities	496,395	511,000	2,597,626	2,455,763	3,094,021	2,966,763
Net Pension/OPEB Liability	589,100	710,495	218,491	257,392		967,887
Due To (From) Other Funds	329,492	367,341	(329,492)	(367,341)	-	-
Total Liabilities	<u>1,540,041</u>	<u>1,717,122</u>	<u>2,944,697</u>	<u>2,648,086</u>	<u>3,677,147</u>	<u>4,365,208</u>
Deferred Inflows of Resources	<u>137,266</u>	<u>38,525</u>	<u>75,319</u>	<u>45,451</u>	<u>212,585</u>	<u>83,976</u>
Net Position:						
Net Investment in Capital Assets	5,066,202	4,737,129	1,502,673	1,016,482	6,568,875	5,753,611
Restricted	2,031,641	2,764,229	-	-	2,031,641	2,764,229
Unrestricted	18,141	(126,625)	1,726,188	2,068,608	1,744,329	1,941,983
Total Net Position	<u>\$ 7,115,984</u>	<u>\$ 7,374,733</u>	<u>\$ 3,228,861</u>	<u>\$ 3,085,090</u>	<u>\$ 10,344,844</u>	<u>\$ 10,459,823</u>

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

City received \$1,836,000 from the State of Oregon in FY18 to start the Broadband Project to connect high-speed internet throughout Grant County. City expended \$241,825 of these funds in FY19 on professional services and capital improvements related to the Broadband Project, including management of the Grant County Digital Network Coalition as its lead agency.

City received \$420,000 from the State of Oregon in FY18 to enable continued operations of the county-wide dispatch center until a new organization can take on the operations. These funds were fully expended in FY19 transitioning emergency communications to the new organization.

There was an increase in interest income due to an increase in cash.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2019

Business-type Activities

TABLE 2
CONDENSED STATEMENT OF CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Charges for Services	\$ 411,297	\$ 480,350	\$ 1,270,504	\$ 1,248,576	\$ 1,681,801	\$ 1,728,926
Operating Grants	399,477	449,141	-	-	399,477	449,141
Capital Grants	76,017	1,836,054	36,500	-	112,517	1,836,054
General Revenues:						
Property Taxes	371,882	362,377	-	-	371,882	362,377
Interest Income	80,739	47,716	38,721	25,370	119,460	73,086
Other	254,388	637,571	51,053	54,778	305,441	692,349
Total Revenues	1,593,800	3,813,209	1,396,778	1,328,724	2,990,578	5,141,933
Program Expenses:						
General Government	249,633	248,628	-	-	249,633	248,628
Streets	334,781	313,250	-	-	334,781	313,250
Public Safety	1,051,207	1,019,632	-	-	1,051,207	1,019,632
Community Development	229,096	146,259	-	-	229,096	146,259
Utilities	-	-	1,240,839	1,223,410	1,240,839	1,223,410
Total Program Expenses	1,864,717	1,727,769	1,240,839	1,223,410	3,105,556	2,951,179
Transfers	12,168	-	(12,168)	-	-	-
Change in Net Position	\$ (258,749)	\$ 2,085,440	\$ 143,771	\$ 105,314	\$ (114,978)	\$ 2,190,754

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

City revenues are expended across eight departments: Administration; Police; Fire; Emergency Services (9-1-1); Community Development; Streets; Water; and Sewer. City also manages funds for the Grant County Digital Network Coalition as its lead agency. Expenditures by department are shown in Figure 1.

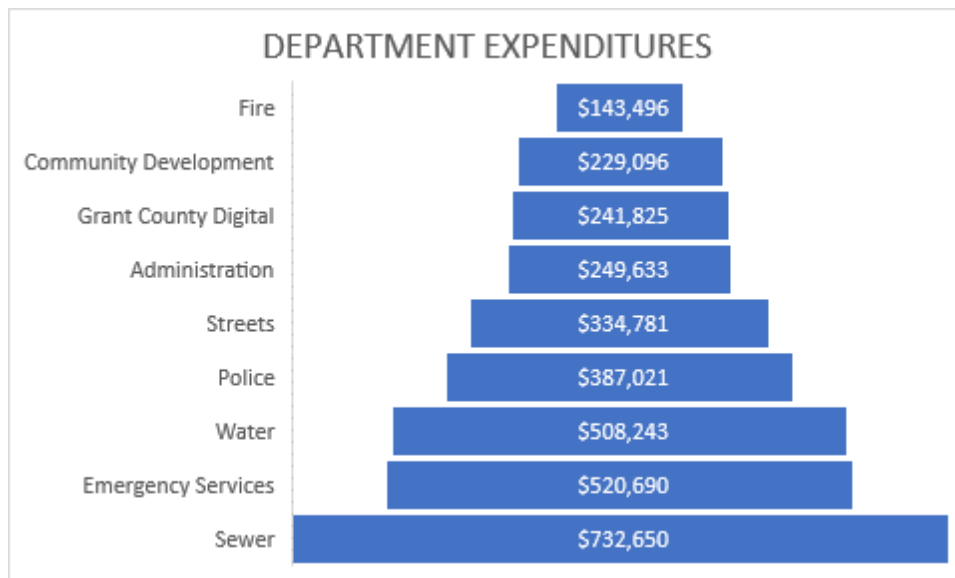


Figure 1. Expenditures by department

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2019

FUND ANALYSIS

General Fund

General Fund expenditures exceeded revenues by \$255,019. 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 \$73,133. 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 received \$171,457 in federal forest fees this year and State Highway fund revenues were \$127,262; while total operating costs were \$219,463 plus an additional \$139,204 in capital outlay, resulting in a decrease in fund balance. Capital outlay was for the acquisition of property adjacent to the John Day River to create a new Integrated Park System with trails and paths connecting existing and future parks to the riverfront, along with improvements to Canton Street, which serves as an access point to the new park system.

911 Fund

The fund balance of the 911 Fund decreased by \$477,924 in the current year. The balance of the increase was from operations. The decrease is primarily due to the spending of the funding from HB 5006 which was received in the prior year and was carried into the current year. This was a grant to enable the continued operations of the county wide dispatch center and plan for its transition from the City. City provided \$150,000 in startup operating funds for GCECA and \$233,779 in capital funds for the agency in FY19 to relocate from the John Day City Hall to its new location at the John Day Fire Hall. 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

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). During the current fiscal year, the IT fund expended \$241,825, of which \$165,264 was capital outlay. Funds were used to establish a new broadband office within the John Day Fire Hall and to create fiber optic connections between this site and other critical community facilities in John Day. Funds were also used to apply for the US Department of Agriculture's 2019 Community Connect Grant and 2019 ReConnect Grant. City, in partnership with OTC Connections, was awarded a \$6 million broadband grant under ReConnect in December 2019 to install an additional 80 miles of fiber. These funds will be managed by OTC with \$1 million in matching funds contributed by the City to OTC for this project. City will have license to access this infrastructure for public use and these expenditures will be reflected in the FY21 budget.

Community Development Fund

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). The fund collected \$77,772 of fees and received grants in the sum of \$110,204, while \$171,833 was expended toward its purpose. Since beginning these programs, nine new dwelling units have been created in the city limits, compared to three in the prior decade.

Water Fund

The Water Fund's net position increased \$136,088 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.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2019

Sewer Fund

The Sewer Fund's net position decreased by \$41,729 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

	Governmental Funds				Proprietary Funds	
	General Fund	Street Fund	IT Fund	911 Fund	Water Fund	Sewer Fund
Fund Balances/Net Position - Beginning	\$ 745,611	\$ 409,598	\$ 1,761,668	\$ 533,215	\$ 2,024,169	\$ 793,062
Revenues	844,930	310,634	43,111	181,321	645,331	702,066
Expenditures	(1,029,628)	(358,667)	(241,825)	(661,985)	(508,283)	(732,587)
Transfers	(70,321)	(25,100)	-	2,740	(960)	(11,208)
Changes in Equity	(255,019)	(73,133)	(198,714)	(477,924)	136,088	(41,729)
Fund Balances/Net Position - Ending	<u>\$ 490,592</u>	<u>\$ 336,465</u>	<u>\$ 1,562,954</u>	<u>\$ 55,291</u>	<u>\$ 2,160,257</u>	<u>\$ 751,333</u>

GENERAL FUND BUDGET ANALYSIS

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 \$359,425 for FY19 is \$3,066 greater than the previous year. Actual fire operating expenditures of \$72,850 for FY19 is \$3,754 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 budget appropriations:

- Resolution 18-799-23, A Resolution to Change Budget Appropriations by Supplemental Budget
- Resolution 19-800-01, A Resolution to Approve An Interfund Loan From The Water Fund To The General Fund Fire Department
- Resolution 19-801-02, A Resolution Approving a Loan Between the City of John Day and the John Day Rural Fire Protection District
- Resolution 19-802-03-Amended, A Resolution Establishing Water Rates, Deposits, and other Related Charges
- Resolution 19-803-04, A Resolution to Establish Sewer Service and Connection Charges
- Resolution 19-804-05, A Resolution Adopting the 2019 Waste Water Facilities Plan Update and Findings Related to the Replacement of the Existing Waste Water Treatment Facility in the City of John Day
- Resolution 19-805-06, A Resolution of City of John Day Authorizing City to Apply for A 2019 Oregon Parks and Recreation Department Local Government Grant for Purposes of Development of an Integrated Park System and Aquatic and Recreation Center in City; and Authorizing the Mayor to Sign the Application on Behalf of City
- Resolution 19-806-07, A Resolution Authorizing Application to the U.S. Department of Agriculture 2019 Community Connect Grant
- Resolution 19-809-10, A Resolution of City of John Day Authorizing City to Apply for a 2019 Oregon Parks and Recreation Department Planning Grant for Purposes of Development of Facilities Plan for a new Aquatic and Recreation Center in City; and Authorizing the Mayor to Sign the Application on Behalf of City.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2019

CAPITAL ASSET ACTIVITY

TABLE 5
CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 279,841	\$ 215,727	\$ 595,221	\$ 518,577	\$ 875,063	\$ 734,304
Construction in Progress	341,353	92,456	140,022	111,315	481,375	203,771
Buildings	2,983,715	2,515,285	1,170,184	562,898	4,153,899	3,078,183
Streets/Utility System	3,389,597	3,389,597	6,414,189	6,414,189	9,803,786	9,803,786
Equipment	1,529,219	1,663,567	1,046,828	999,264	2,576,047	2,662,831
Total Capital Assets	8,523,726	7,876,632	9,366,444	8,606,243	17,890,171	16,482,875
Accumulated Depreciation	(2,617,032)	(2,586,755)	(5,032,424)	(4,889,809)	(7,649,456)	(7,476,564)
Net Capital Assets	\$ 5,906,694	\$ 5,289,877	\$ 4,334,020	\$ 3,716,434	\$ 10,240,714	\$ 9,006,311

For the year ended June 30, 2019, the City had the following major capital acquisitions during the year:

Purchase of 11-acres of property along the John Day River to create the Hill Family Park and Davis Creek Park, as part of the City's integrated park system. These purchases were used as matching funds on a \$471,927 grant from the Oregon Parks and Recreation Department received in September 2019, which will fund the development of the park system in FY20 and FY21.

Acquisition and development of one mile of fiber optic infrastructure and outside plant/equipment to connect critical community facilities within John Day to the Grant County Digital network.

LONG-TERM DEBT ACTIVITY

TABLE 6
OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Fire Station Bonds	\$ 511,000	\$ 550,000	\$ -	\$ -	\$ 511,000	\$ 550,000
SPWF Gateway Project	-	-	482,812	493,380	482,812	493,380
SPWF Greenhouse Project	-	-	350,000	-	350,000	-
WA Fed Consolidation Loan	-	-	1,972,952	2,182,952	1,972,952	2,182,952
Accrued Compensated Absences	25,395	37,557	29,529	20,278	54,923	57,835
Total Outstanding Debt	536,395	587,557	2,835,293	2,696,610	3,371,688	3,284,167

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.

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.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2019

ECONOMIC FACTORS

In FY19, we undertook a comprehensive financial assessment of the City by evaluating each department's revenues and expenditures and making recommendations to the city council to improve our financial position. The assessment resulted in three recommendations, which the city council approved and city staff implemented.

- 1) Secure a \$2.1M low-interest loan to consolidate outstanding debt obligations and secure funds to complete the construction of the fire hall.
- 2) Discontinue 9-1-1 as a city-provided service by June 30, 2019 and transition it to a new jurisdiction.
- 3) Rebalance public safety spending and service levels to more closely align with general fund revenue.

The Washington Federal loan consolidation, issued at 3.34%, was a complex transaction that took several months to complete. It was approved by the city council through two resolutions. The first resolution (18-784-08) authorized the consolidation of two existing loans, one for the west end water system improvements and the other for the airport industrial park. The second resolution (18-785-09) authorized the city to add an additional \$300,000 to complete the fire hall. The loan consolidation saved the city \$350,201.55 in interest payments and fees, which we would have incurred but for the consolidation (Table 2). These savings will be realized over the next five years. More importantly, the city will be able to pay off all of these outstanding debt obligations by December 2022 – six years earlier than planned under the original amortization schedules.

The 9-1-1 Center was transitioned on January 1, 2019. Police spending was also brought closer in balance with projected revenue over the next three years. The city discontinued its law enforcement services to Prairie City on June 30, 2018 and will no longer provide victims assistance services to Grant County. Our focus will be on policing John Day and providing law enforcement services for our residents. These changes are expected to result in a significant reduction in calls for service, less wear and tear on our vehicles, and improved response times and quality of service for John Day taxpayers

Grant County remains classified as the most distressed area in Oregon by the Oregon Secretary of State, with the state's highest unemployment rate and continued job loss.

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 those things that make us stand out in positive ways from other communities; Cost structure alignment – adjusting our spending priorities so the investments we make and the costs we incur fuel population and economic growth, and; Organize for growth – empowering our strategic partners, local stakeholders, and city staff to further our strategy by re-directing effort toward growth initiatives.

The City's main capital investment related to the Strategy for Growth is the John Day Innovation Gateway, an 80-acre riverfront innovation center announced in 2017. The City secured \$200,000 in funding through the Oregon Transportation Growth Management (TGM) grant to further develop the Innovation Gateway. The City hired a consulting team consisting of: DKS (prime); Walker Macy (project lead); the Angelo Planning Group; JLM and Interfluve. These consultants created 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. The final area plan for the Innovation Gateway was submitted for council approval on November 12, 2019 and will begin implementation in FY20 and beyond.

In FY19, the City also completed the planning for the capital improvement projects to be coupled with the engineering of the city's new wastewater treatment facility (to replace the existing facility built in 1947) through a comprehensive economic development strategy (CEDs). This process culminated in a regional economic diversification summit (REDS) held in June 2019. Over 40 state and federal agencies convened at the REDS to review the results of the CEDs and help identify additional funding sources to help fuel our growth and economic recovery.

The City has aggressively pursued grant funding and external support for the past three years to fuel the strategy for growth. The City has received or provided direct financial support in form of matching funds for 20 awards totaling nearly \$12 million through these efforts (Figure 2). Some of these projects, such as the TGM grant and ReConnect are managed by external agencies. Revenues are not reflected in the City's budget or audited financial statements but the City will realize the economic value associated with these projects both directly through infrastructure investments in our community and indirectly through increased economic opportunities associated with these investments.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2019

GRANT	PROJECT	FUND	GRANT AMOUNT	AWARD NOTI
ODOT STIP	395S Sidewalk Enhance Project	STREET	\$ 753,705.00	8/3/2016
Special Cities Allotment	395S Sidewalk Enhance Project	STREET	\$ 50,000.00	11/1/2016
Business Oregon TA	WWFP Update	SEWER	\$ 20,000.00	2/17/2017
OWRD TA	Wastewater Feasibility Study	SEWER	\$ 50,000.00	5/15/2017
HB 5006	Broadband	IT	\$ 1,836,000.00	8/15/2017
HB 5006	911	911	\$ 420,000.00	8/15/2017
ODOT TGM	Innovation Gateway Area Plan	STREET/SEWER/WATER	\$ 192,500.00	8/17/2017
Brownfield Redevelopment Fund	Oregon Pine Phase 1/2 ESA	SEWER	\$ 9,000.00	8/25/2017
Main Street Revitalization	Weaver Building Purchase (MSR-17-15)	GENERAL - Main Street Dept.	\$ 100,000.00	9/1/2017
DLCD TA/Planning Grant	Urban Renewal Area	COMMUNITY DEVELOPMENT	\$ 38,500.00	1/19/2018
Business Oregon LEOF	CEDS/REDS	COMMUNITY DEVELOPMENT	\$ 50,000.00	9/14/2018
EDA Technical Assistance	CEDS/REDS	COMMUNITY DEVELOPMENT	\$ 70,000.00	9/25/2018
Recreational Trails Program	Riverfront Trails	STREET	\$ 191,300.00	10/23/2018
Brownfield Redevelopment Fund	Weaver Building Abatement	GENERAL - Main Street Dept.	\$ 65,300.00	11/15/2018
Special Cities Allotment	Charolais Heights Intersection	STREET	\$ 100,000.00	11/28/2018
ODOT Safe Routes to Schools	395S Sidewalk Enhance Project	STREET	\$ 1,136,000.00	1/17/2019
CDBG Engineering	Waste Water Facility Engineering	SEWER	\$ 199,500.00	2/28/2019
Main Street Revitalization	Len's Drug Revitalization	GENERAL - Main Street Dept.	\$ 200,000.00	5/2/2019
Ford Family Foundation	Oregon Main Street Conference	GENERAL	\$ 1,000.00	9/16/2019
OPRD Large Government Grant	Integrated Park System	STREET	\$ 471,927.00	9/18/2019
OPRD Planning Grant LG19-031	Aquatic Center Planning and Feasibility Study	GENERAL	\$ 40,000.00	9/18/2019
USDA ReConnect	Fiber Optic Expansion in Grant County	IT	\$ 6,000,000.00	12/3/2019
22			\$ 11,994,732.00	

Figure 2. Grants awarded or facilitated by the City of John Day from FY17 through FY20

As a result of this increase in capital improvement activity, the City is beginning to see an increase in private sector investment. On November 12, the City announced it had reached an agreement with a privately-owned hotel group to place a 60-room, \$6.4 million hotel at the Innovation Gateway on city-owned property. This investment will result in revenue for the city from the land sale proceeds of approximately two acres of land, plus estimated an annual property tax increases of \$50,000-60,000 once the hotel is constructed.

These capital investments have also increased the City's legal and administrative costs over prior years. Legal costs increased to approximately \$57,746 in FY19 as a result of agreements negotiated to create the new intergovernmental agencies, the John Day Urban Renewal Agency, and to negotiate land purchases/sales and property line adjustments related to City projects. These near-term cost increases will be offset by long-term financial gains and net asset increases as these properties and projects are developed to their highest and best use.

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

CITY OF JOHN DAY

Statement of Net Position

June 30, 2019

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and Investments	\$ 2,796,968	\$ 1,314,086	\$ 4,111,054
Property Taxes Receivable	33,329	-	33,329
Other Receivables	189,003	213,890	402,893
Prepaid Expenses	(469)	-	(469)
Internal Balances	(317,270)	317,270	-
Capital Assets (net of accumulated depreciation):			
Construction in Progress	341,353	140,022	481,375
Land	279,841	595,221	875,063
Buildings and Infrastructure	5,066,363	3,521,274	8,587,638
Equipment	219,136	77,503	296,639
Total Capital Assets	<u>5,906,694</u>	<u>4,334,020</u>	<u>10,240,714</u>
Total Assets	<u>8,608,255</u>	<u>6,179,266</u>	<u>14,787,521</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pension/OPEB	<u>185,037</u>	<u>69,610</u>	<u>254,647</u>
Total Deferred Outflows of Resources	<u>185,037</u>	<u>69,610</u>	<u>254,647</u>
<u>LIABILITIES</u>			
Accounts Payable	73,562	173,342	246,904
Accrued Liabilities	3,765	3,258	7,023
Deposits Payable	-	18,221	18,221
Accrued Interest Payable	7,727	25,584	33,311
Accrued Compensated Absences	25,395	29,529	54,924
Net Pension/OPEB Liability	589,100	218,491	807,591
Due To (From) Other Funds	329,492	(329,492)	-
Loans Payable:			
Due Within One Year	40,000	237,667	277,667
Due in More Than One Year	471,000	2,568,097	3,039,097
Total Liabilities	<u>1,540,041</u>	<u>2,944,697</u>	<u>4,484,738</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pension/OPEB	<u>137,266</u>	<u>75,319</u>	<u>212,585</u>
Total Deferred Inflows of Resources	<u>137,266</u>	<u>75,319</u>	<u>212,585</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	5,066,202	1,502,673	6,568,875
Restricted for Streets	336,465	-	336,465
Restricted for Community Development	1,639,885	-	1,639,885
Restricted for Public Safety/911	55,291	-	55,291
Unrestricted	18,141	1,726,188	1,744,329
Total Net Position	<u>\$ 7,115,984</u>	<u>\$ 3,228,861</u>	<u>\$ 10,344,844</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Statement of Activities Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Administration	\$ 249,633	\$ 61,707	-	\$ 76,017	\$ (111,909)	-	\$ (111,909)
Police	387,021	54,629	\$ 1,000	-	(331,392)	-	(331,392)
Fire	143,496	55,282	1,000	-	(87,214)	-	(87,214)
Emergency Services	520,690	25,459	-	-	(495,231)	-	(495,231)
Community Development	229,096	77,772	98,758	-	(52,566)	-	(52,566)
Streets	334,781	136,448	298,719	-	100,386	-	100,386
Total Governmental Activities	1,864,717	411,297	399,477	76,017	(977,926)	-	(977,926)
Business-Type Activities:							
Water	508,243	616,461	-	-	-	108,218	108,218
Sewer	732,596	654,043	-	36,500	-	(42,053)	(42,053)
Total Business-Type Activities	1,240,839	1,270,504	-	36,500	-	66,165	66,165
Total Primary Government	\$ 3,105,556	\$ 1,681,801	\$ 399,477	\$ 112,517	(977,926)	66,165	(911,761)
General Revenues:							
Property Taxes Levied for General Purposes					307,810	-	307,810
Property Taxes Levied for Debt Service					64,072	-	64,072
Intergovernmental Payments					48,785	-	48,785
Grants and Awards					11,446	-	11,446
Interest income					80,739	38,721	119,460
Miscellaneous					194,157	51,053	245,210
Total General Revenues					707,009	89,774	796,783
Gain (Loss) on Sale of Capital Assets					-	-	-
Operating Transfers					12,168	(12,168)	-
Total General Revenues, Special Items, and Transfers					12,168	77,606	796,783
Change in Net Position					(258,749)	143,771	(114,978)
Net Position - July 1					7,374,733	3,085,090	10,459,823
Net Position - June 30					\$ 7,115,984	\$ 3,228,861	\$ 10,344,845

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Balance Sheet Governmental Funds June 30, 2019

<u>ASSETS</u>	General Fund	Street Fund	IT Fund	911 Fund	Community Development Fund (Non-Major)	Total Governmental Funds
Cash and Cash Investments	\$ 440,752	\$ 329,573	\$ 1,581,210	\$ 55,655	\$ (9,196)	\$ 2,397,994
Property Taxes Receivable	33,329	-	-	-	-	33,329
Other Receivables	58,492	18,850	-	-	106,681	184,023
Prepaid Expenses	(469)	-	-	-	-	(469)
Total Assets	\$ 532,104	\$ 348,423	\$ 1,581,210	\$ 55,655	\$ 97,485	\$ 2,614,877
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
Liabilities:						
Accounts Payable	\$ 6,319	\$ 8,546	\$ 18,256	\$ 364	20,554	\$ 54,039
Accrued Liabilities	1,864	1,032	-	-	-	2,896
Total Liabilities	8,183	9,578	18,256	364	20,554	56,935
Deferred Inflows of Resources:						
Unavailable Property Tax Revenue	33,329	-	-	-	-	33,329
Unavailable Other Revenue	-	2,380	-	-	-	2,380
Total Deferred Inflows of Resources	33,329	2,380	-	-	-	35,709
Fund Balances:						
Restricted for Streets	-	336,465	-	-	-	336,465
Restricted for Community Development	-	-	1,562,954	-	76,931	1,639,885
Restricted for Public Safety/911	-	-	-	55,291	-	55,291
Unassigned	490,592	-	-	-	-	490,592
Total Fund Balances	490,592	336,465	1,562,954	55,291	76,931	2,522,233
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 532,104	\$ 348,423	\$ 1,581,210	\$ 55,655	\$ 97,485	\$ 2,614,877

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Balance Sheet Governmental Funds June 30, 2019

Total Fund Balances - Total Governmental Funds

\$ 2,522,233

Amounts reported for governmental activities in the *Statement of Net Position* are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of Capital Assets

\$ 8,523,726

Accumulated Depreciation

(2,617,032)

5,906,694

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.

33,329

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.

1,196

Net Pension Liability is not a financial resource and therefore is not reported in the governmental funds.

(589,100)

Current year PERS contributions are deferred outflows of resources that will be recognize as an expense in the subsequent period.

185,037

The city's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next 5 years.

(137,266)

Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.

(25,395)

Balances due to other funds are not payable in the current year and therefore are not included in the governmental funds.

(329,492)

Long-term debts not payable in the current year are not reported as governmental fund liabilities.

(511,000)

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 a governmental fund liability.

(7,727)

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.

382,366

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.

(317,270)

Total Net Position - Governmental Activities

\$ 7,115,984

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY
Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General Fund	Street Fund	IT Fund	911 Fund	Community Development Fund (Non-Major)	Total Governmental Funds
Revenues:						
Taxes	\$ 378,441	\$ -	\$ -	\$ -	\$ -	\$ 378,441
Intergovernmental Revenues	225,084	298,815	-	174,029	110,204	808,132
User Fees	17,075	-	-	-	-	17,075
Licenses and Fees	188,629	-	-	-	77,772	266,401
Fines and Forfeitures	9,629	-	-	-	-	9,629
Interest Income	12,678	9,310	43,111	5,536	1,040	71,675
Miscellaneous Income	13,394	2,509	-	1,756	-	17,659
Total Revenues	844,930	310,634	43,111	181,321	189,016	1,569,012
Expenditures:						
General Government	147,770	-	76,561	-	-	224,331
Public Safety	432,275	-	-	661,985	-	1,094,260
Highways and Streets	-	219,463	-	-	-	219,463
Community Development	4,978	-	-	-	171,833	176,811
Debt Service - Principal	39,000	-	-	-	-	39,000
Debt Service - Interest	16,568	-	-	-	-	16,568
Capital Outlay	389,037	139,204	165,264	-	-	693,505
Total Expenditures	1,029,628	358,667	241,825	661,985	171,833	2,463,938
Excess (Deficiency) of Revenues Over Expenditures	(184,698)	(48,033)	(198,714)	(480,664)	17,183	(894,926)
Other Financing Sources (Uses):						
Interfund Loan Proceeds	-	-	-	-	-	-
Operating Transfers-In	15,311	-	-	2,740	-	18,051
Operating Transfers-Out	(43,632)	(100)	-	-	-	(43,732)
Interfund Charges - Motor Pool	(42,000)	(25,000)	-	-	-	(67,000)
Total Other Financing Sources (Uses)	(70,321)	(25,100)	-	2,740	-	(92,681)
Net Change in Fund Balance	(255,019)	(73,133)	(198,714)	(477,924)	17,183	(987,607)
Fund Balances - July 1	745,611	409,598	1,761,668	533,215	59,748	3,509,840
Fund Balances - June 30	\$ 490,592	\$ 336,465	\$ 1,562,954	\$ 55,291	\$ 76,931	\$ 2,522,233

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY
Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

Net Change in Fund Balances -Total Governmental Funds \$ (987,607)

Amounts reported for governmental activities in the *Statement of Activities* are different because:

Governmental funds report capital outlays as expenditures. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Asset Additions and Disposals	\$ 842,311	
Depreciation Expense	<u>(186,512)</u>	655,799

Long-term debt proceeds are reported as other financing sources in governmental funds. In the statement of net position, 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	-	
Change in accrued interest payable	(7,023)	
Loan principal payments	<u>39,000</u>	31,977

Changes in net pension/OPEB liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the governmental funds. (2,932)

Governmental funds report the effect of accrued compensated absences when paid. In the statement of activities, compensated absences are recognized when incurred. The change in compensated absences is recognized as revenue or expense on the statement of activities. 13,746

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. 86,195

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. (49,411)

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 as revenue is levied. (6,559)

Sidewalk LID note receivable payments are recognized as revenue in the year received in the governmental funds. In the statement of activities revenues are recognized when earned. -

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. 43

Change in Net Position - Governmental Activities \$ (258,749)

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Statement of Net Position

Proprietary Funds

Year Ended June 30, 2019

<u>ASSETS</u>	Utility Funds			Governmental Activities Internal Service Funds
Current Assets:	Water Fund	Sewer Fund	Total	Funds
Cash with Depositories	\$ 917,817	396,269	\$ 1,314,086	\$ 398,974
Accounts Receivable - Utility Customers	64,935	69,375	134,310	-
Allowance for Doubtful Accounts	(2,876)	(2,809)	(5,685)	536
Accounts Receivable - Others	6,420	78,845	85,265	-
Interfund Receivables	329,492	-	329,492	-
Total Current Assets	1,315,788	541,680	1,857,468	399,510
Non-Current Assets:				
Construction in Progress	-	140,021	140,021	42,711
Property, Plant, and Equipment	5,363,491	3,862,933	9,226,424	925,796
Accumulated Depreciation	(2,916,134)	(2,116,290)	(5,032,424)	(721,284)
Net Capital Assets	2,447,357	1,886,664	4,334,021	247,223
Total Assets	3,763,145	2,428,344	6,191,489	646,733
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflows Related to Pension/OPEB	29,597	40,013	69,610	7,986
Total Deferred Outflows of Resources	29,597	40,013	69,610	7,986
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	8,884	164,458	173,342	19,523
Accrued Liabilities	905	2,353	3,258	-
Accrued Compensated Absences	10,108	19,421	29,529	4,425
Customer Deposits	18,221	-	18,221	-
Interest Payable	3,506	22,078	25,584	-
Loans Payable - Current Portion	155,400	82,267	237,667	-
Total Current Liabilities	197,024	290,577	487,601	23,948
Non-Current Liabilities:				
Net Pension Liability/OPEB	94,932	123,559	218,491	14,876
Loans Payable - Non-Current Portion	1,304,584	1,263,513	2,568,097	-
Total Non-Current Liabilities	1,399,516	1,387,072	2,786,588	14,876
Total Liabilities	1,596,540	1,677,649	3,274,189	38,824
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows Related to Pension/OPEB	35,944	39,375	75,319	13,433
Total Deferred Inflows of Resources	35,944	39,375	75,319	13,433
<u>NET POSITION</u>				
Net Investment in Capital Assets	983,867	518,806	1,502,673	247,223
Unrestricted	1,176,390	232,527	1,408,917	355,239
Total Net Position	\$ 2,160,257	\$ 751,333	\$ 2,911,590	\$ 602,462
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			317,270	
Net position of business-type activities			\$ 3,228,861	

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2019

	Utility Funds		Total	Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund		
Operating Revenues:				
User Fees	\$ 616,461	\$ 654,073	\$ 1,270,534	\$ 4,959
Interfund Charges	-	-	-	252,708
Miscellaneous Income	477	1,165	1,642	4,516
Total Operating Revenues	<u>616,938</u>	<u>655,238</u>	<u>1,272,176</u>	<u>262,183</u>
Operating Expenses:				
Personal Services	171,494	376,837	548,331	62,431
Supplies, Repairs, and Services	156,649	211,749	368,398	75,123
Capital Outlay	-	(1,998)	(1,998)	-
Depreciation	97,109	45,507	142,616	47,456
Motor Pool Interfund Charges	35,000	55,000	90,000	-
Total Operating Expenses	<u>460,252</u>	<u>687,095</u>	<u>1,147,347</u>	<u>185,010</u>
Operating Income (Loss)	<u>156,686</u>	<u>(31,857)</u>	<u>124,829</u>	<u>77,173</u>
Non-Operating Revenues (Expenses):				
Intergovernmental Revenues	-	36,500	36,500	-
Interest Income	28,393	10,328	38,721	9,022
Interest Expense	(48,031)	(45,492)	(93,523)	-
Total Non-Operating Revenues	<u>(19,638)</u>	<u>1,336</u>	<u>(18,302)</u>	<u>9,022</u>
Income (Loss) Before Transfers	<u>137,048</u>	<u>(30,521)</u>	<u>106,527</u>	<u>86,195</u>
Operating Transfers:				
Transfers-In	6,521	219,703	226,224	-
Transfers-Out	(7,481)	(230,911)	(238,392)	-
Net Operating Transfers	<u>(960)</u>	<u>(11,208)</u>	<u>(12,168)</u>	<u>-</u>
Change in Net Position	136,088	(41,729)	94,359	86,195
Total Net Position - July 1	<u>2,024,169</u>	<u>793,062</u>	<u>2,817,231</u>	<u>516,267</u>
Total Net Position - June 30	<u>\$ 2,160,257</u>	<u>\$ 751,333</u>	<u>\$ 2,911,590</u>	<u>\$ 602,462</u>
Change in net position from above			94,359	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>49,411</u>	
Change in net position of business-type activities			<u>143,771</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2019

	Utility Funds		Total	Governmental Activities
	Water Fund	Sewer Fund		Internal Service Funds
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 637,221	\$ 578,658	\$ 1,215,879	\$ 261,485
Cash Paid to Employees	(182,206)	(371,583)	(553,789)	(56,316)
Cash Paid to Suppliers	(152,187)	(171,713)	(323,900)	(57,597)
Net Cash Provided (Used) by Operating Activities	302,828	35,361	338,189	147,572
Cash Flows from Non-Capital Financing Activities:				
Operating Transfers	(34,583)	(66,208)	(100,791)	-
Interfund Loans	37,849	-	37,849	-
Intergovernmental Revenues	-	36,500	36,500	-
Net Cash Provided by Non-Capital Financing Activities	3,266	(29,708)	(26,442)	-
Cash Flows from Capital and Related Financing Activities:				
Purchases of Capital Assets	(6,698)	(647,801)	(654,499)	(48,983)
Proceeds from Sale of Capital Assets	-	-	-	-
Debt Proceeds	-	350,000	350,000	-
Principal Paid on Debt	(155,400)	(65,168)	(220,568)	-
Interest Paid on Debt	(44,525)	(37,606)	(82,131)	-
Net Cash Used for Capital and Related Financing Activities	(206,623)	(400,575)	(607,198)	(48,983)
Cash Flows From Investing Activities:				
Interest Received on Investments	21,973	10,328	32,301	9,022
Net Cash Provided by Investing Activities	21,973	10,328	32,301	9,022
Net Increase (Decrease) in Cash	121,444	(384,593)	(263,149)	107,611
Cash and Cash Equivalents - July 1	796,373	780,862	1,577,235	291,363
Cash and Cash Equivalents - June 30	\$ 917,817	\$ 396,269	\$ 1,314,086	\$ 398,974

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2019

	Utility Funds		Total	Governmental Activities
	Water Fund	Sewer Fund		Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:				
Operating Income (Loss)	\$ 156,686	\$ (31,857)	\$ 124,829	\$ 77,173
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	97,109	45,507	142,616	47,456
Legal Fees	-	-	-	-
(Increase) Decrease In:				
Accounts Receivable	5,661	(70,138)	(64,477)	698
Prepaid Expenses	-	-	-	-
Net Pension/OPEB Asset/Liability	15,912	22,989	38,901	133
Deferred Outflow of Resources	3,282	(5,137)	(1,855)	974
Increase (Decrease) In:	-	-	-	-
Accounts Payable	4,462	39,981	44,443	11,072
Accrued Liabilities	(2)	573	571	5,418
Accrued Compensated Absences	395	14,540	14,935	1,584
Customer Deposits	8,234	-	8,234	-
Deferred Inflow of Resources	11,089	18,903	29,992	3,064
Net Cash Provided (Used) by Operating Activities	\$ 302,828	\$ 35,361	\$ 338,189	\$ 147,572

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

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," which is now the current charter.

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

A. The Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements

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

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 creditor (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.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

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
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

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

F. Property Taxes Receivable

The assessment date for the tax year is July 1. Personal and real property taxes are a lien on July 1. Total personal property tax becomes due and is delinquent when any installment is not paid by its due date. Real property tax is due and payable on November 15. However, a taxpayer may pay real property taxes in three equal installments, due the 15th day of November, February and May. Real property taxes become delinquent if not paid by May 15. Property tax revenues of the General Fund are recognized when they become measurable and available. Available includes those property tax receivables expected to be collected within 60 days after year-end. Property tax revenues of the enterprise funds are recognized for all amounts levied. This treatment is consistent with prior years.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

G. Accrued Compensated Absences

A total of 12 to 21 days of vacation and 12 days sick leave per year may be accumulated by each employee. A total of 40-60 hours of compensatory time and 40 hours of personal time may also be accumulated by employees. Employees are not paid for the accumulated sick leave upon retirement or other termination. The City accrues a liability for compensated absences which meet the following criteria: (1) Obligation is attributable to services already rendered; (2) Obligation relates to rights that vest or accumulate; (3) Payment of compensation is probable; (4) The amount can be reasonably estimated.

H. Deferred Outflows/Inflows of Resources

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

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

I. Pensions

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

J. 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.

City/County 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.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

L. Cash and Cash Equivalents

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

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

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.

Non-spendable fund balance is the portion of net resources that cannot be spent because they are either (a) in a non-spendable 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, 2018, from which the summarized information was derived.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS

At June 30, 2019 the carrying amount of the City’s deposits was \$195,361 and the bank balance was \$263,699. 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, 2019 the City’s bank balance that was exposed to custodial credit risk is the \$13,699 above the \$250,000 FDIC limit which was held at the Bank of Eastern Oregon.

As of June 30, 2019 the City had \$3,915,493 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, 2019:

	Governmental Activities	Business-Type Activities
Property Taxes	33,329	\$ -
Customer Accounts	2,379	128,387
Other	186,624	85,544
Total Receivables	\$ 222,332	\$ 213,931

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 4 - CAPITAL ASSETS

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

<u>Governmental Activities:</u>	July 1			June 30
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 215,727	\$ 64,114	\$ -	\$ 279,841
Construction in Progress	92,456	268,996	(20,099)	341,353
Total Capital Assets, Not Being Depreciated	<u>308,183</u>	<u>333,110</u>	<u>(20,099)</u>	<u>621,195</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings	2,515,285	468,430	-	2,983,715
Street Improvements	3,389,597	-	-	3,389,597
Equipment	1,663,567	22,086	(156,434)	1,529,219
Total Capital Assets, Being Depreciated	<u>7,568,449</u>	<u>490,516</u>	<u>(156,434)</u>	<u>7,902,532</u>
<i>Less Accumulated Depreciated For:</i>				
Buildings	474,940	60,472	-	535,412
Street Improvements	697,106	74,431	-	771,537
Equipment	1,414,709	51,609	(156,235)	1,310,083
Total Accumulated Depreciation	<u>2,586,755</u>	<u>186,512</u>	<u>(156,235)</u>	<u>2,617,032</u>
Net Capital Assets, Being Depreciated	<u>4,981,694</u>	<u>304,005</u>	<u>(199)</u>	<u>5,285,499</u>
Net Capital Assets - Governmental Activities	<u>\$ 5,289,877</u>	<u>\$ 637,115</u>	<u>\$ (20,298)</u>	<u>\$ 5,906,694</u>

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

<u>Business-Type Activities:</u>	July 1			June 30
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 518,577	\$ 76,644	\$ -	\$ 595,221
Construction in Progress	100,235	50,867	(11,080)	140,022
Total Capital Assets, Not Being Depreciated	<u>618,812</u>	<u>127,512</u>	<u>(11,080)</u>	<u>735,243</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings	562,898	607,286	-	1,170,184
Utility System	6,414,189	-	-	6,414,189
Equipment	999,264	47,564	-	1,046,828
Total Capital Assets, Being Depreciated	<u>7,976,351</u>	<u>654,850</u>	<u>-</u>	<u>8,631,201</u>
<i>Less Accumulated Depreciated For:</i>				
Buildings	527,523	10,548	-	538,071
Utility System	3,403,182	121,846	-	3,525,028
Equipment	959,104	10,221	-	969,325
Total Accumulated Depreciation	<u>4,889,809</u>	<u>142,615</u>	<u>-</u>	<u>5,032,424</u>
Net Capital Assets, Being Depreciated	<u>3,086,542</u>	<u>512,235</u>	<u>-</u>	<u>3,598,777</u>
Net Capital Assets - Business-Type Activities	<u>\$ 3,705,354</u>	<u>\$ 639,747</u>	<u>\$ (11,080)</u>	<u>\$ 4,334,020</u>

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 4 - CAPITAL ASSETS, CONTINUED

Depreciation was charged to the following functions:

Function	Governmental Activities	Business-Type Activities
General Operations	\$ 48,876	\$ -
Fire	46,643	-
Police	16,562	-
Streets	74,431	-
Emergency Services	-	-
Water	-	97,109
Sewer	-	45,507
Total Depreciation	<u>\$ 186,512</u>	<u>\$ 142,615</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, 2019 consisted of the following:

<u>Transfers Out</u>	<u>Operating Transfers In</u>	
	<u>General Fund</u>	<u>911</u>
Governmental Funds		
General Fund	\$ -	\$ 640
Street Fund	-	100
Total Governmental	<u>-</u>	<u>740</u>
Business-type Funds		
Water Fund	5,104	1,000
Sewer Fund	10,208	1,000
Total Business-type	<u>15,312</u>	<u>2,000</u>
Total Transfers	<u>\$ 15,312</u>	<u>\$ 2,740</u>

NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2019 are as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
	General Fund, Fire	
Water Fund	Department	<u>329,492</u>
Due to/from other funds		<u>329,492</u>

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 7 - CHANGES IN LONG-TERM DEBT

The following is a summary of debt of the City for the year ended June 30, 2019:

Obligation	Payable at June 30, 2018	Additions	Reductions	Payable at June 30, 2019	Due in One Year
Fire Hall Bonds Payable	\$ 550,000	\$ -	\$ (39,000)	\$ 511,000	\$ 40,000
Special Public Works Fund Loan Payable - Gateway Property	493,380	-	(10,568)	482,812	13,543
Special Public Works Fund Loan Payable - Greenhouse	-	350,000	-	350,000	14,124
Washington Federal Consolidation Loan Payable	2,182,952	-	(210,000)	1,972,952	210,000
Accrued Compensated Absences	57,835	23,244	(26,156)	54,923	54,923
	<u>\$ 3,284,167</u>	<u>\$ 373,244</u>	<u>\$ (285,724)</u>	<u>\$ 3,371,687</u>	<u>\$ 332,590</u>

Interest expense of \$103,068 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 - 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, 2019, future payments are as follows:

Year Ending	Total	Interest	Principal	Balance
2020	\$ 55,688	\$ 15,688	\$ 40,000	\$ 471,000
2021	55,460	14,460	41,000	430,000
2022	55,201	13,201	42,000	388,000
2023	55,912	11,912	44,000	344,000
2024	55,000	10,000	45,000	299,000
2025-2029	273,590	28,590	245,000	54,000
2030	58,912	4,912	54,000	-
Total	<u>\$ 609,763</u>	<u>\$ 98,763</u>	<u>\$ 511,000</u>	

NOTE 9 - 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 for the first two years and \$31,794 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, 2019, future payments are as follows:

Year Ending	Total	Interest	Principal	Balance
2020	\$ 31,793	\$ 18,250	\$ 13,543	\$ 469,269
2021	31,793	17,738	14,055	455,214
2022	31,794	17,207	14,587	440,627
2023	31,794	16,656	15,138	425,489
2024	31,794	16,083	15,710	409,779
2025-2029	158,968	71,048	87,920	321,858
2030-2034	158,968	53,126	105,842	216,017
2035-2038	127,175	27,166	100,008	116,008
2039-2042	127,175	11,166	116,008	-
Total	<u>\$ 731,253</u>	<u>\$ 248,442</u>	<u>\$ 482,812</u>	

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 10 - 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 at 3.34%. Interest payments are made semiannually on June 1 and December 1. Principal payments began 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. There was accrued interest payable of \$5,491 at June 30, 2019. As of June 30, 2019, future payments are as follows:

<u>Year Ending</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2020	\$ 275,896	\$ 65,896	\$ 210,000	\$ 1,762,952
2021	268,882	58,882	210,000	1,552,952
2022	261,868	51,868	210,000	1,342,952
2023	254,854	44,854	210,000	1,132,952
2024	262,841	37,841	225,000	907,952
2025-2028	980,273	72,321	907,952	-
Total	<u>\$ 2,304,613</u>	<u>\$ 331,662</u>	<u>\$ 1,972,952</u>	

NOTE 11 - 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 \$6,420 at June 30, 2019. As of June 30, 2019, future payments are as follows:

<u>Year Ending</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2020	\$ 42,992	\$ 11,005	\$ 31,987	\$ 298,514
2021	42,992	9,937	33,055	265,459
2022	42,992	8,833	34,159	231,300
2023	42,992	7,692	35,300	196,000
2024	41,344	5,344	36,000	160,000
2025-2028	174,621	14,621	160,000	-
Total	<u>\$ 387,933</u>	<u>\$ 57,432</u>	<u>\$ 330,501</u>	

NOTE 12 - SPECIAL PUBLIC WORKS FUND LOAN PAYABLE - GREENHOUSE

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 \$350,000 loan are 25 annual payments on December 1 of each year including interest of 3.43 percent through December 1, 2043. Annual payments are \$21,074.90 for the first twenty-four years and \$9,720.80 for the final payment. The loan is secured by net revenues from the City's Agribusiness System after payment of operation and maintenance cost of the system, and all personal property associated with the Agribusiness System are collateral for the loan. The first payment will be made on December 1, 2019. There was accrued interest payable of \$4,343 at June 30, 2019. As of June 30, 2019, future payments are as follows:

<u>Year Ending</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2020	\$ 21,075	\$ 6,951	\$ 14,124	\$ 335,876
2021	21,075	11,521	9,554	326,322
2022	21,075	11,193	9,882	316,440
2023	21,075	10,854	10,221	306,218
2024	21,075	10,503	10,572	295,647
2025-2043	410,144	114,497	295,647	-
Total	<u>\$ 515,519</u>	<u>\$ 165,519</u>	<u>\$ 350,000</u>	

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 13 - 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, 2019, were \$1,203. As of June 30, 2019, the City had future minimum payments under operating leases as follows:

<u>Year Ending</u>	<u>Future Minimum Lease Payments</u>	<u>Operating Leases</u>
2020	\$ 1,203	\$ 1,203
2021	963	963
Total	<u>\$ 2,166</u>	<u>\$ 2,166</u>

NOTE 14 - PENSION PLAN

Name of pension plan

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

Description of benefit terms

Plan Benefits

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

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

1. Pension Benefits

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

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

2. Death Benefits

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

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

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 14 - PENSION PLAN, CONTINUED

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 5 with 30 years of retirement credit.

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

2. Death Benefits

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

3. Disability Benefits

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

4. Benefit Changes After Retirement

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

C. OPSRP Individual Account Program (OPSRP IAP)

1. Pension Benefits

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

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

2. Death Benefits

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

3. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

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

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 14 - PENSION PLAN, CONTINUED

Employer contribution rates during the period were based on the December 31, 2016 actuarial valuation. The rates based on a percentage of payroll, first became effective on 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, 2019 were \$59,209, 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, 2019 were:

Rate Category	Normal Cost Rate	Combined UAL Rate	Net Rate
PERS General Service	15.91%	-2.71%	13.20%
OPSRP General Service	8.02%	-2.71%	5.31%
OPSRP Police and 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:
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

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.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 14 - PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial Cost Assumption	Entry Age Normal
Inflation Rate	2.50 percent
Investment Rate of Return	7.20 percent
Discount Rate	7.20 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 Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy Annuitant sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

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/documents/financials/2018-cafr.pdf>.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 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
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 14 - PENSION PLAN, CONTINUED

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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,224,137	\$ 732,495	\$ 326,684

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

At June 30, 2019, the City reported a liability of \$732,495 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's proportion was .00483537 percent.

For the year ended June 30, 2019, the City recognized pension expense of \$84,921. Pension expense includes the City's proportionate share of system pension expense, adjusted for amortization of deferred amounts, of \$142,258 and employee contributions picked up by the City of \$46,301.

At June 30, 2019, 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
Differences Between Expected and Actual Experience	\$ 24,917	\$ -
Changes of Assumptions	170,304	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	32,527
Differences Between Employer Contributions and Employer's Proportionate Share of System Contributions	-	188,410
Employer Contributions Subsequent to the Measurement Date	52,334	-
Totals	\$ 247,555	\$ 220,937

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 14 - PENSION PLAN, CONTINUED

The amount of \$52,334 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2020	\$ 35,921
2021	16,096
2022	(49,764)
2023	(25,846)
2024	(2,123)
Thereafter	-
Total	<u>\$ (25,716)</u>

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2018 measurement date that would require a brief description under GASB standards.

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 15 - 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.

Contributions

Contributions are mandatory for each employer that is a member of PERS. For the fiscal year ended June 30, 2019, 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, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RHIA, CONTINUED

Actuarial Methods and Assumptions

RHIA		RHIPA
Valuation Date	December 31, 2016	December 31, 2016
Measurement Date	June 30, 2018	June 30, 2018
Experience Study Report	2016, published July 26, 2017	2016, published July 26, 2017
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation Rate	2.50 percent	2.50 percent
Investment Rate of Return	7.20 percent	7.20 percent
Discount Rate	7.20 percent	7.20 percent
Projected Salary Increases	3.50 percent	3.50 percent
Retiree Healthcare Participation	Healthy Retirees: 38%; Disabled Retirees: 20%	Healthy Retirees: 38%; Disabled Retirees: 20%
Healthcare Cost Trend Rate	Not Applicable	Applied at beginning of plan year, starting with 6.3% for 2018, decreasing to 5.9% for 2019, increasing to 6.2% for 2029, and decreasing to an ultimate rate of 4.2% for 2093 and beyond.
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 retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>	<p>Health retirees and beneficiaries: RP-2014 Sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 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

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RHIA, CONTINUED

long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's Proportionate Share of the OPEB Liability (Asset)	\$ (5,170)	\$ (8,879)	\$ (12,037)

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

At June 30, 2019, the City reported an asset of \$8,879 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, 2018, the City's proportion was .00795453 percent.

For the year ended June 30, 2019, the City recognized income of \$1,026. At June 30, 2019, 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
Differences between expected and actual experience	\$ -	\$ 503
Changes in assumptions	-	28
Net difference between projected and actual earnings on OPEB plan investments	-	1,914
Changes in proportion and differences between City contributions and proportionate share of contributions	-	391
City contributions subsequent to the measurement date	-	3,318
Total	\$ -	\$ 6,154

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RHIA, CONTINUED

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

Year Ended June 30	Amount
2020	\$ (999)
2021	(973)
2022	(675)
2023	(190)
2024	-
Thereafter	-
Total	<u>\$ (2,837)</u>

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2018 measurement date that would require a brief description under GASB standard.

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 16 - 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.

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.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CIS HEALTH INSURANCE SUBSIDY, CONTINUED

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, 2018 actuarial valuation.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
City's Proportionate Share of the OPEB Liability (Asset)	\$ 88,207	\$ 83,973	\$ 80,031
City's Proportionate Share of the OPEB Liability (Asset)	1% Decrease	Current Trend Rate	1% Increase
	\$ 79,307	\$ 83,973	\$ 89,261

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ -	\$ 20,066
Employer Contributions Subsequent to the Measurement Date	7,092	-
Totals	\$ 7,092	\$ 20,066

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

Year Ended June 30	Deferred outflows or (inflows) of Resources
2020	\$ (3,285)
2021	(3,285)
2022	(3,285)
2023	(3,285)
2024	(3,015)
Thereafter	(3,911)
Total	\$ (20,066)

Program membership consisted of 16 active and 1 retired participants at July 1, 2018.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2019

NOTE 17 - 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 18 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JOHN DAY
 Required Supplementary Information - Supplemental Schedules
 Year Ended June 30, 2019

**Schedule of Proportionate Share of Net Pension Liability
 Oregon Public Retirement System
 Last 10 Fiscal Years***

	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.00483537%	0.00644948%	0.00672200%	0.00672538%	0.00767280%	0.00767280%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 732,495	\$ 869,392	\$ 1,009,127	\$ 386,135	\$ (173,920)	\$ 391,554
City's Covered-Employee Payroll	\$ 839,706	\$ 672,124	\$ 736,153	\$ 735,503	\$ 783,863	\$ 820,999
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered -Employee Payroll	87.23%	129.35%	137.08%	52.50%	-22.19%	47.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.10%	83.10%	80.50%	91.90%	103.59%	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***

	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 59,832	\$ 69,836	\$ 41,170	\$ 48,173	\$ 51,296	\$ 51,201
Contributions in Relation to the Contractually Required Contribution	(59,832)	(69,836)	(41,170)	(48,173)	(51,296)	(51,201)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Employee Payroll	\$764,285	\$839,706	\$672,124	\$736,153	\$735,503	\$783,863
Contributions as a Percentage of Covered-Employee Payroll	7.83%	8.32%	6.13%	6.54%	6.97%	6.53%

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

CITY OF JOHN DAY
 Required Supplementary Information - Supplemental Schedules
 Year Ended June 30, 2019

**Schedule of Proportionate Share of Net OPEB Liability
 Retiree Health Insurance Account PERS
 Last 10 Fiscal Years***

	<u>2019</u>	<u>2018</u>
City's Proportion of the Net OPEB Liability	0.00795453%	0.00642639%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (8,879)	\$ (2,682)
City's Covered-Employee Payroll	\$ 839,706	\$ 672,124
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered -Employee Payroll	-1.06%	-0.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	123.99%	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***

	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 3,318	\$ 3,199
Contributions in Relation to the Contractually Required Contribution	<u>(3,318)</u>	<u>(3,199)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
City's Covered Employee Payroll	\$764,285	\$839,706
Contributions as a Percentage of Covered-Employee Payroll	0.43%	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
 Required Supplementary Information - Supplemental Schedules
 Year Ended June 30, 2019

**Schedule of Changes in Total OPEB Liability and Related Ratios
 CIS Health Insurance
 Last 10 Fiscal Years***

	2019	2018
Beginning OPEB Liability	\$ 101,177	\$ 102,343
Service Cost	5,091	5,260
Interest	3,690	2,997
Changes of Benefit Terms	-	-
Economic/Demographic Gains or Losses	(14,057)	-
Changes of Assumptions	(5,502)	(4,470)
Benefit payments	(6,427)	(4,953)
Ending OPEB Liability	\$ 83,972	\$ 101,177
Covered Payroll	\$ 764,285	\$ 835,274
OPEB Liability as a Percentage of Covered Payroll	11.0%	12.1%

*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***

	2019	2018
Actuarially Determined Contribution	\$ 7,092	\$ 6,427
Contributions in Relation to the Actuarially Determined Contribution	(7,092)	(6,427)
Contribution Deficiency (Excess)	\$ -	\$ -
City's Covered Employee Payroll	\$865,491	\$953,120
Contributions as a Percentage of Covered-Employee Payroll	0.82%	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.

CITY OF JOHN DAY
 Budgetary Comparison Schedules - General Fund
 Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 332,290	\$ 332,290	\$ 378,441	\$ 46,151
Intergovernmental Revenues	145,032	145,032	149,067	4,035
User Fees	28,600	28,600	17,075	(11,525)
Grant Proceeds	500	65,800	76,017	10,217
Licenses and Fees	169,178	169,178	188,629	19,451
Fines and Forfeitures	4,000	4,000	9,629	5,629
Interest Income	1,000	1,000	12,678	11,678
Miscellaneous Income	-	-	13,394	13,394
Total Revenues	680,600	745,900	844,930	99,030
Expenditures:				
Nondepartmental	858	858	-	-
Administration	178,494	178,494	147,770	30,724
Police	457,771	457,771	359,425	98,346
Fire	486,339	486,339	438,689	47,650
Main Street Revitalization	209,580	209,580	83,744	125,836
Total Expenditures	1,333,042	1,333,042	1,029,628	302,556
Excess (Deficiency) of Revenues Over Expenditures	(652,442)	(587,142)	(184,698)	467,744
Other Financing Sources (Uses):				
Debt Proceeds	200,000	134,700	-	134,700
Transfers In	20,512	20,512	15,311	5,201
Transfers Out	(44,455)	(44,455)	(43,632)	823
Interfund Charges Motor Pool	(42,000)	(42,000)	(42,000)	-
Total Other Financing Sources (Uses)	134,057	68,757	(70,321)	140,724
Net Change In Fund Balance	(518,385)	(518,385)	(255,019)	608,468
Fund Balance - July 1	534,205	534,205	745,611	211,406
Fund Balance - June 30	<u>\$ 15,820</u>	<u>\$ 15,820</u>	<u>\$ 490,592</u>	<u>\$ 819,874</u>

CITY OF JOHN DAY
 Budgetary Comparison Schedules - Street Fund
 Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenues	\$ 99,000	\$ 99,000	\$ 298,815	\$ 199,815
Interest Income	1,380	1,380	9,310	7,930
Miscellaneous Income	-	-	2,509	2,509
Grant Proceeds	50,000	241,300	-	(241,300)
Total Revenues	150,380	341,680	310,634	(31,046)
Expenditures:				
Personal Services	134,079	134,079	120,098	13,981
Materials and Services	160,870	127,970	99,365	28,605
Capital Outlay	160,000	425,200	139,204	285,996
Contingency	41,000	-	-	-
Total Expenditures	495,949	687,249	358,667	328,582
Excess (Deficiency) of Revenues Over Expenditures	(345,569)	(345,569)	(48,033)	297,536
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(100)	(100)	(100)	-
Interfund Charges Motor Pool	(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	(25,100)	(25,100)	(25,100)	-
Net Change In Fund Balance	(370,669)	(370,669)	(73,133)	297,536
Fund Balance - July 1	370,669	370,669	409,598	38,929
Fund Balance - June 30	\$ -	\$ -	\$ 336,465	\$ 336,465

CITY OF JOHN DAY
 Budgetary Comparison Schedules - 911 Fund
 Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenues	\$ 305,795	\$ 305,795	\$ 174,029	\$ (131,766)
Interest Income	880	880	5,536	4,656
Miscellaneous Income	1,500	1,500	1,756	256
Total Revenues	308,175	308,175	181,321	(126,854)
Expenditures:				
Personal Services	547,603	270,903	249,649	21,254
Materials and Services	65,869	292,569	256,622	35,947
Capital Outlay	118,176	168,176	155,714	12,462
Contingency	-	-	-	-
Total Expenditures	731,648	731,648	661,985	69,663
Excess (Deficiency) of Revenues Over Expenditures	(423,473)	(423,473)	(480,664)	(57,191)
Other Financing Sources (Uses):				
Transfers In	2,740	2,740	2,740	-
Transfers Out	-	-	-	-
Interfund Charges Motor Pool	-	-	-	-
Total Other Financing Sources (Uses)	2,740	2,740	2,740	-
Net Change In Fund Balance	(420,733)	(420,733)	(477,924)	(57,191)
Fund Balance - July 1	420,733	420,733	533,215	112,482
Fund Balance - June 30	\$ -	\$ -	\$ 55,291	\$ 55,291

CITY OF JOHN DAY
 Budgetary Comparison Schedules - IT Fund
 Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	3,000,000	3,000,000	-	(3,000,000)
Interest Income	2,500	2,500	43,111	40,611
Total Revenues	3,002,500	3,002,500	43,111	(2,959,389)
Expenditures:				
Personal Services	45,929	45,929	44,603	1,326
Material and Services	71,020	71,020	31,958	39,062
Capital Outlay	4,659,701	4,659,701	165,264	4,494,437
Total Expenditures	4,776,650	4,776,650	241,825	4,534,825
Excess (Deficiency) of Revenues Over Expenditures	(1,774,150)	(1,774,150)	(198,714)	1,575,436
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change In Fund Balance	(1,774,150)	(1,774,150)	(198,714)	1,575,436
Fund Balance - July 1	1,774,150	1,774,150	1,761,668	(12,482)
Fund Balance - June 30	\$ -	\$ -	\$ 1,562,954	\$ 1,562,954

CITY OF JOHN DAY
Notes to Required Supplementary Information
Year Ended June 30, 2019

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 contingencies. Functions within all other funds include: personal services, materials and services, capital outlay, debt service, transfers, and contingencies. The City adopted one supplemental budget during the year ended June 30, 2019.

During the year ended June 30, 2019, disbursements in the General Fund and major special revenue funds were within certified budget amounts in all functions.

OTHER SUPPLEMENTARY INFORMATION

CITY OF JOHN DAY
 Budgetary Comparison Schedules – Community Development Fund
 Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Fees	\$ 70,000	\$ 70,000	\$ 77,772	\$ 7,772
Grant Proceeds	-	120,000	110,204	(9,796)
Interest Income	40	40	1,040	1,000
Total Revenues	70,040	190,040	189,016	(1,024)
Expenditures:				
Personal Services	25,426	25,426	20,259	5,167
Material and Services	84,166	204,166	151,574	52,592
Total Expenditures	109,592	229,592	171,833	57,759
Excess (Deficiency) of Revenues Over Expenditures	(39,552)	(39,552)	17,183	56,735
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change In Fund Balance	(39,552)	(39,552)	17,183	56,735
Fund Balance - July 1	39,552	39,552	59,748	20,196
Fund Balance - June 30	\$ -	\$ -	\$ 76,931	\$ 76,931

CITY OF JOHN DAY
Water Utility Fund Combining Schedules
Schedule of Net Position
June 30, 2019

<u>ASSETS</u>	Water Fund	Water Replacement Reserve Fund	Totals
Current Assets:			
Cash with Depositories	917,817	\$ -	\$ 917,817
Accounts Receivable - Utility Customers	64,935	-	64,935
Accounts Receivable - Others	6,420	-	6,420
Allowance for Doubtful Accounts	(2,876)	-	(2,876)
Due from Other Funds	329,492	-	329,492
Total Current Assets	1,315,788	-	1,315,788
Non-Current Assets:			
Construction in Progress	-	-	-
Property, Plant, and Equipment	5,363,491	-	5,363,491
Accumulated Depreciation	(2,916,134)	-	(2,916,134)
Net Capital Assets	2,447,357	-	2,447,357
Total Assets	3,763,145	-	3,763,145
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pension/OPEB	29,597	-	29,597
Total Deferred Outflows of Resources	29,597	-	29,597
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	8,884	-	8,884
Accrued Liabilities	905	-	905
Accrued Compensated Absences	10,108	-	10,108
Customer Deposits	18,221	-	18,221
Interest Payable	3,506	-	3,506
Loans Payable - Current Portion	155,400	-	155,400
Total Current Liabilities	197,024	-	197,024
Non-Current Liabilities:			
Net Pension Liability/OPEB	94,932	-	94,932
Loans Payable - Non-Current Portion	1,304,584	-	1,304,584
Total Non-Current Liabilities	1,399,516	-	1,399,516
Total Liabilities	1,596,540	-	1,596,540
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pension/OPEB	35,944	-	35,944
Total Deferred Inflows of Resources	35,944	-	35,944
<u>NET POSITION</u>			
Net Investment in Capital Assets	983,867	-	983,867
Unrestricted	1,176,391	-	1,176,391
Total Net Position	\$ 2,160,258	\$ -	\$ 2,160,258

CITY OF JOHN DAY
Water Utility Fund Combining Schedules
Schedule of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2019

	Water Fund	Water Replacement Reserve Fund	Totals
Operating Revenues:			
User Fees	616,461	\$ -	\$ 616,461
Interfund Charges	-	-	-
Miscellaneous Income	477	-	477
Total Operating Revenues	<u>616,938</u>	<u>-</u>	<u>616,938</u>
Operating Expenses:			
Personal Services	171,494	-	171,494
Supplies, Repairs, and Services	149,205	-	149,205
Capital Outlay	7,443	-	7,443
Depreciation	97,109	-	97,109
Motor Pool Interfund Charges	35,000	-	35,000
Total Operating Expenses	<u>460,251</u>	<u>-</u>	<u>460,251</u>
Operating Income (Loss)	<u>156,687</u>	<u>-</u>	<u>156,687</u>
Non-Operating Revenues (Expenses):			
Intergovernmental Revenues	-	-	-
Interest Income	28,393	-	28,393
Interest Expense	(48,031)	-	(48,031)
Total Non-Operating Revenues	<u>(19,638)</u>	<u>-</u>	<u>(19,638)</u>
Income (Loss) Before Transfers	<u>137,049</u>	<u>-</u>	<u>137,049</u>
Operating Transfers:			
Transfers-In	6,521	-	6,521
Transfers-Out	(6,104)	(1,377)	(7,481)
Net Operating Transfers	<u>417</u>	<u>(1,377)</u>	<u>(960)</u>
Change in Net Position	137,466	(1,377)	136,089
Prior Period Adjustment	-	-	-
Total Net Position - July 1	<u>2,022,792</u>	<u>1,377</u>	<u>2,024,169</u>
Total Net Position - June 30	<u>\$ 2,160,258</u>	<u>\$ -</u>	<u>\$ 2,160,258</u>

CITY OF JOHN DAY
Water Utility Fund Combining Schedules
Schedule of Cash Flows
Year Ended June 30, 2019

	Water Fund	Water Replacement Reserve Fund	Totals
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 637,221	\$ -	\$ 637,221
Cash Paid to Employees	(182,206)	-	(182,206)
Cash Paid to Suppliers	(152,187)	-	(152,187)
Net Cash Provided (Used) by Operating Activities	<u>302,828</u>	<u>-</u>	<u>302,828</u>
 Cash Flows from Non-Capital Financing Activities:			
Operating Transfers	(34,583)	(1,377)	(35,960)
Interfund Loans	37,849	-	37,849
Intergovernmental Revenues	-	-	-
Net Cash Provided by Non-Capital Financing Activities	<u>3,266</u>	<u>(1,377)</u>	<u>1,889</u>
 Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(6,698)	-	(6,698)
Proceeds from Sale of Capital Assets	-	-	-
Debt Proceeds	-	-	-
Principal Paid on Debt	(155,400)	-	(155,400)
Interest Paid on Debt	(44,525)	-	(44,525)
Net Cash Used for Capital and Related Financing Activities	<u>(206,623)</u>	<u>-</u>	<u>(206,623)</u>
 Cash Flows From Investing Activities:			
Interest Received on Investments	<u>21,973</u>	<u>-</u>	<u>21,973</u>
Net Cash Provided by Investing Activities	<u>21,973</u>	<u>-</u>	<u>21,973</u>
Net Increase (Decrease) in Cash	121,444	(1,377)	120,067
Cash and Cash Equivalents - July 1	<u>796,373</u>	<u>1,377</u>	<u>797,750</u>
Cash and Cash Equivalents - June 30	<u>\$ 917,817</u>	<u>\$ -</u>	<u>\$ 917,817</u>

CITY OF JOHN DAY
Water Utility Fund Combining Schedules
Schedule of Cash Flows
Year Ended June 30, 2019

Reconciliation of Operating Income (Loss)
to Net Cash Provided (Used) By Operating Activities:

Operating Income (Loss)	\$ 156,686	\$ -	\$ 156,686
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	97,109	-	97,109
Legal Fees	-	-	-
(Increase) Decrease In:			
Accounts Receivable	5,661	-	5,661
Prepaid Expenses	-	-	-
Net Pension/OPEB Asset/Liability	15,912	-	15,912
Deferred Outflow of Resources	3,282	-	3,282
Increase (Decrease) In:			
Accounts Payable	4,462	-	4,462
Accrued Liabilities	(2)	-	(2)
Accrued Compensated Absences	395	-	395
Customer Deposits	8,234	-	8,234
Deferred Inflow of Resources	11,089	-	11,089
	<u>11,089</u>	<u>-</u>	<u>11,089</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 302,828</u>	<u>\$ -</u>	<u>\$ 302,828</u>

CITY OF JOHN DAY
Water Utility Fund Combining Schedules
Reconciliation of Budget Basis to Accrual Basis
Year Ended June 30, 2019

	Water Fund	Water Replacement Reserve Fund	Totals
Reconciliation of Beginning Fund Balance to Beginning Net Position:			
Beginning Fund Balance - Budget Basis	\$ 852,986	\$ 1,377	\$ 854,363
Capital Assets	5,356,793	-	5,356,793
Accumulated Depreciation	(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)
	<u>\$ 2,022,792</u>	<u>\$ 1,377</u>	<u>\$ 2,033,883</u>

Reconciliation of Change in Fund Balance to Change in Net Position:

Change in Fund Balance - Budget Basis	\$ 98,920	\$ (1,377)	\$ 97,543
Assets Purchased and Capitalized	6,698	-	6,698
Depreciation on Capital Assets	(97,109)	-	(97,109)
Change in Loans Payable	155,400	-	155,400
Change in Pension Expense	1,216	-	1,216
Change in Accrued Interest	6,208	-	6,208
Change in Due From Other Fund	(37,848)	-	(37,848)
Change in Interest Receivable	4,375	-	4,375
Change in Accrued Compensated Absences	(395)	-	(395)
	<u>\$ 137,466</u>	<u>\$ (1,377)</u>	<u>\$ 136,089</u>

Reconciliation of Ending Fund Balance to Ending Net Position:

Ending Fund Balance - Budget Basis	\$ 951,906	\$ -	\$ 951,906
Capital Assets	5,363,491	-	5,363,491
Accumulated Depreciation	(2,916,134)	-	(2,916,134)
Interest Receivable	6,420	-	6,420
Due From Other Fund	329,492	-	329,492
Net Pension Liability	(94,932)	-	(94,932)
Deferred Outflow of Resources	29,597	-	29,597
Deferred Inflow of Resources	(35,944)	-	(35,944)
Accrued Compensated Absences	(10,109)	-	(10,109)
Loan Payable	(1,460,023)	-	(1,460,023)
Interest Payable	(3,506)	-	(3,506)
	<u>\$ 2,160,258</u>	<u>\$ -</u>	<u>\$ 2,160,258</u>

CITY OF JOHN DAY

Water Utility Fund Budgetary Comparison Schedules – Water Fund Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
User Fees	\$ 589,200	\$ 589,200	\$ 616,461	\$ 27,261
Miscellaneous Income	-	-	477	477
Total Operating Revenues	<u>589,200</u>	<u>589,200</u>	<u>616,938</u>	<u>27,738</u>
Operating Expenses:				
Administration:				
Personal Services	62,155	62,155	50,359	11,796
Materials and Services	45,178	45,178	26,745	18,433
Total Administration Expenses	<u>107,333</u>	<u>107,333</u>	<u>77,104</u>	<u>30,229</u>
Plant Expenses:				
Personal Services	137,799	137,799	120,236	17,563
Materials and Services	140,473	140,473	129,865	10,608
Capital Outlay	100,000	100,000	6,698	93,302
Debt Service	215,000	215,000	209,354	5,646
Motor Pool	35,000	35,000	35,000	-
Contingency	488,449	488,449	-	488,449
Total Plant Expenses	<u>1,116,721</u>	<u>1,116,721</u>	<u>501,153</u>	<u>615,568</u>
Total Operating Expenses	<u>1,224,054</u>	<u>1,224,054</u>	<u>578,257</u>	<u>645,797</u>
Operating Income (Loss)	<u>(634,854)</u>	<u>(634,854)</u>	<u>38,681</u>	<u>(618,059)</u>
Non-Operating Revenues (Expenses):				
Interest Income	2,000	2,000	21,974	19,974
Total Non-Operating Revenues	<u>2,000</u>	<u>2,000</u>	<u>21,974</u>	<u>19,974</u>
Income (Loss) Before Transfers	<u>(632,854)</u>	<u>(632,854)</u>	<u>60,655</u>	<u>(598,085)</u>
Operating Transfers:				
Transfers-In	45,193	45,193	44,369	824
Transfers-Out	(7,837)	(7,837)	(6,104)	1,733
Net Operating Transfers	<u>37,356</u>	<u>37,356</u>	<u>38,265</u>	<u>2,557</u>
Change in Fund Balance	(595,498)	(595,498)	98,920	(595,528)
Fund Balance - July 1	<u>765,498</u>	<u>765,498</u>	<u>852,986</u>	<u>(87,488)</u>
Fund Balance - June 30	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ 951,906</u>	<u>\$ (683,016)</u>

CITY OF JOHN DAY

Water Utility Fund Budgetary Comparison Schedules – Water Replacement Reserve Fund Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
User Fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income	-	-	-	-
Total Operating Revenues	-	-	-	-
Operating Expenses:				
Administration:				
Personal Services	-	-	-	-
Materials and Services	-	-	-	-
Total Administration Expenses	-	-	-	-
Plant Expenses:				
Personal Services	-	-	-	-
Supplies, Repairs, and Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Motor Pool	-	-	-	-
Contingency	-	-	-	-
Total Plant Expenses	-	-	-	-
Total Operating Expenses	-	-	-	-
Operating Income (Loss)	-	-	-	-
Non-Operating Revenues (Expenses):				
Debt Proceeds	-	-	-	-
Interest Income	-	-	-	-
Total Non-Operating Revenues	-	-	-	-
Income (Loss) Before Transfers	-	-	-	-
Operating Transfers:				
Transfers-In	-	-	-	-
Transfers-Out	(1,378)	(1,378)	(1,377)	(1)
Loan to General Fund	-	-	-	-
Net Operating Transfers	(1,378)	(1,378)	(1,377)	(1)
Change in Fund Balance	(1,378)	(1,378)	(1,377)	(1)
Fund Balance - July 1	1,378	1,378	1,377	1
Fund Balance - June 30	\$ -	\$ -	\$ -	\$ -

CITY OF JOHN DAY
Sewer Utility Fund Combining Schedules
Statement of Net Position
Year Ended June 30, 2019

<u>ASSETS</u>	Sewer Fund	Joint Sewer Fund	Treatment Plant Equipment Fund	Sewer Collection Replacement Fund	Total
Current Assets:					
Cash with Depositories	\$ 265,053	\$ 131,216	\$ -	\$ -	\$ 396,269
Accounts Receivable - Utility Customers	63,452	5,923	-	-	69,375
Accounts Receivable - Others	78,845	-	-	-	78,845
Allowance for Doubtful Accounts	(2,809)	-	-	-	(2,809)
Due from Other Funds	-	-	-	-	-
Total Current Assets	<u>404,541</u>	<u>137,139</u>	<u>-</u>	<u>-</u>	<u>541,680</u>
Non-Current Assets:					
Construction in Progress	140,021	-	-	-	140,021
Property, Plant, and Equipment	3,862,933	-	-	-	3,862,933
Accumulated Depreciation	(2,116,290)	-	-	-	(2,116,290)
Net Capital Assets	<u>1,886,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,886,664</u>
Total Assets	<u>2,291,205</u>	<u>137,139</u>	<u>-</u>	<u>-</u>	<u>2,428,344</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Outflows Related to Pension/OPEB	<u>23,203</u>	<u>16,810</u>	<u>-</u>	<u>-</u>	<u>40,013</u>
Total Deferred Outflows of Resources	<u>23,203</u>	<u>16,810</u>	<u>-</u>	<u>-</u>	<u>40,013</u>
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	162,949	1,509	-	-	164,458
Accrued Liabilities	1,532	821	-	-	2,353
Accrued Compensated Absences	9,937	9,484	-	-	19,421
Customer Deposits	-	-	-	-	-
Interest Payable	22,078	-	-	-	22,078
Loans Payable - Current Portion	82,267	-	-	-	82,267
Total Current Liabilities	<u>278,763</u>	<u>11,814</u>	<u>-</u>	<u>-</u>	<u>290,577</u>
Non-Current Liabilities:					
Net Pension Liability/OPEB	82,405	41,154	-	-	123,559
Loans Payable - Non-Current Portion	<u>1,263,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,263,513</u>
Total Non-Current Liabilities	<u>1,345,918</u>	<u>41,154</u>	<u>-</u>	<u>-</u>	<u>1,387,072</u>
Total Liabilities	<u>1,624,681</u>	<u>52,968</u>	<u>-</u>	<u>-</u>	<u>1,677,649</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Inflows Related to Pension/OPEB	<u>20,343</u>	<u>19,032</u>	<u>-</u>	<u>-</u>	<u>39,375</u>
Total Deferred Inflows of Resources	<u>20,343</u>	<u>19,032</u>	<u>-</u>	<u>-</u>	<u>39,375</u>
<u>NET POSITION</u>					
Net Investment in Capital Assets	518,806	-	-	-	518,806
Unrestricted	<u>150,578</u>	<u>81,949</u>	<u>-</u>	<u>-</u>	<u>232,527</u>
Total Net Position	<u>\$ 669,384</u>	<u>\$ 81,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751,333</u>

CITY OF JOHN DAY
Sewer Utility Fund Combining Schedules
Schedule of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2019

	Sewer Fund	Joint Sewer Fund	Treatment Plant Equipment Fund	Sewer Collection Replacement Fund	Totals
Operating Revenues:					
User Fees	\$ 585,133	\$ 68,940	\$ -	\$ -	\$ 654,073
Interfund Charges	-	-	-	-	-
Miscellaneous Income	600	565	-	-	1,165
Total Operating Revenues	<u>585,733</u>	<u>69,505</u>	<u>-</u>	<u>-</u>	<u>655,238</u>
Operating Expenses:					
Personal Services	225,468	151,369	-	-	376,837
Supplies, Repairs, and Services	126,215	85,534	-	-	211,749
Capital Outlay	(1,998)	-	-	-	(1,998)
Depreciation	45,507	-	-	-	45,507
Motor Pool Interfund Charges	30,000	25,000	-	-	55,000
Total Operating Expenses	<u>425,192</u>	<u>261,903</u>	<u>-</u>	<u>-</u>	<u>687,095</u>
Operating Income (Loss)	<u>160,541</u>	<u>(192,398)</u>	<u>-</u>	<u>-</u>	<u>(31,857)</u>
Non-Operating Revenues (Expenses):					
Intergovernmental Revenues	36,500	-	-	-	36,500
Interest Income	7,271	3,057	-	-	10,328
Interest Expense	(45,492)	-	-	-	(45,492)
Total Non-Operating Revenues	<u>(1,721)</u>	<u>3,057</u>	<u>-</u>	<u>-</u>	<u>1,336</u>
Income (Loss) Before Transfers	<u>158,820</u>	<u>(189,341)</u>	<u>-</u>	<u>-</u>	<u>(30,521)</u>
Operating Transfers:					
Transfers-In	12,216	207,487	-	-	219,703
Transfers-Out	(213,091)	(5,604)	(11,381)	(835)	(230,911)
Net Operating Transfers	<u>(200,875)</u>	<u>201,883</u>	<u>(11,381)</u>	<u>(835)</u>	<u>(11,208)</u>
Change in Net Position	(42,055)	12,542	(11,381)	(835)	(41,729)
Total Net Position - July 1	<u>711,439</u>	<u>69,407</u>	<u>11,381</u>	<u>835</u>	<u>793,062</u>
Total Net Position - June 30	<u>\$ 669,384</u>	<u>\$ 81,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751,333</u>

CITY OF JOHN DAY
Sewer Utility Fund Combining Schedules
Schedule of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2019

	Sewer Fund	Joint Sewer Fund	Treatment Plant Equipment Fund	Sewer Collection Replacement Fund	Totals
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 509,894	\$ 68,764	\$ -	\$ -	\$ 578,658
Cash Paid to Employees	(220,311)	(151,272)	-	-	(371,583)
Cash Paid to Suppliers	(87,384)	(84,329)	-	-	(171,713)
Net Cash Provided (Used) by Operating Activities	<u>202,198</u>	<u>(166,837)</u>	<u>-</u>	<u>-</u>	<u>35,361</u>
 Cash Flows from Non-Capital Financing Activities:					
Operating Transfers	(230,875)	176,883	(11,381)	(835)	(66,208)
Interfund Loans	-	-	-	-	-
Intergovernmental Revenues	36,500	-	-	-	36,500
Net Cash Provided by Non-Capital Financing Activities	<u>(194,375)</u>	<u>176,883</u>	<u>(11,381)</u>	<u>(835)</u>	<u>(29,708)</u>
 Cash Flows from Capital and Related Financing Activities:					
Purchases of Capital Assets	(647,801)	-	-	-	(647,801)
Proceeds from Sale of Capital Assets	-	-	-	-	-
Debt Proceeds	350,000	-	-	-	350,000
Principal Paid on Debt	(65,168)	-	-	-	(65,168)
Interest Paid on Debt	(37,606)	-	-	-	(37,606)
Net Cash Used for Capital and Related Financing Activities	<u>(400,575)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(400,575)</u>
 Cash Flows From Investing Activities:					
Interest Received on Investments	7,271	3,057	-	-	10,328
Net Cash Provided by Investing Activities	<u>7,271</u>	<u>3,057</u>	<u>-</u>	<u>-</u>	<u>10,328</u>
Net Increase (Decrease) in Cash	(385,480)	13,103	(11,381)	(835)	(384,593)
Cash and Cash Equivalents - July 1	<u>650,533</u>	<u>118,113</u>	<u>11,381</u>	<u>835</u>	<u>780,862</u>
Cash and Cash Equivalents - June 30	<u>\$ 265,053</u>	<u>\$ 131,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396,269</u>

CITY OF JOHN DAY
Sewer Utility Fund Combining Schedules
Statement of Cash Flows
Year Ended June 30, 2019

Reconciliation of Operating Income (Loss)
to Net Cash Provided (Used) By Operating Activities:

Operating Income (Loss)	\$ 160,541	\$ (192,398)	\$ -	\$ -	\$ (31,857)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	45,507	-	-	-	45,507
(Increase) Decrease In:					
Accounts Receivable	(75,980)	5,842	-	-	(70,138)
Prepaid Expenses	-	-	-	-	-
Net Pension/OPEB Asset/Liability	14,137	8,852	-	-	22,989
Deferred Outflow of Resources	(2,881)	(2,256)	-	-	(5,137)
Increase (Decrease) In:					
Accounts Payable	38,776	1,205	-	-	39,981
Accrued Liabilities	476	97	-	-	573
Accrued Compensated Absenses	9,937	4,603	-	-	14,540
Customer Deposits	-	-	-	-	-
Deferred Inflow of Resources	11,685	7,218	-	-	18,903
Net Cash Provided (Used) by Operating Activities	<u>\$ 202,198</u>	<u>\$ (166,837)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,361</u>

CITY OF JOHN DAY
Sewer Utility Fund Combining Schedules
Reconciliation of Budget Basis to Accrual Basis
Year Ended June 30, 2019

	Sewer Fund	Joint Sewer Fund	Treatment Plant Equipment Fund	Sewer Collection Replacement Fund	Totals
Reconciliation of Beginning Fund Balance to Beginning Net Position:					
Beginning Fund Balance - Budget Basis	\$ 692,711	\$ 117,166	\$ 11,381	\$ 835	\$ 809,877
Capital Assets	3,249,451	-	-	-	3,249,451
Accumulated Depreciation	(2,070,784)	-	-	-	(2,070,784)
Net Pension Liability	(96,542)	(50,006)	-	-	(146,548)
Deferred Outflow of Resources	26,084	19,066	-	-	45,150
Deferred Inflow of Resources	(8,658)	(11,938)	-	-	(20,596)
Accrued Compensated Absences	(5,684)	(4,881)	-	-	(10,565)
Loan Payable	(1,060,947)	-	-	-	(1,060,947)
Interest Payable	(14,192)	-	-	-	(14,192)
	<u>\$ 711,439</u>	<u>\$ 69,407</u>	<u>\$ 11,381</u>	<u>\$ 835</u>	<u>\$ 780,846</u>
Beginning Net Position	<u>\$ 711,439</u>	<u>\$ 69,407</u>	<u>\$ 11,381</u>	<u>\$ 835</u>	<u>\$ 780,846</u>
Reconciliation of Change in Fund Balance to Change in Net Position:					
Change in Fund Balance - Budget Basis	\$ (452,651)	\$ 17,643	\$ (11,381)	\$ (835)	\$ (435,008)
Assets Purchased and Capitalized	753,404	-	-	-	753,404
Depreciation on Capital Assets	(45,507)	-	-	-	(45,507)
Change in Loans Payable	(284,832)	-	-	-	(284,832)
Change in Pension Expense	(330)	(498)	-	-	(828)
Change in Accrued Interest	(7,886)	-	-	-	(7,886)
Change in Due From Other Fund	-	-	-	-	-
Change in Interest Receivable	-	-	-	-	-
Change in Accrued Compensated Absences	(4,253)	(4,603)	-	-	(8,856)
	<u>\$ (42,055)</u>	<u>\$ 12,542</u>	<u>\$ (11,381)</u>	<u>\$ (835)</u>	<u>\$ (29,513)</u>
Increase (Decrease) in Net Position	<u>\$ (42,055)</u>	<u>\$ 12,542</u>	<u>\$ (11,381)</u>	<u>\$ (835)</u>	<u>\$ (29,513)</u>
Reconciliation of Ending Fund Balance to Ending Net Position:					
Ending Fund Balance - Budget Basis	\$ 240,060	\$ 134,809	\$ -	\$ -	\$ 374,869
Capital Assets	4,002,954	-	-	-	4,002,954
Accumulated Depreciation	(2,116,290)	-	-	-	(2,116,290)
Interest Receivable	-	-	-	-	-
Due From Other Fund	-	-	-	-	-
Net Pension Liability	(82,405)	(41,154)	-	-	(123,559)
Deferred Outflow of Resources	23,203	16,810	-	-	40,013
Deferred Inflow of Resources	(20,343)	(19,032)	-	-	(39,375)
Accrued Compensated Absences	(9,937)	(9,484)	-	-	(19,421)
Loan Payable	(1,345,780)	-	-	-	(1,345,780)
Interest Payable	(22,078)	-	-	-	(22,078)
	<u>\$ 669,384</u>	<u>\$ 81,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751,333</u>
Ending Net Position	<u>\$ 669,384</u>	<u>\$ 81,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751,333</u>

CITY OF JOHN DAY
Sewer Utility Fund Budgetary Comparison Schedules – Sewer Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Operating Revenues:				
User Fees	\$ 562,300	\$ 562,300	585,133	\$ 22,833
Grant Proceeds	-	365,500	36,500	(329,000)
Miscellaneous Income	-	-	600	600
Total Operating Revenues	<u>562,300</u>	<u>927,800</u>	<u>622,233</u>	<u>(305,567)</u>
Operating Expenses:				
Administration Expenses:				
Personal Services	62,855	62,855	51,352	11,503
Materials and Services	56,078	56,078	42,646	13,432
Total Administration Expenses	<u>118,933</u>	<u>118,933</u>	<u>93,998</u>	<u>24,935</u>
Plant Expenses:				
Personal Services	85,001	85,001	103,163	(18,162)
Materials and Services	114,045	114,045	57,950	56,095
Capital Outlay	240,000	240,000	144,218	95,782
Debt Service	130,000	156,000	102,774	53,226
Motor Pool	30,000	30,000	30,000	-
Contingency	114,180	222,180	-	222,180
Total Plant Expenses	<u>713,226</u>	<u>847,226</u>	<u>438,105</u>	<u>409,121</u>
Agri-Business Expenses				
Personal Services	88,458	88,458	66,272	22,186
Materials and Services	77,250	77,250	25,619	51,631
Capital Outlay	350,000	700,000	607,286	92,714
Total Agri-Business Expenses	<u>515,708</u>	<u>865,708</u>	<u>699,177</u>	<u>166,531</u>
Total Operating Expenses	<u>1,347,867</u>	<u>1,831,867</u>	<u>1,231,280</u>	<u>600,587</u>
Operating Income (Loss)	<u>(785,567)</u>	<u>(904,067)</u>	<u>(609,047)</u>	<u>(906,154)</u>
Non-Operating Revenues (Expenses):				
Debt Proceeds	350,000	700,000	350,000	350,000
Product Sale Revenue	137,000	137,000	-	137,000
Interest Income	1,630	1,630	7,271	(5,641)
Total Non-Operating Revenues	<u>488,630</u>	<u>838,630</u>	<u>357,271</u>	<u>481,359</u>
Income (Loss) Before Transfers	<u>(296,937)</u>	<u>(65,437)</u>	<u>(251,776)</u>	<u>(424,795)</u>
Operating Transfers:				
Transfers-In	12,217	12,217	12,216	1
Transfers-Out	(214,827)	(214,827)	(213,091)	1,736
Net Operating Transfers	<u>(202,610)</u>	<u>(202,610)</u>	<u>(200,875)</u>	<u>1,737</u>
Change in Fund Balance	(499,547)	(268,047)	(452,651)	(423,058)
Fund Balance - July 1	<u>619,547</u>	<u>619,547</u>	<u>692,711</u>	<u>(73,164)</u>
Fund Balance - June 30	<u>\$ 120,000</u>	<u>\$ 351,500</u>	<u>\$ 240,060</u>	<u>\$ (496,222)</u>

CITY OF JOHN DAY

Sewer Utility Fund Budgetary Comparison Schedules – Joint Sewer Fund Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
User Fees	\$ 68,904	\$ 68,904	\$ 68,940	\$ 36
Miscellaneous Income	-	-	565	565
Total Operating Revenues	<u>68,904</u>	<u>68,904</u>	<u>69,505</u>	<u>601</u>
Operating Expenses:				
Administration Expenses:				
Personal Services	41,455	41,455	33,942	7,513
Materials and Services	17,059	17,059	12,369	4,690
Total Administration Expenses	<u>58,514</u>	<u>58,514</u>	<u>46,311</u>	<u>12,203</u>
Plant Expenses:				
Personal Services	151,442	151,442	112,326	39,116
Materials and Services	116,320	116,320	73,165	43,155
Motor Pool	25,000	25,000	25,000	-
Contingency	5,000	5,000	-	5,000
Total Plant Expenses	<u>297,762</u>	<u>297,762</u>	<u>210,491</u>	<u>87,271</u>
Total Operating Expenses	<u>356,276</u>	<u>356,276</u>	<u>256,802</u>	<u>99,474</u>
Operating Income (Loss)	<u>(287,372)</u>	<u>(287,372)</u>	<u>(187,297)</u>	<u>(98,873)</u>
Non-Operating Revenues (Expenses):				
Intergovernmental Revenues				
Interest Income	230	230	3,057	2,827
Total Non-Operating Revenues	<u>230</u>	<u>230</u>	<u>3,057</u>	<u>2,827</u>
Income (Loss) Before Transfers	<u>(287,142)</u>	<u>(287,142)</u>	<u>(184,240)</u>	<u>(96,046)</u>
Operating Transfers:				
Transfers-In	207,487	207,487	207,487	-
Transfers-Out	(7,340)	(7,340)	(5,604)	1,736
Net Operating Transfers	<u>200,147</u>	<u>200,147</u>	<u>201,883</u>	<u>1,736</u>
Change in Fund Balance	(86,995)	(86,995)	17,643	(94,310)
Fund Balance - July 1	<u>86,995</u>	<u>86,995</u>	<u>117,166</u>	<u>(30,171)</u>
Fund Balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,809</u>	<u>\$ (124,481)</u>

CITY OF JOHN DAY

Sewer Utility Fund Budgetary Comparison Schedules – Treatment Plant Equipment Fund Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
User Fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income	-	-	-	-
Total Operating Revenues	-	-	-	-
Operating Expenses:				
Administration Expenses:				
Personal Services	-	-	-	-
Materials and Services	-	-	-	-
Total Administration Expenses	-	-	-	-
Plant Expenses:				
Personal Services	-	-	-	-
Supplies, Repairs, and Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Motor Pool	-	-	-	-
Contingency	-	-	-	-
Total Plant Expenses	-	-	-	-
Agri-Business Expenses				
Personal Services	-	-	-	-
Materials and Services	-	-	-	-
Total Agri-Business Expenses	-	-	-	-
Total Operating Expenses	-	-	-	-
Operating Income (Loss)	-	-	-	-
Non-Operating Revenues (Expenses):				
Debt Proceeds	-	-	-	-
Intergovernmental Revenues				
Interest Income	-	-	-	-
Total Non-Operating Revenues	-	-	-	-
Income (Loss) Before Transfers	-	-	-	-
Operating Transfers:				
Transfers-In	-	-	-	-
Transfers-Out	(11,381)	(11,381)	(11,381)	-
Net Operating Transfers	(11,381)	(11,381)	(11,381)	-
Change in Fund Balance	(11,381)	(11,381)	(11,381)	-
Fund Balance - July 1	11,381	11,381	11,381	-
Fund Balance - June 30	\$ -	\$ -	\$ -	\$ -

CITY OF JOHN DAY

Sewer Utility Fund Budgetary Comparison Schedules – Sewer Collection Replacement Fund Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
User Fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income	-	-	-	-
Total Operating Revenues	-	-	-	-
Operating Expenses:				
Administration Expenses:				
Personal Services	-	-	-	-
Materials and Services	-	-	-	-
Total Administration Expenses	-	-	-	-
Plant Expenses:				
Personal Services	-	-	-	-
Supplies, Repairs, and Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Motor Pool	-	-	-	-
Contingency	-	-	-	-
Total Plant Expenses	-	-	-	-
Agri-Business Expenses				
Personal Services	-	-	-	-
Materials and Services	-	-	-	-
Total Agri-Business Expenses	-	-	-	-
Total Operating Expenses	-	-	-	-
Operating Income (Loss)	-	-	-	-
Non-Operating Revenues (Expenses):				
Debt Proceeds	-	-	-	-
Intergovernmental Revenues				
Interest Income	-	-	-	-
Total Non-Operating Revenues	-	-	-	-
Income (Loss) Before Transfers	-	-	-	-
Operating Transfers:				
Transfers-In	-	-	-	-
Transfers-Out	(836)	(836)	(835)	(1)
Net Operating Transfers	(836)	(836)	(835)	(1)
Change in Fund Balance	(836)	(836)	(835)	(1)
Fund Balance - July 1	836	836	835	1
Fund Balance - June 30	\$ -	\$ -	\$ -	\$ -

CITY OF JOHN DAY
Internal Service Fund Combining Schedules
Schedule of Net Position
June 30, 2019

<u>ASSETS</u>	Motor Pool	Unpaid Compensation	Totals
Current Assets:			
Cash with Depositories	\$ 256,741	\$ 142,233	\$ 398,974
Accounts Receivable - Utility Customers	-	-	-
Accounts Receivable - Others	536	-	536
Allowance for Doubtful Accounts	-	-	-
Due from Other Funds	-	-	-
Total Current Assets	<u>257,277</u>	<u>142,233</u>	<u>399,510</u>
Non-Current Assets:			
Construction in Progress	42,711	-	42,711
Property, Plant, and Equipment	925,796	-	925,796
Accumulated Depreciation	(721,284)	-	(721,284)
Net Capital Assets	<u>247,223</u>	<u>-</u>	<u>247,223</u>
Total Assets	<u>504,500</u>	<u>142,233</u>	<u>646,733</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pension/OPEB	<u>3,906</u>	<u>4,080</u>	<u>7,986</u>
Total Deferred Outflows of Resources	<u>3,906</u>	<u>4,080</u>	<u>7,986</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	19,446	77	19,523
Accrued Liabilities	-	-	-
Accrued Compensated Absences	4,425	-	4,425
Customer Deposits	-	-	-
Interest Payable	-	-	-
Loans Payable - Current Portion	-	-	-
Total Current Liabilities	<u>23,871</u>	<u>77</u>	<u>23,948</u>
Non-Current Liabilities:			
Net Pension Liability/OPEB	8,903	5,973	14,876
Loans Payable - Non-Current Portion	-	-	-
Total Non-Current Liabilities	<u>8,903</u>	<u>5,973</u>	<u>14,876</u>
Total Liabilities	<u>32,774</u>	<u>6,050</u>	<u>38,824</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pension/OPEB	<u>5,036</u>	<u>8,397</u>	<u>13,433</u>
Total Deferred Inflows of Resources	<u>5,036</u>	<u>8,397</u>	<u>13,433</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	247,223	-	247,223
Unrestricted	223,373	131,866	355,239
Total Net Position	<u>\$ 470,596</u>	<u>\$ 131,866</u>	<u>\$ 602,462</u>

CITY OF JOHN DAY
Internal Service Fund Combining Schedules
Schedule of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2019

	Motor Pool	Unpaid Compensation	Totals
Operating Revenues:			
User Fees	\$ 4,959	\$ -	\$ 4,959
Interfund Charges	157,000	95,708	252,708
Miscellaneous Income	4,516	-	4,516
Total Operating Revenues	166,475	95,708	262,183
Operating Expenses:			
Personal Services	48,908	13,523	62,431
Supplies, Repairs, and Services	75,123	-	75,123
Capital Outlay	-	-	-
Depreciation	47,456	-	47,456
Motor Pool Interfund Charges	-	-	-
Total Operating Expenses	171,487	13,523	185,010
Operating Income (Loss)	(5,012)	82,185	77,173
Non-Operating Revenues (Expenses):			
Interest Income	6,058	2,964	9,022
Total Non-Operating Revenues	6,058	2,964	9,022
Income (Loss) Before Transfers	1,046	85,149	86,195
Operating Transfers:			
Transfers-In	-	-	-
Transfers-Out	-	-	-
Net Operating Transfers	-	-	-
Change in Net Position	1,046	85,149	86,195
Total Net Position - July 1	469,550	46,717	516,267
Total Net Position - June 30	\$ 470,596	\$ 131,866	\$ 602,462

CITY OF JOHN DAY
Internal Service Fund Combining Schedules
Schedule of Cash Flows
Year Ended June 30, 2019

	Motor Pool	Unpaid Compensation	Totals
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 165,777	\$ 95,708	\$ 261,485
Cash Paid to Employees	(48,454)	(7,862)	(56,316)
Cash Paid to Suppliers	(57,597)	-	(57,597)
Net Cash Provided (Used) by Operating Activities	<u>59,726</u>	<u>87,846</u>	<u>147,572</u>
Cash Flows from Non-Capital Financing Activities:			
Operating Transfers	-	-	-
Interfund Loans	-	-	-
Intergovernmental Revenues	-	-	-
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(48,983)	-	(48,983)
Proceeds from Sale of Capital Assets	-	-	-
Debt Proceeds	-	-	-
Principal Paid on Debt	-	-	-
Interest Paid on Debt	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(48,983)</u>	<u>-</u>	<u>(48,983)</u>
Cash Flows From Investing Activities:			
Interest Received on Investments	<u>6,058</u>	<u>2,964</u>	<u>9,022</u>
Net Cash Provided by Investing Activities	<u>6,058</u>	<u>2,964</u>	<u>9,022</u>
Net Increase (Decrease) in Cash	16,801	90,810	107,611
Cash and Cash Equivalents - July 1	<u>239,940</u>	<u>51,423</u>	<u>291,363</u>
Cash and Cash Equivalents - June 30	<u>\$ 256,741</u>	<u>\$ 142,233</u>	<u>\$ 398,974</u>

CITY OF JOHN DAY
Internal Service Fund Combining Schedules
Schedule of Cash Flows
Year Ended June 30, 2019

Reconciliation of Operating Income (Loss)

to Net Cash Provided (Used) By Operating Activities:

Operating Income (Loss)	\$ (5,012)	\$ 82,185	\$ 77,173
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	47,456	-	47,456
(Increase) Decrease In:			
Accounts Receivable	698	-	698
Prepaid Expenses	-	-	-
Net Pension/OPEB Asset/Liability	1,978	(1,845)	133
Deferred Outflow of Resources	504	470	974
Increase (Decrease) In:			
Accounts Payable	11,067	5	11,072
Accrued Liabilities	(134)	5,552	5,418
Accrued Compensated Absences	1,584	-	1,584
Customer Deposits	-	-	-
Deferred Inflow of Resources	1,585	1,479	3,064
	<u>1,585</u>	<u>1,479</u>	<u>3,064</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 59,726</u>	<u>\$ 87,846</u>	<u>\$ 147,572</u>

CITY OF JOHN DAY
Internal Service Fund Combining Schedules
Reconciliation of Budget Basis to Accrual Basis
Year Ended June 30, 2019

	<u>Motor Pool</u>	<u>Unpaid Compensation</u>	<u>Totals</u>
Reconciliation of Beginning Fund Balance to Beginning Net Position:			
Beginning Fund Balance - Budget Basis	\$ 238,380	\$ 56,903	\$ 295,283
Capital Assets	924,760	-	924,760
Accumulated Depreciation	(680,828)	-	(680,828)
Deferred Outflow of Resources	4,410	(7,818)	(3,408)
Net Pension Liability	(10,881)	4,550	(6,331)
Deferred Inflow of Resources	(3,451)	(6,918)	(10,369)
Accrued Compensated Absences	(2,840)	-	(2,840)
	<u>(2,840)</u>	<u>-</u>	<u>(2,840)</u>
Beginning Net Position	<u>\$ 469,550</u>	<u>\$ 46,717</u>	<u>\$ 516,267</u>

Reconciliation of Change in Fund Balance to Change in Net Position:			
Change in Fund Balance - Budget Basis	\$ (548)	\$ 85,253	\$ 84,705
Assets Purchased and Capitalized	50,635	-	50,635
Depreciation on Capital Assets	(47,456)	-	(47,456)
Change in Pension Expense	-	-	-
Change in Accrued Compensated Absences	(1,585)	-	(1,585)
	<u>(1,585)</u>	<u>-</u>	<u>(1,585)</u>
Increase (Decrease) in Net Position	<u>\$ 1,046</u>	<u>\$ 85,253</u>	<u>\$ 86,299</u>

Reconciliation of Ending Fund Balance to Ending Net Position:			
Ending Fund Balance - Budget Basis	\$ 237,832	\$ 142,156	\$ 379,988
Capital Assets	968,506	-	968,506
Accumulated Depreciation	(721,284)	-	(721,284)
Net Pension Liability	(8,903)	(5,973)	(14,876)
Deferred Outflow of Resources	3,906	4,080	7,986
Deferred Inflow of Resources	(5,036)	(8,397)	(13,433)
Accrued Compensated Absences	(4,425)	-	(4,425)
	<u>(4,425)</u>	<u>-</u>	<u>(4,425)</u>
Ending Net Position	<u>\$ 470,596</u>	<u>\$ 131,866</u>	<u>\$ 602,462</u>

CITY OF JOHN DAY

Internal Service Fund Budgetary Comparison Schedules – Motor Pool Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Intergovernmental Income	\$ 5,920	\$ 5,920	\$ 4,959	\$ (961)
Interfund Charges	157,000	157,000	157,000	-
Miscellaneous Income	100	100	4,516	4,416
Total Operating Revenues	163,020	163,020	166,475	3,455
Operating Expenses:				
Motor Pool:				
Personal Services	66,615	66,615	47,213	19,402
Materials and Services	82,570	82,570	68,782	13,788
Capital Outlay	183,080	183,080	22,086	160,994
Total Motor Pool Expenses	332,265	332,265	138,081	194,184
Police Expenses:				
Materials and Services	29,400	29,400	19,061	10,339
Capital Outlay	-	-	-	-
Total Police Expenses	29,400	29,400	19,061	10,339
Fire Expenses:				
Materials and Services	23,670	23,670	15,940	7,730
Capital Outlay	-	-	-	-
Total Fire Expenses	23,670	23,670	15,940	7,730
Total Operating Expenses	385,335	385,335	173,082	212,253
Operating Income (Loss)	(222,315)	(222,315)	(6,607)	(208,798)
Non-Operating Revenues (Expenses):				
Interest Income	880	880	6,059	(5,179)
Total Non-Operating Revenues	880	880	6,059	(5,179)
Income (Loss) Before Transfers	(221,435)	(221,435)	(548)	(213,977)
Operating Transfers:				
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
Net Operating Transfers	-	-	-	-
Change in Fund Balance	(221,435)	(221,435)	(548)	(213,977)
Fund Balance - July 1	221,435	221,435	238,380	(16,945)
Fund Balance - June 30	\$ -	\$ -	\$ 237,832	\$ (230,922)

CITY OF JOHN DAY

Internal Service Fund Budgetary Comparison Schedules – Unpaid Compensation Fund Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Interfund Charges	\$ 95,708	\$ 95,708	\$ 95,708	\$ -
Interest Income	380	380	2,964	2,584
Total Operating Revenues	<u>96,088</u>	<u>96,088</u>	<u>98,672</u>	<u>2,584</u>
Operating Expenses:				
Administration:				
Personal Services	106,640	106,640	13,419	93,221
Total Motor Pool Expenses	<u>106,640</u>	<u>106,640</u>	<u>13,419</u>	<u>93,221</u>
Total Operating Expenses	<u>106,640</u>	<u>106,640</u>	<u>13,419</u>	<u>93,221</u>
Operating Income (Loss)	<u>(10,552)</u>	<u>(10,552)</u>	<u>85,253</u>	<u>(90,637)</u>
Non-Operating Revenues (Expenses):				
Interest Income	-	-	-	-
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers	<u>(10,552)</u>	<u>(10,552)</u>	<u>85,253</u>	<u>(90,637)</u>
Operating Transfers:				
Transfers-In	-	-	-	-
Transfers-Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	(10,552)	(10,552)	85,253	(90,637)
Fund Balance - July 1	<u>10,552</u>	<u>10,552</u>	<u>56,903</u>	<u>(46,351)</u>
Fund Balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,156</u>	<u>\$ (136,988)</u>



INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of City of John Day as of and for the year ended June 30, 2019, and have issued our report thereon dated December 3, 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 City of John Day's financial statements are free of material misstatement, we performed tests 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 statements 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.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered City of John Day's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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.

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

Gaslin Accounting CPA's PC

Robert Gaslin CPA
December 3, 2019