

CITY OF JOHN DAY, OREGON
**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2009



CITY OF JOHN DAY, OREGON
CITY COUNCIL AND OFFICIALS
June 30, 2009

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
Bob Quinton	John Day	Mayor
Steve Schuette	John Day	Council President
Don Caldwell	John Day	Councilor
Jack Grubbs	John Day	Councilor
Chris Labhart	John Day	Councilor
Donn Willey	John Day	Councilor
Eugene Officer	John Day	Councilor
Peggy Gray	Canyon City	City Manager
Peggy Hamlin	John Day	City Recorder-Treasurer
Bryant, Lovlien and Jarvis, P.C.	Bend	City Attorney

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CITY OF JOHN DAY, OREGON
**INDEPENDENT AUDITORS' REPORT AND
 FINANCIAL STATEMENTS**
 June 30, 2009

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the city of John Day, Oregon (the city), as of and for the year ended June 30, 2009, which collectively comprise the city's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the city's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the city's 2008 financial statements and, in our report dated October 20, 2008, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the city as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2009, on our consideration of the city's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of city management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the city's basic financial statements. The accompanying combining and individual nonmajor fund, the budgetary comparison schedules and supplementary schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Oster Professional Group, CPA's, PC

By Robert H. Armstrong

John Day, Oregon
October 23, 2009

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

This document presents the highlights of the financial activities and financial position for the city of John Day (the city). This analysis will focus on significant financial issues, major financial activities and the resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the city. Please review this document in conjunction with the Independent Auditors' Report and the city's financial statements.

FINANCIAL HIGHLIGHTS

The city's total net assets decreased during the year by almost \$450,000 or around 7 percent. Half of this decrease can be attributed to depreciation on capital assets and principal payments on long term debt. The other half of this decrease is due to expenditures in excess of revenue.

The loss of county road funds in previous years has left the city with a significant need in the Street Fund. The city is presently maintaining the road system with reserves from prior years. Additionally, the city's public safety expenditures are in excess of the property taxes collected. While other revenues have traditionally made up the difference between taxes and expenses, this is no longer the case. The city continues to maintain the same level of police and fire protection through use of prior reserves. These public safety departments also receive significant contributions of time from volunteers.

The city's sewer collection system and treatment plant continue to operate with current rates covering the costs of operations. However, the city's water rates are not generating the revenue needed to cover the costs of production and distribution of water to utility customers and the cost of debt service. Anticipated increases in revenue due to the new meters being more accurate has not been as significant as expected.

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 Assets, Statement of Activities, fund financial statements and Notes to Basic Financial Statements. Statements of Net Assets 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 Assets 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 assets.
 - 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 column and the remaining funds are combined into a

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

single column. Budgetary comparison schedules are presented for the General Fund, the Street Fund and the 911 Fund.

- ◆ **Other Supplemental Information and Schedules.** Readers desiring additional information may find it in the combining and individual schedules of revenues, expenditures and changes in fund balance in this section of the audit report. The other schedules section informs the reader about property tax transactions.
- ◆ **Comments and Disclosures.** This includes supplemental communication on city compliance and internal controls as required by Oregon statute and Government Auditing Standards.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1
Condensed Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	June 30, 2009 Total	June 30, 2008 Total
Cash and investments	\$ 860,797	\$ 596,316	\$ 1,457,113	\$ 1,722,429
Other current assets	70,340	79,740	150,080	285,719
Capital assets	2,684,168	4,877,284	7,561,452	7,906,131
Total assets	3,615,305	5,553,340	9,168,645	9,914,279
Current liabilities	58,916	225,138	284,054	481,919
Long-term liabilities	131,014	2,783,299	2,914,313	3,014,877
Total liabilities	189,930	3,008,437	3,198,367	3,496,796
Net assets				
Invested in capital assets, net of related debt	2,546,226	1,917,950	4,464,176	4,807,392
Unrestricted	879,149	626,953	1,506,102	1,610,091
Total net assets	\$ 3,425,375	\$ 2,544,903	\$ 5,970,278	\$ 6,417,483

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

Governmental Activities:

- ◆ The city continues to spend reserves in Governmental Activities to maintain the present level of services. General cost cutting efforts continue to be made where appropriate.
- ◆ The Fire Department was the victim of aggressive marketing by a vendor that resulted in receiving and paying for excessive supplies prior to it being stopped by city personnel. A portion of these supplies are anticipated to be sold to other local agencies to recoup some of the costs.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

Business-type Activities:

- ◆ The net assets in the business-type activity funds declined primarily due to utility rates not meeting the costs associated with operating and maintaining the utility systems.
- ◆ The method of calculating reimbursements from Canyon City for the share of costs associated with operating the treatment plant was changed, reducing the amount received from Canyon City.

Table 2
Condensed Statement of Changes in Net Assets
June 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>June 30, 2009 Total</u>	<u>June 30, 2008 Total</u>
Revenues				
Program revenues				
Charges for services	\$ 168,290	\$ 870,223	\$ 1,038,513	\$ 1,001,835
Grants and contributions	354,024	-	354,024	492,389
General revenues				
Taxes	237,505	-	237,505	231,026
Fees and licenses	155,926	-	155,926	152,416
Interest	18,051	12,611	30,662	89,938
Other revenues	84,617	1,450	86,067	100,824
Total revenues	<u>1,018,413</u>	<u>884,284</u>	<u>1,902,697</u>	<u>2,068,428</u>
Expenses				
General government	159,300	-	159,300	140,511
Streets	281,873	-	281,873	306,200
Public safety	852,264	-	852,264	785,519
Utilities	-	1,056,465	1,056,465	969,698
Total expenses	<u>1,293,437</u>	<u>1,056,465</u>	<u>2,349,902</u>	<u>2,201,928</u>
Changes in net assets	<u>\$ (275,024)</u>	<u>\$ (172,181)</u>	<u>\$ (447,205)</u>	<u>\$ (133,500)</u>

FUND ANALYSIS

General Fund

The General Fund expenditures exceeded revenues by almost \$32,000 in the current year. A portion of this can be attributed to aggressive vendor sales that were not caught quickly by city staff.

The city continues to look for ways to provide the present level of services without imposing new fees or significantly increasing present fees. The primary expenditures from the General Fund are for police services and fire protection.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

Street Fund

The decrease in the Street Fund is primarily related to a significant reduction in income from previous years. The city no longer receives road funds from the county. Additionally, the decline in interest rates resulted in earnings only 25 percent of the interest earned in the previous year. The lack of income has resulted in the city spending reserves for basic street maintenance.

911 Fund

The increase in the 911 Fund was primarily due to revenue in excess of expectations and conservative spending significantly below budgeted amounts.

Water Fund

The Water Fund's net assets declined significantly due primarily to water rates that are not meeting the costs of the water system. Expected revenue increases of 5%-10% from the new radio read meters failed to materialize in the current year.

Sewer Fund

The decrease in the Sewer Fund's net assets is primarily due to increased transfers to the Joint Sewer Fund. This transfer was necessary due to the recalculation of the rate of reimbursement from Canyon City.

Joint Sewer Fund

The Joint Sewer Fund's net assets increased from the prior year due to increased transfers from the Sewer Fund.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

Table 3
Change in Fund Balance/Net Assets - Major Funds
June 30, 2009

Governmental Funds	General Fund	Street Fund	911 Fund
Beginning fund balance	\$ 166,794	\$ 384,863	\$ 259,813
Add revenues	482,708	97,363	366,217
Less expenditures	(507,635)	(256,401)	(327,807)
Add (less) transfers	(6,983)	(588)	7,684
Change in fund balance	(31,910)	(159,626)	46,094
Ending fund balance	<u>\$ 134,884</u>	<u>\$ 225,237</u>	<u>\$ 305,907</u>
Proprietary Funds	Water Fund	Sewer Fund	Joint Sewer Fund
Beginning net assets	\$ 1,727,517	\$ 512,628	\$ 29,037
Add revenues	441,310	370,527	60,608
Less expenditures	(600,103)	(260,332)	(166,013)
Add (less) transfers	(10,585)	(158,624)	146,796
Change in net assets	(169,378)	(48,429)	41,391
Ending net assets	<u>\$ 1,558,139</u>	<u>\$ 464,199</u>	<u>\$ 70,428</u>

GENERAL FUND BUDGET ANALYSIS

Table 4
General Fund Significant Budget Variations
June 30, 2009

<u>Revenues</u>	Final Budget	Actual	Difference
Beginning fund balance	\$ 143,833	\$ 166,794	\$ 22,961
Property tax	221,783	236,640	14,857
<u>Expenditures</u>			
Personnel services	\$ 236,245	\$ 212,927	\$ (23,318)
Employer paid benefits	130,163	116,666	(13,497)
Materials and services	181,064	162,046	(19,018)
Capital outlay	34,500	2,685	(31,815)

Beginning fund balance is estimated during the budget process as the difference between projected revenues and expenditures. The projected expenditures were lower than anticipated resulting in a larger net working capital.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

Property taxes are estimated based on information provided by the County Tax Assessor's office. This estimate assumes a collection rate of 89% for current taxes and a flat dollar figure of \$12,000 for delinquent taxes. During the fiscal year the collection rate for current property taxes was 90% with \$17,834 collected for delinquent taxes.

Wages and salaries were estimated based on annual salaries with long time employees. Turnover during the year in the city recorder position and the utility billing position resulted in those positions being paid lower in the pay scale.

Employer paid employee benefits is comprised of several costs including health insurance premiums, employer paid taxes and PERS. Employer paid taxes and PERS will show a decrease if the wages are decreased as they are calculated on the gross wages.

Materials and services is comprised of the costs to operate the administration, police and fire departments throughout the fiscal year. The city budgeted for election expenses in the amount of \$3,400 and equipment testing of \$7,000, of which none was expended. On the other hand, legal fees exceeded the budgeted amount by \$5,600 and office supplies exceeded budget by \$12,900. The city was able to keep other expenditure lines under budget.

There was no significant capital outlay during the year. The city budgeted for the possibility of beginning work on a new fire hall. However, no work was done during the year.

There were no changes to the original adopted budget for the General Fund during the year.

CAPITAL ASSET ACTIVITY

For the Year ended June 30, 2009, the city had no significant capital projects.

Table 5
Capital Assets Net of Accumulated Depreciation
June 30, 2009

	Governmental Activities	Business-type Activities	June 30, 2009 Total	June 30, 2008 Total
Land	\$ 190,017	\$ 185,937	\$ 375,954	\$ 375,954
Buildings	254,460	159,806	414,266	452,553
Street Improvements / Utility system	1,737,299	4,152,506	5,889,805	6,050,886
Equipment	502,392	379,035	881,427	880,581
Construction in progress	-	-	-	146,157
Total capital assets	<u>\$ 2,684,168</u>	<u>\$ 4,877,284</u>	<u>\$ 7,561,452</u>	<u>\$ 7,906,131</u>

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

LONG-TERM DEBT ACTIVITY

Table 6
Outstanding Debt
June 30, 2009

	Governmental Activities	Business-type Activities	June 30, 2009 Total	June 30, 2008 Total
Water system improvement loan	\$ -	\$ 979,442	\$ 979,442	\$ 1,015,445
Airport industrial park loan	-	1,897,362	1,897,362	1,951,887
Fire station property purchase agreement	137,942	-	137,942	145,000
Total outstanding debt	<u>\$ 137,942</u>	<u>\$ 2,876,804</u>	<u>\$ 3,014,746</u>	<u>\$ 3,112,332</u>

The Water System Improvement Loan is a loan that was obtained in 2002 for west-end water improvements. Principal payments for the year totaled \$36,003. See Notes 4 and 5 for more information on this loan.

The Airport Industrial Park Loan is a loan that was obtained in 2003. The city has received a total of \$1,969,517 from the loan. Principal payments for the year totaled \$54,525 during the year. See Notes 4 and 6 for more information on this loan.

The city entered into a contract with Stella Lang for the purchase of real property located at 316 S. Canyon Blvd., this property will be the site for a new fire station. Principal payments for the year totaled \$7,058 during the year. See Notes 4 and 7 for more information on this loan.

ECONOMIC FACTORS:

The city of John Day is not unlike many other small communities in Oregon. The economy is still highly dependent on natural resources such as timber and agriculture and these two sectors are experiencing a decline in jobs. Due to the continuing decline in the timber products industry, the community has been unable to stabilize unemployment rates. Overall the business atmosphere has been stagnant. While jobs have been created in some small sectors, overall the community has been hurt by the decreasing profitability of the lumber mills. This, combined with the national economic recession, has resulted in some local business closures. Unemployment rates in Grant County continue to be among the highest in the state.

Steps have been taken to mitigate these effects, primarily the creation of the Grant County Airport Industrial Park. The city of John Day and Grant County have successfully developed the Grant County Airport Industrial Park. The first 27 one-acre lots have utilities to them and are ready for development. The Grant County Airport Industrial Park received state certification on November 12, 2004 for general manufacturing, warehouse and distribution and rural industrial business. The park has three tenants, and the county continues to market the park to potential industries. The city created a new zoning district called the Airport Industrial Park (AIP). The AIP District is intended to provide for compatible land use adjacent to the airport and provide for economic development consistent with Oregon's Certified Industrial Lands program.

The city also updated the A-A Overlay Zone in the development code this year creating a new zoning district entitled the Airport Safety and Compatibility Overlay Zone. This new zone is to encourage and support the continued operation and vitality of the airport and to support compatible land uses adjacent to the airport. The updated zoning is directly related to increasing economic development opportunities within Grant County. With

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

the adoption of these two zoning districts; the city is now in the position to begin the process of annexing the Industrial Park into the city.

The city is in the process of reviewing water and sewer charges in order to increase its replacement reserves. Currently the city has some reserves for incidental repairs to the system, but a significant breakdown in the system would cost more than the city presently has available. A part of the potential change in charges will include system development charges (SDCs). The city is developing an ordinance for public input on SDCs which would be a charge for new connections to the water and sewer system. Additionally the city is in the process of reviewing its current user rate structure to identify the appropriate base and variable rates.

FINANCIAL CONTACT

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

BASIC FINANCIAL STATEMENTS

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities
ASSETS		
Cash and investments	\$ 860,797	\$ 596,316
Receivables		
Property taxes (net of allowance)	41,667	1,324
Other	24,924	77,410
Prepaid expenses	3,749	1,006
Capital assets (net of accumulated depreciation)		
Construction in progress	-	-
Land	190,017	185,937
Buildings and infrastructure	1,991,759	4,312,312
Equipment	502,392	379,035
Total capital assets	2,684,168	4,877,284
Total assets	3,615,305	5,553,340
LIABILITIES		
Accounts payable	12,800	20,461
Accrued liabilities	39,077	23,152
Deposits payable	111	5,490
Accrued interest payable	-	82,530
Loans payable		
Due within one year	6,928	93,505
Due in more than one year	131,014	2,783,299
Total liabilities	189,930	3,008,437
NET ASSETS		
Investment in capital assets, net of related debt	2,546,226	1,917,950
Unrestricted	879,149	626,953
Total net assets	\$ 3,425,375	\$ 2,544,903

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

Total	
June 30, 2009	June 30, 2008
\$ 1,457,113	\$ 1,722,429
42,991	42,210
102,334	242,441
4,755	1,068
-	3,428
375,954	375,954
6,304,071	6,507,144
881,427	1,019,605
<u>7,561,452</u>	<u>7,906,131</u>
<u>9,168,645</u>	<u>9,914,279</u>
33,261	233,547
62,229	61,073
5,601	5,981
82,530	83,862
100,433	97,456
<u>2,914,313</u>	<u>3,014,877</u>
<u>3,198,367</u>	<u>3,496,796</u>
4,464,176	4,807,392
1,506,102	1,610,091
<u>\$ 5,970,278</u>	<u>\$ 6,417,483</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2009

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ (157,553)	\$ 8,919	\$ -	\$ -
Police	(349,839)	9,129	-	-
Fire	(140,946)	33,262	-	-
Emergency services	(361,479)	72,776	282,916	-
Streets	(281,873)	44,204	71,108	-
Museums	(1,747)	-	-	-
Total governmental activities	\$ (1,293,437)	\$ 168,290	\$ 354,024	\$ 0
Business-type activities				
Administration	\$ (179,432)	\$ -	\$ -	\$ -
Water	(520,023)	438,712	-	-
Sewer	(357,010)	431,511	-	-
Total business-type activities	\$ (1,056,465)	\$ 870,223	\$ 0	\$ 0

General revenues
Property taxes, levied for general purposes
Fees and licenses
Intergovernmental payments
Grants and awards
Interest income
Miscellaneous
Gain on sale of capital assets
Transfers
Total general revenues
Changes in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	
		June 30, 2009	June 30, 2008
\$ (148,634)	\$ -	\$ (148,634)	\$ (131,801)
(340,710)	-	(340,710)	(337,146)
(107,684)	-	(107,684)	(13,598)
(5,787)	-	(5,787)	64,329
(166,561)	-	(166,561)	(189,032)
(1,747)	-	(1,747)	(2,077)
<u>(771,123)</u>	<u>0</u>	<u>(771,123)</u>	<u>(609,325)</u>
-	(179,432)	(179,432)	(181,197)
-	(81,311)	(81,311)	(4,060)
-	74,501	74,501	86,878
<u>0</u>	<u>(186,242)</u>	<u>(186,242)</u>	<u>(98,379)</u>
237,505	-	237,505	231,026
155,926	-	155,926	152,416
38,792	-	38,792	62,975
5,000	-	5,000	257,000
18,051	12,611	30,662	89,938
39,512	2,763	42,275	51,976
-	-	-	(271,127)
1,313	(1,313)	-	-
<u>496,099</u>	<u>14,061</u>	<u>510,160</u>	<u>574,204</u>
(275,024)	(172,181)	(447,205)	(133,500)
<u>3,700,399</u>	<u>2,717,084</u>	<u>6,417,483</u>	<u>6,550,983</u>
<u>\$ 3,425,375</u>	<u>\$ 2,544,903</u>	<u>\$ 5,970,278</u>	<u>\$ 6,417,483</u>

CITY OF JOHN DAY
Grant County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	01 General Fund	06 Street Fund	32 911 Fund
ASSETS	<u> </u>	<u> </u>	<u> </u>
Cash and investments	\$ 133,490	\$ 221,169	\$ 303,751
Receivables			
Taxes	41,667	-	-
Other	3,457	15,262	3,006
Prepaid expenses	3,749	-	-
Total assets	<u>\$ 182,363</u>	<u>\$ 236,431</u>	<u>\$ 306,757</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 5,702	\$ 2,079	\$ 850
Customer deposits	110	-	-
Deferred revenue	41,667	9,115	-
Total liabilities	<u>47,479</u>	<u>11,194</u>	<u>850</u>
Fund balances			
Unreserved reported in			
General fund	134,884	-	-
Special revenue funds	-	225,237	305,907
Total fund balances	<u>134,884</u>	<u>225,237</u>	<u>305,907</u>
Total liabilities and fund balances	<u>\$ 182,363</u>	<u>\$ 236,431</u>	<u>\$ 306,757</u>

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

Nonmajor Governmental Funds	Total	
	June 30, 2009	June 30, 2008
\$ 13,713	\$ 672,123	\$ 868,561
-	41,667	40,802
2,500	24,225	167,990
-	3,749	344
<u>\$ 16,213</u>	<u>\$ 741,764</u>	<u>\$ 1,077,697</u>
\$ 2,715	\$ 11,346	\$ 210,241
-	110	-
-	50,782	41,494
<u>2,715</u>	<u>62,238</u>	<u>251,735</u>
-	134,884	166,794
13,498	544,642	659,168
<u>13,498</u>	<u>679,526</u>	<u>825,962</u>
<u>\$ 16,213</u>	<u>\$ 741,764</u>	<u>\$ 1,077,697</u>

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CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET ASSETS**
June 30, 2009

Total Fund Balances		\$ 679,526
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 4,006,618	
Accumulated depreciation	<u>(1,322,451)</u>	2,684,167
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.		
		41,667
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.		
		9,115
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.		
		(39,077)
Long-term debt not payable in the current year are not reported as governmental fund liabilities.		
		(137,942)
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 assets and liabilities of the internal service funds are reported with governmental activities in the Statement of Net Assets.		
		187,919
Total Net Assets		<u><u>\$ 3,425,375</u></u>

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

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended
June 30, 2009

	01 General Fund	06 Street Fund	32 911 Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes	\$ 236,640	\$ -	\$ -
Intergovernmental revenues	64,116	71,108	355,692
User fees	7,938	422	-
Licenses and fees	155,838	-	-
Fines and forfeitures	7,841	-	-
Interest earned	3,441	5,352	5,640
Miscellaneous income	6,894	20,481	4,885
Total revenues	<u>482,708</u>	<u>97,363</u>	<u>366,217</u>
Expenditures			
General government	81,355	-	-
Culture and recreation	-	-	-
Public safety	423,595	-	326,917
Highways and streets	-	250,128	-
Capital outlay	2,685	6,273	890
Total expenditures	<u>507,635</u>	<u>256,401</u>	<u>327,807</u>
Excess of revenues over (under) expenditures	<u>(24,927)</u>	<u>(159,038)</u>	<u>38,410</u>
Other financing sources (uses)			
Operating transfers	<u>(6,983)</u>	<u>(588)</u>	<u>7,684</u>
Total other financing sources (uses)	<u>(6,983)</u>	<u>(588)</u>	<u>7,684</u>
Net changes in fund balances	(31,910)	(159,626)	46,094
Fund balance at beginning of year	<u>166,794</u>	<u>384,863</u>	<u>259,813</u>
Fund balance at end of year	<u><u>\$ 134,884</u></u>	<u><u>\$ 225,237</u></u>	<u><u>\$ 305,907</u></u>

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

Nonmajor Governmental Funds	Totals	
	June 30, 2009	June 30, 2008
\$ -	\$ 236,640	\$ 226,707
5,000	495,916	821,579
-	8,360	3,701
-	155,838	152,416
-	7,841	7,902
257	14,690	41,348
-	32,260	95,850
<u>5,257</u>	<u>951,545</u>	<u>1,349,503</u>
-	81,355	77,423
-	-	331
7,451	757,963	714,767
-	250,128	270,002
-	9,848	664,049
<u>7,451</u>	<u>1,099,294</u>	<u>1,726,572</u>
<u>(2,194)</u>	<u>(147,749)</u>	<u>(377,069)</u>
<u>1,200</u>	<u>1,313</u>	<u>1,262</u>
<u>1,200</u>	<u>1,313</u>	<u>1,262</u>
(994)	(146,436)	(375,807)
<u>14,492</u>	<u>825,962</u>	<u>1,201,769</u>
<u>\$ 13,498</u>	<u>\$ 679,526</u>	<u>\$ 825,962</u>

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CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**
For the Year Ended
June 30, 2009

Net Change in Fund Balance \$ (146,436)

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

Governmental funds report capital outlay as expenditures. However, 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 exceed current year depreciation.

Expenditures for capital assets	\$ 4,618	
Less current year depreciation	<u>(143,550)</u>	(138,932)

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces liabilities on the Statement of Net Assets.

Loan principal payments		7,058
-------------------------	--	-------

Governmental funds report the effect of accrued compensated absences when paid. In the Statement of Activities, however, compensated absences are recognized when accrued. The change in compensated absences is recognized as an expense on the Statement of Activities.

(1,670)

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 assets of the internal service funds is reported with governmental activities.

(4,330)

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.

865

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

8,421

Change in Net Assets \$ (275,024)

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

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	02 Water Fund	03 Sewer Fund	04 Joint Sewer Fund
ASSETS			
Current assets			
Unrestricted			
Cash with depositories	\$ 30,481	\$ 29,006	\$ 70,018
Water and sewer accounts receivable	40,737	30,264	9,982
Less allowance for doubtful accounts	(2,157)	(1,844)	-
Accounts receivable	102	-	-
Prepaid expenses	503	503	-
Total current assets	<u>69,666</u>	<u>57,929</u>	<u>80,000</u>
Restricted assets			
Taxes receivable	1,471	-	-
Allowance for uncollectibles	(147)	-	-
Total restricted assets	<u>1,324</u>	<u>0</u>	<u>0</u>
Property, plant, and equipment	5,278,557	2,823,241	-
Construction in progress	-	-	-
Less accumulated depreciation	(1,687,446)	(1,537,068)	-
Property, plant, and equipment - net	<u>3,591,111</u>	<u>1,286,173</u>	<u>0</u>
Total assets	<u>3,662,101</u>	<u>1,344,102</u>	<u>80,000</u>
LIABILITIES			
Current liabilities			
Accounts payable	451	122	4,888
Accrued liabilities	12,097	6,371	4,684
Current portion of long-term debt	67,737	25,768	-
Accrued interest	56,972	25,558	-
Payable from restricted assets			
Customer deposits	5,490	-	-
Total current liabilities	<u>142,747</u>	<u>57,819</u>	<u>9,572</u>
Long-term liabilities			
Loan payable - special public works fund	1,961,215	822,084	-
Total long-term liabilities	<u>1,961,215</u>	<u>822,084</u>	<u>0</u>
Total liabilities	<u>2,103,962</u>	<u>879,903</u>	<u>9,572</u>
NET ASSETS			
Restricted for Canyon City contract	-	-	10,992
Unrestricted	1,558,139	464,199	59,436
Total net assets	<u>\$ 1,558,139</u>	<u>\$ 464,199</u>	<u>\$ 70,428</u>

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

Nonmajor Enterprise Funds	Totals		Governmental Activities Internal Service Funds
	June 30, 2009	June 30, 2008	
\$ 466,811	\$ 596,316	\$ 698,438	\$ 188,673
325	81,308	77,621	-
-	(4,001)	(3,967)	-
-	102	149	699
-	1,006	724	-
<u>467,136</u>	<u>674,731</u>	<u>772,965</u>	<u>189,372</u>
-	1,471	1,564	-
-	(147)	(156)	-
<u>0</u>	<u>1,324</u>	<u>1,408</u>	<u>0</u>
-	8,101,798	8,077,219	691,158
-	-	3,428	-
-	(3,224,514)	(3,035,654)	(479,745)
<u>0</u>	<u>4,877,284</u>	<u>5,044,993</u>	<u>211,413</u>
<u>467,136</u>	<u>5,553,339</u>	<u>5,819,366</u>	<u>400,785</u>
15,000	20,461	21,445	1,454
-	23,152	23,665	-
-	93,505	90,528	-
-	82,530	83,862	-
-	5,490	5,981	-
<u>15,000</u>	<u>225,138</u>	<u>225,481</u>	<u>1,454</u>
-	2,783,299	2,876,805	-
<u>0</u>	<u>2,783,299</u>	<u>2,876,805</u>	<u>0</u>
<u>15,000</u>	<u>3,008,437</u>	<u>3,102,286</u>	<u>1,454</u>
-	10,992	10,992	-
452,136	2,533,910	2,706,088	399,331
<u>\$ 452,136</u>	<u>\$ 2,544,902</u>	<u>\$ 2,717,080</u>	<u>\$ 399,331</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended
June 30, 2009

	02 Water Fund	03 Sewer Fund	04 Joint Sewer Fund
	<u> </u>	<u> </u>	<u> </u>
Operating revenues			
User fees	\$ 438,712	\$ 369,093	\$ -
Interfund charges	-	-	-
Miscellaneous income	988	696	1,080
Total operating revenues	<u>439,700</u>	<u>369,789</u>	<u>1,080</u>
Operating expenses			
Administration	95,096	75,361	8,974
Motor pool	-	-	-
Utility operation	505,023	184,971	157,039
Public safety	-	-	-
Total operating expenses	<u>600,119</u>	<u>260,332</u>	<u>166,013</u>
Operating income (loss)	<u>(160,419)</u>	<u>109,457</u>	<u>(164,933)</u>
Nonoperating revenues (expenses)			
Taxes	-	-	-
Intergovernmental revenues	-	-	58,518
Interest earned	1,626	738	1,010
Total nonoperating revenues (expenses)	<u>1,626</u>	<u>738</u>	<u>59,528</u>
Income (loss) before transfers	(158,793)	110,195	(105,405)
Transfers	<u>(10,585)</u>	<u>(178,379)</u>	<u>166,551</u>
Net income (loss)	(169,378)	(68,184)	61,146
Transfer of capital assets	<u>-</u>	<u>19,755</u>	<u>(19,755)</u>
Increase (decrease) in net assets	(169,378)	(48,429)	41,391
Net assets at beginning of year	<u>1,727,517</u>	<u>512,628</u>	<u>29,037</u>
Net assets at end of year	<u>\$ 1,558,139</u>	<u>\$ 464,199</u>	<u>\$ 70,428</u>

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

Nonmajor Enterprise Funds	Totals		Governmental Activities Internal Service Funds
	June 30, 2009	June 30, 2008	
\$ -	\$ 807,805	\$ 798,358	\$ -
-	-	-	125,430
-	2,764	20,390	205
<u>0</u>	<u>810,569</u>	<u>818,748</u>	<u>125,635</u>
-	179,431	181,198	25,487
-	-	-	48,714
30,000	877,033	788,501	-
-	-	-	60,407
<u>30,000</u>	<u>1,056,464</u>	<u>969,699</u>	<u>134,608</u>
<u>(30,000)</u>	<u>(245,895)</u>	<u>(150,951)</u>	<u>(8,973)</u>
-	-	40	-
3,900	62,418	72,344	1,282
9,238	12,612	37,828	3,361
<u>13,138</u>	<u>75,030</u>	<u>110,212</u>	<u>4,643</u>
(16,862)	(170,865)	(40,739)	(4,330)
21,100	(1,313)	(1,262)	-
4,238	(172,178)	(42,001)	(4,330)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,238	(172,178)	(42,001)	(4,330)
447,898	2,717,080	2,759,081	403,661
<u>\$ 452,136</u>	<u>\$ 2,544,902</u>	<u>\$ 2,717,080</u>	<u>\$ 399,331</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2009

	02 Water Fund	03 Sewer Fund	04 Joint Sewer Fund
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities			
Cash received from customers	\$ 437,130	\$ 369,241	\$ 185
Cash paid to employees	(226,607)	(111,708)	(102,679)
Cash paid to suppliers	(251,480)	(89,148)	(74,095)
Net cash from operating activities	<u>(40,957)</u>	<u>168,385</u>	<u>(176,589)</u>
Cash flows from capital activities			
Acquisition of capital assets	(1,395)	-	(19,755)
Capital grants received	-	-	58,518
Principal debt payments	(65,447)	(25,081)	-
Net cash from capital and related financing activities	<u>(66,842)</u>	<u>(25,081)</u>	<u>38,763</u>
Cash flows from non-capital financing activities			
Taxes received	-	-	-
Interfund transfers	(10,585)	(178,379)	166,551
Net cash from non-capital financing activities	<u>(10,585)</u>	<u>(178,379)</u>	<u>166,551</u>
Cash flows from investing activities			
Interest on investments	1,626	738	1,010
Net cash from investing activities	<u>1,626</u>	<u>738</u>	<u>1,010</u>
Net increase (decrease) in cash	(116,758)	(34,337)	29,735
Cash and restricted cash at beginning of year	147,239	63,343	40,283
Cash and restricted cash at end of year	<u>\$ 30,481</u>	<u>\$ 29,006</u>	<u>\$ 70,018</u>
Reconciliation of operating income (loss)			
to net cash provided (used) by operating activities			
Net operating income (loss)	<u>\$ (160,419)</u>	<u>\$ 109,457</u>	<u>\$ (164,933)</u>
Adjustments to reconcile operating income (loss)			
expenses to net cash provided by operating activities			
Depreciation expense	129,096	59,764	-
(Increase) or decrease in			
Accounts receivable	(2,079)	(548)	(895)
Prepaid expenses	(141)	(141)	-
Increase or (decrease) in			
Accounts payable	(5,584)	13	(10,413)
Accrued liabilities	(241)	75	(348)
Accrued interest payable	(1,098)	(235)	-
Customer deposits	(491)	-	-
Total adjustments	<u>119,462</u>	<u>58,928</u>	<u>(11,656)</u>
Net cash provided (used) by operating activities	<u>\$ (40,957)</u>	<u>\$ 168,385</u>	<u>\$ (176,589)</u>

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

Nonmajor Enterprise Funds	Totals		Governmental Activities Internal Service Funds
	June 30, 2009	June 30, 2008	
\$ -	\$ 806,556	\$ 818,704	\$ 125,580
-	(440,994)	(429,976)	(25,487)
(15,000)	(429,723)	(405,808)	(62,220)
<u>(15,000)</u>	<u>(64,161)</u>	<u>(17,080)</u>	<u>37,873</u>
-	(21,150)	(250,971)	(9,273)
3,900	62,418	72,344	1,282
-	(90,528)	(53,414)	-
<u>3,900</u>	<u>(49,260)</u>	<u>(232,041)</u>	<u>(7,991)</u>
-	-	6	-
21,100	(1,313)	(1,262)	-
<u>21,100</u>	<u>(1,313)</u>	<u>(1,256)</u>	<u>-</u>
9,238	12,612	37,828	3,361
<u>9,238</u>	<u>12,612</u>	<u>37,828</u>	<u>3,361</u>
19,238	(102,122)	(212,549)	33,243
447,573	698,438	910,987	155,430
<u>\$ 466,811</u>	<u>\$ 596,316</u>	<u>\$ 698,438</u>	<u>\$ 188,673</u>
\$ (30,000)	\$ (245,895)	\$ (150,951)	\$ (8,973)
-	188,860	168,023	47,310
-	(3,522)	(775)	(56)
-	(282)	112	-
15,000	(984)	2,719	(408)
-	(514)	(2,992)	-
-	(1,333)	(33,947)	-
-	(491)	731	-
<u>15,000</u>	<u>181,734</u>	<u>133,871</u>	<u>46,846</u>
<u>\$ (15,000)</u>	<u>\$ (64,161)</u>	<u>\$ (17,080)</u>	<u>\$ 37,873</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

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. All other officers and employees of the city are appointed by the council. The city provides the following services in accordance with its charter, public safety (police and fire), highway and streets, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

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

A. The Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the city. These statements include the governmental financial activities of the overall city, except fiduciary activities. 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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

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

Fund Financial Statements

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

The city reports the following major governmental funds:

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

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

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

The city reports the following major proprietary funds:

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

Sewer Fund – The Sewer Fund accounts for the operation and maintenance of the city's sewer collection and disposal system.

Joint Sewer Fund – The Joint Sewer Fund accounts for the operation and maintenance of the sewer treatment plant operated jointly with the town of Canyon City.

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 assets available to finance the program. It is the city's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

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. A one-year availability period is used for revenue recognition for all other governmental fund revenues. 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 and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Internal service funds of the city (which provide services primarily to other funds of the city) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the city's governmental activities, financial activities of the internal service funds are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program (administration, police, fire, emergency services, streets and museums) in the statement of activities.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the proprietary fund financial statements to the extent they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. The city has elected to not follow subsequent private sector guidance.

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 \$500 and estimated useful lives in excess of one year.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

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 enterprise funds 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 General Fund are reserved for all amounts expected to be collected after 60 days from the end of the year. This treatment is consistent with prior years.

G. Accumulated Compensated Absences

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

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

H. 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 Assets and the proprietary fund Statement of Net Assets.

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.

I. Cash and Cash Items

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

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

J. 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, 2008, from which the summarized information was derived.

Note 2. Pension Plan

Plan Description

The city contributes to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post-employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS.

During the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired after August 29, 2003, and applies to any inactive PERS members who return to employment following a six-month or greater break in service. The new plan consists of a defined benefit program (Pension Program) and a defined contribution portions (Individual Account Program or IAP). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on the type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership

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Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

prior to creation of OPSRP will be members of both PERS and OPSRP system as long as they remain in covered employment.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700, by calling 1-503-598-7377, or by accessing the PERS web site at www.pers.or.us.

Funding Policy

Plan members are required to contribute 6% of their annual covered salary. The city pays the participants' contribution. The city is required by ORS 238.225 to contribute at an actuarially determined rate. The rate effective July 1, 2007 is 7.95% of payroll covered under the plan for Tier 1/Tier 2 employees. The Tier 1/Tier 2 (T1/T2) rate is divided into two components: a normal cost rate and a UAL (or surplus) amortization rate. The normal cost rate continues to be applied only to T1/T2 payroll. However, the UAL amortization rate of 2.55% is applied to the employer's entire payroll, T1/T2 and OPSRP combined. The dollars collected are applied only to the employer's T1/T2 UAL or surplus and the employer contribution for the OPSRP plan remains at 5.82%.

The following rates are in effect until June 30, 2009:

- T1/T2 payroll – 7.95% (PERS normal cost: 5.43% plus PERS UAL: 2.55%)
- OPSRP payroll – 8.37% (OPSRP rate: 5.82% plus PERS UAL: 2.55%)
- OPSRP police and fire – 11.64% (OPSRP rate: 9.09% plus PERS UAL: 2.55%)

The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. Three-year trend information for PERS costs as required by GASB 27 is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
June 30, 2007	\$ 124,516	100%	\$ -
June 30, 2008	117,724	100%	-
June 30, 2009	109,347	100%	-

Note 3. Deposits and Investments

At June 30, 2009 the carrying amount of the city's deposits was \$245,897 and the bank balance was \$294,329. 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 balances in excess of the FDIC insurance plus 25% of the COPs 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, 2009 none of the city's bank balance was exposed to custodial credit risk.

As of June 30, 2009 the city had \$1,211,216 invested in the Oregon Local Government Investment Pool. The city's position in the pool is stated at cost which approximates fair value.

CITY OF JOHN DAY
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

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

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

Note 4. Changes in Long-Term Debt

The following is a summary of debt of the city for the year ended June 30, 2009:

	Payable at June 30, 2008	Addition	Reduction	Payable at June 30, 2009
Special Public Works Fund Loan Payable - Water System Improvements	\$ 1,015,445	\$ -	\$ 36,003	\$ 979,442
Special Public Works Fund Loan Payable - Airport Industrial Park	1,951,887	-	54,525	1,897,362
Stella Lang Purchase Agreement	145,000	-	7,058	137,942
Accrued Compensated Absences	61,073	1,156		62,229
Totals	\$ 3,173,405	\$ 1,156	\$ 97,586	\$ 3,076,975

Interest expense of \$151,476 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 5. Economic Development Loan Payable

The city applied for and received a loan from the Oregon Economic and Community Development Department's Special Public Works Fund for water system improvements. The loan of \$1,202,500 will be paid over 25 years, including interest of 3.0-5.0% through December 2026. As of June 30, 2009, future payments are as follows:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 36,243	\$ 47,130	\$ 83,373
2011	36,500	45,644	82,144
2012	36,776	44,093	80,869
2013	42,071	42,493	84,564
2014	42,385	40,621	83,006
2015-2019	247,427	171,449	418,876
2020-2024	308,842	105,083	413,925
2025-2027	229,198	23,233	252,431
Total	<u>\$ 979,442</u>	<u>\$ 519,746</u>	<u>\$ 1,499,188</u>

Note 6. Economic Development Loan Payable

The city entered into an agreement on August 29, 2003 to borrow up to \$2,004,000 from the Oregon Economic Development Department Special Public Works Fund for the initial cost of infrastructure to the Grant County Airport Industrial Park. Actual loan advances received were \$1,969,517. Terms of the loan are 24 annual payments of \$152,510 on December 1 of each year including interest of 5.02 percent through December 1, 2028. The first payment was made on December 1, 2006 and was interest only as a result of accrued interest in excess of the payment amount. Accrued interest at June 30, 2009 was \$55,561. As of June 30, 2009, future payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 57,262	\$ 95,248	\$ 152,510
2011	60,137	92,373	152,510
2012	63,156	89,354	152,510
2013	66,326	86,184	152,510
2014	69,656	82,854	152,510
2015-2019	404,376	358,174	762,550
2020-2024	516,589	245,961	762,550
2025-2029	659,860	102,608	762,468
Total	<u>\$ 1,897,362</u>	<u>\$ 1,152,756</u>	<u>\$ 3,050,118</u>

Note 7. Stella Lang Purchase Agreement

The city entered into an agreement on June 30, 2008 to purchase the land and structure located at 316 South Canyon Blvd in John Day, Oregon. The site is intended for a new fire hall to be built at an undetermined date in the future. Terms of the loan are 180 monthly payments of \$1,109.24 on the 1st of each month including interest of 4.50 percent through June 1, 2023. There was no accrued interest at June 30, 2009. As of June 30, 2009, future payments are as follows:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 7,116	\$ 6,195	\$ 13,311
2011	7,579	5,732	13,311
2012	7,927	5,384	13,311
2013	8,291	5,020	13,311
2014	8,672	4,639	13,311
2015-2019	49,714	16,840	66,554
2020-2023	48,643	4,600	53,243
Total	<u>\$ 137,942</u>	<u>\$ 48,410</u>	<u>\$ 186,352</u>

Note 8. Enterprise Fund Segment Information

The city of John Day maintains two enterprise funds that provide public utility services. Selected financial information for business segments of enterprise funds for the year ended June 30, 2009 is presented as follows:

Selected Information	Utilities		Total
	Water	Sewer	
Operating revenues	\$ 439,700	\$ 369,789	\$ 809,489
Depreciation	129,096	59,764	188,860
Operating income	(160,419)	109,457	(50,962)
Net income (loss)	(169,378)	(48,429)	(217,807)
Property and equipment			
Additions	1,396	19,756	21,152
Deletions	-	-	-
Net working capital	63,724	57,807	121,531
Total assets	3,662,101	1,344,102	5,006,203
Total equity	1,558,139	464,199	2,022,338
Special public works loans payable	2,028,952	847,852	2,876,804

Note 9. General Fund Lease Obligations

The city leases certain property and equipment from others. Leased property not having elements of ownership is classified as an operating lease. Operating lease payments are recorded as expenditures when payable. Operating leases include: a Pitney Bowes postage machine requiring 60 monthly payments of \$45 through June 2012; an Ikon copy machine at 60 monthly payments of \$133 through February 2014. Total expenditures on such leases for the fiscal year ended June 30, 2009, were \$1,814. As of June 30, 2009, the city had future minimum payments under operating leases as follows:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

Fiscal Year Ending June 30,	Total Future Lease Payments
2010	\$ 2,136
2011	2,136
2012	2,136
2013	1,596
2014	1,197
Total	\$ 9,201

Note 10. Risk Management

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

Note 11. Receivables

Receivables are presented net of allowances for uncollectible accounts. Receivables are comprised of the following as of June 30, 2009:

	Governmental	Business
Property taxes	\$ 41,667	\$ 1,324
User fees	-	77,409
Other	24,924	-
Total	\$ 66,591	\$ 78,733

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

Note 12. Capital Assets

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

Governmental Activities	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital Assets				
Assets not being depreciated:				
Land	\$ 190,017	\$ -	\$ -	\$ 190,017
Assets being depreciated:				
Buildings	517,289	-	-	517,289
Street improvements	1,874,176	3,221	-	1,877,397
Equipment	1,411,247	10,669	-	1,421,916
Total assets being depreciated	<u>3,802,712</u>	<u>13,890</u>	<u>-</u>	<u>3,816,602</u>
Total capital assets	<u>3,992,729</u>	<u>13,890</u>	<u>-</u>	<u>4,006,619</u>
Accumulated Depreciation				
Buildings	238,880	23,949	-	262,829
Street improvements	90,331	49,767	-	140,098
Equipment	802,380	117,144	-	919,524
Total depreciation	<u>1,131,591</u>	<u>190,860</u>	<u>-</u>	<u>1,322,451</u>
Governmental funds capital assets - net	<u>\$ 2,861,138</u>	<u>\$ (176,970)</u>	<u>\$ -</u>	<u>\$ 2,684,168</u>

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

Business Activities	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital Assets				
Assets not being depreciated:				
Land	\$ 185,937	\$ -	\$ -	\$ 185,937
Construction in progress	3,428	-	3,428	-
Total assets not being depreciated	<u>189,365</u>	<u>-</u>	<u>3,428</u>	<u>185,937</u>
Assets being depreciated:				
Buildings	562,899	-	-	562,899
Utility systems	6,394,338	10,011	-	6,404,349
Equipment	934,045	14,569	-	948,614
Total assets being depreciated	<u>7,891,282</u>	<u>24,580</u>	<u>-</u>	<u>7,915,862</u>
Total capital assets	<u>8,080,647</u>	<u>24,580</u>	<u>3,428</u>	<u>8,101,799</u>
Accumulated Depreciation				
Buildings	389,230	13,863	-	403,093
Utility systems	2,123,117	128,726	-	2,251,843
Equipment	523,307	46,272	-	569,579
Total depreciation	<u>3,035,654</u>	<u>188,861</u>	<u>-</u>	<u>3,224,515</u>
Business activities capital assets - net	<u>\$ 5,044,993</u>	<u>\$ (164,281)</u>	<u>\$ 3,428</u>	<u>\$ 4,877,284</u>

Capital asset beginning balances have been reclassified between categories to better match the city's capital asset system detail. This reclassification did not affect the capital asset or accumulated depreciation totals, but only specific categories.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

Depreciation was charged to the following functions:

Function	Governmental Activities	Business-Type Activities
General operations	\$ 27,477	\$ -
Fire	62,867	-
Police	16,652	-
Streets	51,175	-
Parks	351	-
Museums	1,747	-
Emergency services	30,591	-
Water	-	129,096
Sewer	-	59,765
Total depreciation	<u>\$ 190,860</u>	<u>\$ 188,861</u>

Note 13. Commitments and Contingencies

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

Note 14. Interfund Transfers

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The detail of interfund transfers for the fiscal year ended June 30, 2009 is as follows:

Transfer To	Transfer From	Amount
Joint Sewer Fund	Sewer Fund	\$ 166,551
Nonmajor Fund	Water Fund	10,000
911 Fund	Various funds	7,684
Nonmajor Fund	General Fund	1,200
Nonmajor Fund	Sewer Fund	11,100
Total		<u>\$ 196,535</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - 01
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Revenues				
Taxes	\$ 236,640	\$ 221,783	\$ 221,783	\$ (14,857)
Intergovernmental revenues	64,116	61,024	61,024	(3,092)
Licenses and fees	155,838	154,315	154,315	(1,523)
Fines and forfeitures	7,841	6,500	6,500	(1,341)
Interest earned	3,441	5,000	5,000	1,559
Miscellaneous income	6,894	1,000	1,000	(5,894)
Total revenue	<u>482,708</u>	<u>460,422</u>	<u>460,422</u>	<u>(22,286)</u>
Expenditures				
Administration	82,001	94,193	94,193	12,192
Police	326,476	352,161	352,161	25,685
Fire	99,158	150,918	150,918	51,760
Contingency	-	-	-	-
Total expenditures	<u>507,635</u>	<u>597,272</u>	<u>597,272</u>	<u>89,637</u>
Excess of revenues over (under) expenditures	<u>(24,927)</u>	<u>(136,850)</u>	<u>(136,850)</u>	<u>(111,923)</u>
Other financing sources (uses)				
Transfers out	<u>(6,983)</u>	<u>(6,983)</u>	<u>(6,983)</u>	<u>-</u>
Total other sources (uses)	<u>(6,983)</u>	<u>(6,983)</u>	<u>(6,983)</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(31,910)</u>	<u>(143,833)</u>	<u>(143,833)</u>	<u>(111,923)</u>
Fund balance at beginning of year	<u>166,794</u>	<u>143,833</u>	<u>143,833</u>	<u>(22,961)</u>
Fund balance at end of year	<u>\$ 134,884</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (134,884)</u>

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

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET FUND - 06
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ 71,108	\$ 85,000	\$ 85,000	\$ 13,892
Interest earned	5,352	20,000	20,000	14,648
Miscellaneous income	20,481	-	-	(20,481)
Total revenue	<u>97,363</u>	<u>121,280</u>	<u>121,280</u>	<u>23,917</u>
Expenditures				
Personnel services	174,264	214,688	214,688	40,424
Materials and services	75,864	139,855	139,855	63,991
Capital outlay	6,273	220,124	220,124	213,851
Contingency	-	-	-	-
Total expenditures	<u>256,401</u>	<u>574,667</u>	<u>574,667</u>	<u>318,266</u>
Excess of revenues over (under) expenditures	<u>(159,038)</u>	<u>(453,387)</u>	<u>(453,387)</u>	<u>(294,349)</u>
Other financing sources (uses)				
Transfers out	<u>(588)</u>	<u>(588)</u>	<u>(588)</u>	<u>-</u>
Total other sources (uses)	<u>(588)</u>	<u>(588)</u>	<u>(588)</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(159,626)</u>	<u>(453,975)</u>	<u>(453,975)</u>	<u>(294,349)</u>
Fund balance at beginning of year	<u>384,863</u>	<u>453,975</u>	<u>453,975</u>	<u>69,112</u>
Fund balance at end of year	<u>\$ 225,237</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (225,237)</u>

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

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
911 FUND - 32
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Revenues				
Intergovernmental revenues	\$ 355,692	\$ 292,789	\$ 292,789	\$ (62,903)
Interest earned	5,640	5,000	5,000	(640)
Miscellaneous income	4,885	-	-	(4,885)
Total revenue	<u>366,217</u>	<u>297,789</u>	<u>297,789</u>	<u>(68,428)</u>
Expenditures				
Personnel services	297,029	338,046	338,046	41,017
Materials and services	29,888	62,555	62,555	32,667
Capital outlay	890	43,239	43,239	42,349
Contingency	-	6,000	6,000	6,000
Total expenditures	<u>327,807</u>	<u>449,840</u>	<u>449,840</u>	<u>122,033</u>
Excess of revenues over (under) expenditures	<u>38,410</u>	<u>(152,051)</u>	<u>(152,051)</u>	<u>(190,461)</u>
Other financing sources (uses)				
Transfers in	7,684	7,684	7,684	-
Total other sources (uses)	<u>7,684</u>	<u>7,684</u>	<u>7,684</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	46,094	(144,367)	(144,367)	(190,461)
Fund balance at beginning of year	<u>259,813</u>	<u>144,367</u>	<u>144,367</u>	<u>(115,446)</u>
Fund balance at end of year	<u>\$ 305,907</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (305,907)</u>

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
For the Year Ended
June 30, 2009

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

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

During the year ended June 30, 2009, disbursements in the major funds were within certified budget amounts in all functions.

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SUPPLEMENTARY SCHEDULES

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - 01

For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Revenues				
Taxes	\$ 236,640	\$ 221,783	\$ 221,783	\$ (14,857)
Intergovernmental revenues	64,116	61,024	61,024	(3,092)
User fees	7,938	10,800	10,800	2,862
Licenses and fees	155,838	154,315	154,315	(1,523)
Fines and forfeitures	7,841	6,500	6,500	(1,341)
Interest earned	3,441	5,000	5,000	1,559
Miscellaneous income	6,894	1,000	1,000	(5,894)
Total revenue	482,708	460,422	460,422	(22,286)
Expenditures				
Administration				
Personnel services	19,793	26,502	26,502	6,709
Employee benefits	8,641	10,017	10,017	1,376
Materials and services	52,921	56,674	56,674	3,753
Capital outlay	646	1,000	1,000	354
Contingency	-	-	-	-
Total administration	82,001	94,193	94,193	12,192
Police				
Personnel services	180,374	195,985	195,985	15,611
Employee benefits	100,170	108,701	108,701	8,531
Materials and services	45,932	47,475	47,475	1,543
Capital outlay	-	-	-	-
Contingency	-	-	-	-
Total police	326,476	352,161	352,161	25,685
Fire				
Personnel services	12,760	13,758	13,758	998
Employee benefits	7,855	11,445	11,445	3,590
Materials and services	63,193	76,915	76,915	13,722
Capital outlay	2,039	33,500	33,500	31,461
Debt service	13,311	15,300	15,300	1,989
Contingency	-	-	-	-
Total fire	99,158	150,918	150,918	51,760
Total expenditures	507,635	597,272	597,272	89,637
Excess of revenues over (under) expenditures	(24,927)	(136,850)	(136,850)	(111,923)

(Continued on next page)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - 01
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(6,983)	(6,983)	(6,983)	-
Total other sources (uses)	(6,983)	(6,983)	(6,983)	0
Excess of revenues and other sources over (under) expenditures and other uses	(31,910)	(143,833)	(143,833)	(111,923)
Fund balance at beginning of year	166,794	143,833	143,833	(22,961)
Fund balance at end of year	<u>\$ 134,884</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (134,884)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET FUND - 06
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	71,108	85,000	85,000	13,892
User fees	422	280	280	(142)
Licenses and fees	-	16,000	16,000	16,000
Fines and forfeitures	-	-	-	-
Interest earned	5,352	20,000	20,000	14,648
Miscellaneous income	20,481	-	-	(20,481)
Total revenue	97,363	121,280	121,280	23,917
Expenditures				
Administration				
Personnel services	19,055	20,901	20,901	1,846
Employee benefits	6,983	9,236	9,236	2,253
Materials and services	3,180	4,430	4,430	1,250
Capital outlay	-	-	-	-
Contingency	-	-	-	-
Total administration	29,218	34,567	34,567	5,349
Operating				
Personnel services	95,587	113,981	113,981	18,394
Employee benefits	52,639	70,570	70,570	17,931
Materials and services	72,684	135,425	135,425	62,741
Capital outlay	6,273	220,124	220,124	213,851
Contingency	-	-	-	-
Total operating	227,183	540,100	540,100	312,917
Total expenditures	256,401	574,667	574,667	318,266
Excess of revenues over (under) expenditures	(159,038)	(453,387)	(453,387)	(294,349)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(588)	(588)	(588)	-
Total other sources (uses)	(588)	(588)	(588)	0
Excess of revenues and other sources over (under) expenditures and other uses	(159,626)	(453,975)	(453,975)	(294,349)
Fund balance at beginning of year	384,863	453,975	453,975	69,112
Fund balance at end of year	\$ 225,237	\$ 0	\$ 0	\$ (225,237)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
911 FUND - 32
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	355,692	292,789	292,789	(62,903)
User fees	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest earned	5,640	5,000	5,000	(640)
Miscellaneous income	4,885	-	-	(4,885)
Total revenue	<u>366,217</u>	<u>297,789</u>	<u>297,789</u>	<u>(68,428)</u>
Expenditures				
Operating				
Personnel services	197,754	207,869	207,869	10,115
Employee benefits	99,275	130,177	130,177	30,902
Materials and services	29,888	62,555	62,555	32,667
Capital outlay	890	43,239	43,239	42,349
Contingency	-	6,000	6,000	6,000
Total expenditures	<u>327,807</u>	<u>449,840</u>	<u>449,840</u>	<u>122,033</u>
Excess of revenues over (under) expenditures	<u>38,410</u>	<u>(152,051)</u>	<u>(152,051)</u>	<u>(190,461)</u>
Other financing sources (uses)				
Transfers in	7,684	7,684	7,684	-
Transfers out	-	-	-	-
Total other sources (uses)	<u>7,684</u>	<u>7,684</u>	<u>7,684</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>46,094</u>	<u>(144,367)</u>	<u>(144,367)</u>	<u>(190,461)</u>
Fund balance at beginning of year	<u>259,813</u>	<u>144,367</u>	<u>144,367</u>	<u>(115,446)</u>
Fund balance at end of year	<u>\$ 305,907</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (305,907)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	<u>08</u>	<u>30</u>	<u>36</u>
	Kam Wah Chung Museum	L.C.D.C. Maintenance Grant	Drug Enforcement
ASSETS			
Cash and investments	\$ 1,440	\$ 1,242	\$ 2,003
Receivables			
Miscellaneous	-	2,500	-
Total assets	<u>\$ 1,440</u>	<u>\$ 3,742</u>	<u>\$ 2,003</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ -	\$ 2,715	\$ -
Total liabilities	<u>0</u>	<u>2,715</u>	<u>0</u>
Fund Balance			
Designated for special revenue funds	1,440	1,027	2,003
Total fund balances	<u>1,440</u>	<u>1,027</u>	<u>2,003</u>
Total liabilities and fund balance	<u>\$ 1,440</u>	<u>\$ 3,742</u>	<u>\$ 2,003</u>

<u>40 Haz Mat</u>	<u>Totals June 30, 2009</u>
\$ 9,028	\$ 13,713
<u>-</u>	<u>2,500</u>
<u>\$ 9,028</u>	<u>\$ 16,213</u>

<u>\$ -</u>	<u>\$ 2,715</u>
<u>0</u>	<u>2,715</u>

<u>9,028</u>	<u>13,498</u>
<u>9,028</u>	<u>13,498</u>
<u>\$ 9,028</u>	<u>\$ 16,213</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the year ended
June 30, 2009

	08 Kam Wah Chung Museum	30 L.C.D.C Maintenance Grant	36 Drug Enforcement
Revenues			
Intergovernmental revenues	\$ -	\$ 5,000	\$ -
Interest earned	24	20	45
Total revenues	<u>24</u>	<u>5,020</u>	<u>45</u>
Expenditures			
Public safety	-	5,102	1,940
Total expenditures	<u>0</u>	<u>5,102</u>	<u>1,940</u>
Excess of revenues over (under) expenditures	<u>24</u>	<u>(82)</u>	<u>(1,895)</u>
Other financing sources (uses)			
Transfers in (out)	-	-	-
Total other financing sources	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	24	(82)	(1,895)
Fund balance beginning of year	<u>1,416</u>	<u>1,109</u>	<u>3,898</u>
Fund balance at end of year	<u>\$ 1,440</u>	<u>\$ 1,027</u>	<u>\$ 2,003</u>

40 Haz Mat	<u>Totals</u> June 30, 2009
\$ -	\$ 5,000
168	257
<u>168</u>	<u>5,257</u>
409	7,451
<u>409</u>	<u>7,451</u>
<u>(241)</u>	<u>(2,194)</u>
1,200	1,200
<u>1,200</u>	<u>1,200</u>
959	(994)
<u>8,069</u>	<u>14,492</u>
<u>\$ 9,028</u>	<u>\$ 13,498</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
KAM WAH CHUNG MUSEUM - 08
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
User fees	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest earned	24	40	40	16
Miscellaneous income	-	-	-	-
Total revenue	<u>24</u>	<u>40</u>	<u>40</u>	<u>16</u>
Expenditures				
Operating				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Materials and services	-	1,346	1,346	1,346
Capital outlay	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>0</u>	<u>1,346</u>	<u>1,346</u>	<u>1,346</u>
Excess of revenues over (under) expenditures	<u>24</u>	<u>(1,306)</u>	<u>(1,306)</u>	<u>(1,330)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>24</u>	<u>(1,306)</u>	<u>(1,306)</u>	<u>(1,330)</u>
Fund balance at beginning of year	<u>1,416</u>	<u>1,306</u>	<u>1,306</u>	<u>(110)</u>
Fund balance at end of year	<u>\$ 1,440</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,440)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
L.C.D.C. MAINTENANCE GRANT FUND - 30
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	5,000	5,000	5,000	-
User fees	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest earned	20	5	5	(15)
Miscellaneous income	-	-	-	-
Total revenue	<u>5,020</u>	<u>5,005</u>	<u>5,005</u>	<u>(15)</u>
Expenditures				
Operating				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Materials and services	5,102	5,102	5,102	-
Capital outlay	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>5,102</u>	<u>5,102</u>	<u>5,102</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>(82)</u>	<u>(97)</u>	<u>(97)</u>	<u>(15)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(82)</u>	<u>(97)</u>	<u>(97)</u>	<u>(15)</u>
Fund balance at beginning of year	<u>1,109</u>	<u>97</u>	<u>97</u>	<u>(1,012)</u>
Fund balance at end of year	<u>\$ 1,027</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,027)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRUG ENFORCEMENT FUND - 36
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
User fees	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest earned	45	-	-	(45)
Miscellaneous income	-	-	-	-
Total revenue	<u>45</u>	<u>0</u>	<u>0</u>	<u>(45)</u>
Expenditures				
Operating				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Materials and services	1,940	2,480	2,480	540
Capital outlay	-	1,000	1,000	1,000
Contingency	-	-	-	-
Total expenditures	<u>1,940</u>	<u>3,480</u>	<u>3,480</u>	<u>1,540</u>
Excess of revenues over (under) expenditures	<u>(1,895)</u>	<u>(3,480)</u>	<u>(3,480)</u>	<u>(1,585)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(1,895)</u>	<u>(3,480)</u>	<u>(3,480)</u>	<u>(1,585)</u>
Fund balance at beginning of year	<u>3,898</u>	<u>3,480</u>	<u>3,480</u>	<u>(418)</u>
Fund balance at end of year	<u>\$ 2,003</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,003)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HAZ MAT FUND - 40
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
User fees	-	-	-	-
Licenses and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest earned	168	250	250	82
Miscellaneous income	-	-	-	-
Total revenue	<u>168</u>	<u>250</u>	<u>250</u>	<u>82</u>
Expenditures				
Operating				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Materials and services	409	8,182	8,182	7,773
Capital outlay	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>409</u>	<u>8,182</u>	<u>8,182</u>	<u>7,773</u>
Excess of revenues over (under) expenditures	<u>(241)</u>	<u>(7,932)</u>	<u>(7,932)</u>	<u>(7,691)</u>
Other financing sources (uses)				
Transfers in	1,200	1,200	1,200	-
Transfers out	-	-	-	-
Total other sources (uses)	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>959</u>	<u>(6,732)</u>	<u>(6,732)</u>	<u>(7,691)</u>
Fund balance at beginning of year	<u>8,069</u>	<u>6,732</u>	<u>6,732</u>	<u>(1,337)</u>
Fund balance at end of year	<u>\$ 9,028</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (9,028)</u>

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CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2009

	27 Water Replacement Reserve Fund	05 Treatment Plant Equipment Fund	28 Sewer Collection Replacement Fund	Totals June 30, 2009
ASSETS				
Current assets				
Unrestricted				
Cash with depositories	\$ 159,968	\$ 213,062	\$ 93,781	\$ 466,811
Water and sewer accounts receivable	-	325	-	325
Total current assets	<u>159,968</u>	<u>213,387</u>	<u>93,781</u>	<u>467,136</u>
Total assets	<u>159,968</u>	<u>213,387</u>	<u>93,781</u>	<u>467,136</u>
LIABILITIES				
Liabilities				
Current liabilities				
Accounts payable	<u>7,500</u>	<u>-</u>	<u>7,500</u>	<u>15,000</u>
Total current liabilities	<u>7,500</u>	<u>0</u>	<u>7,500</u>	<u>15,000</u>
Total liabilities	<u>7,500</u>	<u>0</u>	<u>7,500</u>	<u>15,000</u>
NET ASSETS				
Unrestricted	<u>152,468</u>	<u>213,387</u>	<u>86,281</u>	<u>452,136</u>
Total net assets	<u><u>\$ 152,468</u></u>	<u><u>\$ 213,387</u></u>	<u><u>\$ 86,281</u></u>	<u><u>\$ 452,136</u></u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS

For the year ended
June 30, 2009

	27 Water Replacement Reserve Fund	05 Treatment Plant Equipment Fund	28 Sewer Collection Replacement Fund	Totals June 30, 2009
Operating revenues				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total operating revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>
Operating expenses				
Utility operation	15,000	-	15,000	30,000
Total operating expenses	<u>15,000</u>	<u>0</u>	<u>15,000</u>	<u>30,000</u>
Operating income (loss)	<u>(15,000)</u>	<u>0</u>	<u>(15,000)</u>	<u>(30,000)</u>
Nonoperating revenues (expenses)				
Intergovernmental revenues	-	3,900	-	3,900
Interest earned	3,193	4,046	1,999	9,238
Total nonoperating revenues (expenses)	<u>3,193</u>	<u>7,946</u>	<u>1,999</u>	<u>13,138</u>
Income (loss) before transfers	(11,807)	7,946	(13,001)	(16,862)
Other financing sources (uses)	10,000	11,100	-	21,100
Increase (decrease) in net assets	<u>(1,807)</u>	<u>19,046</u>	<u>(13,001)</u>	<u>4,238</u>
Net assets at beginning of year	<u>154,275</u>	<u>194,341</u>	<u>99,282</u>	<u>447,898</u>
Net assets at end of year	<u>\$ 152,468</u>	<u>\$ 213,387</u>	<u>\$ 86,281</u>	<u>\$ 452,136</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the year ended
June 30, 2009

	27 Water Replacement Reserve Fund	05 Treatment Plant Equipment Fund	28 Sewer Collection Replacement Fund	Totals June 30, 2009
Cash flows from operating activities				
Cash paid to suppliers	\$ (7,500)	\$ -	\$ (7,500)	\$ (15,000)
Net cash from operating activities	<u>(7,500)</u>	<u>0</u>	<u>(7,500)</u>	<u>(15,000)</u>
Cash flows from capital activities				
Capital grants received	-	3,900	-	3,900
Net cash from capital activities	<u>-</u>	<u>3,900</u>	<u>-</u>	<u>3,900</u>
Cash flows from non-capital financing activities				
Taxes received				-
Interfund transfers	10,000	11,100	-	21,100
Net cash from non-capital financing activities	<u>10,000</u>	<u>11,100</u>	<u>-</u>	<u>21,100</u>
Cash flows from investing activities				
Interest on investments	3,193	4,046	1,999	9,238
Net cash from investing activities	<u>3,193</u>	<u>4,046</u>	<u>1,999</u>	<u>9,238</u>
Net increase (decrease) in cash	5,693	19,046	(5,501)	19,238
Cash and restricted cash at beginning of year	<u>154,275</u>	<u>194,016</u>	<u>99,282</u>	<u>447,573</u>
Cash and restricted cash at end of year	<u>\$ 159,968</u>	<u>\$ 213,062</u>	<u>\$ 93,781</u>	<u>\$ 466,811</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities				
Net operating income (loss)	<u>\$ (15,000)</u>	<u>\$ -</u>	<u>\$ (15,000)</u>	<u>\$ (30,000)</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities				
Increase or (decrease) in				
Accounts payable	7,500	-	7,500	15,000
Total adjustments	<u>7,500</u>	<u>0</u>	<u>7,500</u>	<u>15,000</u>
Net cash provided by operating activities	<u>\$ (7,500)</u>	<u>\$ 0</u>	<u>\$ (7,500)</u>	<u>\$ (15,000)</u>

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF BUDGET BASIS INDIVIDUAL FUND SCHEDULES
TO ACCRUAL BASIS COMBINING SCHEDULES
ENTERPRISE FUNDS**
For the year ended
June 30, 2009

	02 Water Fund	27 Water Replacement Reserve Fund	03 Sewer Fund
Reconciliation of beginning retained earnings to beginning net assets			
Beginning retained earnings - budget basis	\$ 172,104	\$ 154,275	\$ 91,468
Add net property taxes receivable	1,408	-	-
Add fixed assets	5,277,162	-	2,803,486
Less accumulated depreciation on fixed assets	(1,558,350)	-	(1,477,304)
Less accrued compensated absences	(12,338)	-	(6,296)
Less loan payable	(2,094,399)	-	(872,934)
Less accrued interest payable	(58,070)	-	(25,792)
Beginning net assets	<u>\$ 1,727,517</u>	<u>\$ 154,275</u>	<u>\$ 512,628</u>
Reconciliation of change in retained earnings to increase in net assets			
Change in retained earnings - budget basis	\$ (108,380)	\$ (1,807)	\$ (33,661)
Add assets purchased and capitalized	1,396	-	-
Less depreciation expense on fixed assets	(129,096)	-	(59,764)
Loan principal payments	65,447	-	25,081
Change in accrued interest expense	1,099	-	235
Change in property taxes receivable	(84)	-	-
Change in accrued compensated absences	241	-	(75)
Value of assets donated	-	-	19,755
Increase (decrease) in net assets	<u>\$ (169,377)</u>	<u>\$ (1,807)</u>	<u>\$ (48,429)</u>
Reconciliation of ending retained earnings to ending net assets			
Ending retained earnings - budget basis	\$ 63,724	\$ 152,468	\$ 57,807
Add net property taxes receivable	1,324	-	-
Add fixed assets	5,278,558	-	2,823,241
Less accumulated depreciation on fixed assets	(1,687,446)	-	(1,537,068)
Less accrued compensated absences	(12,097)	-	(6,371)
Less loan payable	(2,028,952)	-	(847,852)
Less accrued interest payable	(56,972)	-	(25,558)
Ending net assets	<u>\$ 1,558,139</u>	<u>\$ 152,468</u>	<u>\$ 464,199</u>

04 Joint Sewer Fund	05 Treatment Plant Equipment Fund	28 Sewer Collection Replacement Fund	Totals June 30, 2009
\$ 34,069	\$ 194,341	\$ 99,282	\$ 745,539
-	-	-	1,408
-	-	-	8,080,648
-	-	-	(3,035,654)
(5,032)	-	-	(23,666)
-	-	-	(2,967,333)
-	-	-	(83,862)
<u>\$ 29,037</u>	<u>\$ 194,341</u>	<u>\$ 99,282</u>	<u>\$ 2,717,080</u>
\$ 41,043	\$ 19,046	\$ (13,001)	\$ (96,760)
19,755	-	-	21,151
-	-	-	(188,860)
-	-	-	90,528
-	-	-	1,334
-	-	-	(84)
348	-	-	514
(19,755)	-	-	-
<u>\$ 41,391</u>	<u>\$ 19,046</u>	<u>\$ (13,001)</u>	<u>\$ (172,177)</u>
\$ 75,112	\$ 213,387	\$ 86,281	\$ 648,779
-	-	-	1,324
-	-	-	8,101,799
-	-	-	(3,224,514)
(4,684)	-	-	(23,152)
-	-	-	(2,876,804)
-	-	-	(82,530)
<u>\$ 70,428</u>	<u>\$ 213,387</u>	<u>\$ 86,281</u>	<u>\$ 2,544,902</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
WATER FUND - 02
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Operating revenues				
User fees	\$ 438,712	\$ 505,500	\$ 505,500	\$ 66,788
Miscellaneous income	988	-	-	(988)
Total operating revenue	<u>439,700</u>	<u>505,500</u>	<u>505,500</u>	<u>65,800</u>
Operating expenses				
Administration				
Personnel services	56,337	64,975	64,975	8,638
Employee benefits	24,591	32,825	32,825	8,234
Materials and services	13,486	16,865	16,865	3,379
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Contingency	-	-	-	-
Total administration	<u>94,414</u>	<u>114,665</u>	<u>114,665</u>	<u>20,251</u>
Operating				
Personnel services	95,404	113,200	113,200	17,796
Employee benefits	50,275	70,313	70,313	20,038
Materials and services	130,185	153,150	153,150	22,965
Capital outlay	1,982	21,672	21,672	19,690
Debt service	166,929	166,930	166,930	1
Contingency	-	-	-	-
Total operating	<u>444,775</u>	<u>525,265</u>	<u>525,265</u>	<u>80,490</u>
Total operating expenses	<u>539,189</u>	<u>639,930</u>	<u>639,930</u>	<u>100,741</u>
Operating income (loss)	<u>(99,489)</u>	<u>(134,430)</u>	<u>(134,430)</u>	<u>(34,941)</u>
Nonoperating revenues				
Taxes	68	-	-	(68)
Intergovernmental revenues	-	-	-	-
Interest earned	1,626	6,000	6,000	4,374
Total nonoperating revenues	<u>1,694</u>	<u>6,000</u>	<u>6,000</u>	<u>4,306</u>
Increase (decrease) in retained earnings before transfers	(97,795)	(128,430)	(128,430)	(30,635)

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CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
WATER FUND - 02
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Transfers				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(10,585)	(10,585)	(10,585)	-
Increase (decrease) in retained earnings	(108,380)	(139,015)	(139,015)	(30,635)
Retained earnings at beginning of year	172,104	139,015	139,015	(33,089)
Retained earnings at end of year	\$ 63,724	\$ 0	\$ 0	\$ (63,724)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL

WATER REPLACEMENT RESERVE FUND - 27

For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Operating revenues				
User fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous income	-	-	-	-
Total operating revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating expenses				
Operating				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Materials and services	15,000	20,000	20,000	5,000
Capital outlay	-	145,117	145,117	145,117
Debt service	-	-	-	-
Contingency	-	-	-	-
Total operating	<u>15,000</u>	<u>165,117</u>	<u>165,117</u>	<u>150,117</u>
Total operating expenses	<u>15,000</u>	<u>165,117</u>	<u>165,117</u>	<u>150,117</u>
Operating income (loss)	<u>(15,000)</u>	<u>(165,117)</u>	<u>(165,117)</u>	<u>(150,117)</u>
Nonoperating revenues				
Taxes	-	-	-	-
Intergovernmental revenues	-	-	-	-
Interest earned	3,193	8,000	8,000	4,807
Total nonoperating revenues	<u>3,193</u>	<u>8,000</u>	<u>8,000</u>	<u>4,807</u>
Increase (decrease) in retained earnings before transfers	(11,807)	(157,117)	(157,117)	(145,310)
Transfers				
Transfers in	10,000	10,000	10,000	-
Transfers out	-	-	-	-
Increase (decrease) in retained earnings	<u>(1,807)</u>	<u>(147,117)</u>	<u>(147,117)</u>	<u>(145,310)</u>
Retained earnings at beginning of year	<u>154,275</u>	<u>147,117</u>	<u>147,117</u>	<u>(7,158)</u>
Retained earnings at end of year	<u>\$ 152,468</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (152,468)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
SEWER FUND - 03
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Operating revenues				
User fees	\$ 369,093	\$ 363,500	\$ 363,500	\$ (5,593)
Miscellaneous income	695	-	-	(695)
Total operating revenue	<u>369,788</u>	<u>363,500</u>	<u>363,500</u>	<u>(6,288)</u>
Operating expenses				
Administration				
Personnel services	43,347	51,953	51,953	8,606
Employee benefits	19,806	26,216	26,216	6,410
Materials and services	11,918	13,518	13,518	1,600
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Contingency	-	-	-	-
Total administration	<u>75,071</u>	<u>91,687</u>	<u>91,687</u>	<u>16,616</u>
Operating				
Personnel services	34,130	37,666	37,666	3,536
Employee benefits	14,425	21,753	21,753	7,328
Materials and services	32,028	39,980	39,980	7,952
Capital outlay	-	3,000	3,000	3,000
Debt service	70,154	70,154	70,154	-
Contingency	-	-	-	-
Total operating	<u>150,737</u>	<u>172,553</u>	<u>172,553</u>	<u>21,816</u>
Total operating expenses	<u>225,808</u>	<u>264,240</u>	<u>264,240</u>	<u>38,432</u>
Operating income (loss)	<u>143,980</u>	<u>99,260</u>	<u>99,260</u>	<u>(44,720)</u>
Nonoperating revenues				
Taxes	-	-	-	-
Intergovernmental revenues	-	-	-	-
Interest earned	738	3,000	3,000	2,262
Total nonoperating revenues	<u>738</u>	<u>3,000</u>	<u>3,000</u>	<u>2,262</u>
Increase (decrease) in retained earnings before transfers	144,718	102,260	102,260	(42,458)

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CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
SEWER FUND - 03
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Transfers				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(178,379)	(178,379)	(178,379)	-
Increase (decrease) in retained earnings	(33,661)	(76,119)	(76,119)	(42,458)
Retained earnings at beginning of year	91,468	76,119	76,119	(15,349)
Retained earnings at end of year	\$ 57,807	\$ 0	\$ 0	\$ (57,807)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
JOINT SEWER FUND - 04

For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Operating revenues				
User fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous income	1,080	800	800	(280)
Total operating revenue	<u>1,080</u>	<u>800</u>	<u>800</u>	<u>(280)</u>
Operating expenses				
Administration				
Personnel services	6,397	6,523	6,523	126
Employee benefits	2,271	2,874	2,874	603
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Contingency	-	-	-	-
Total administration	<u>8,668</u>	<u>9,397</u>	<u>9,397</u>	<u>729</u>
Operating				
Personnel services	62,045	62,422	62,422	377
Employee benefits	31,966	35,526	35,526	3,560
Materials and services	70,264	104,820	104,820	34,556
Capital outlay	13,173	20,000	20,000	6,827
Debt service	-	-	-	-
Contingency	-	-	-	-
Total operating	<u>177,448</u>	<u>222,768</u>	<u>222,768</u>	<u>45,320</u>
Total operating expenses	<u>186,116</u>	<u>232,165</u>	<u>232,165</u>	<u>46,049</u>
Operating income (loss)	<u>(185,036)</u>	<u>(231,365)</u>	<u>(231,365)</u>	<u>(46,329)</u>
Nonoperating revenues				
Taxes	-	-	-	-
Intergovernmental revenues	58,518	58,518	58,518	-
Interest earned	1,010	2,000	2,000	990
Total nonoperating revenues	<u>59,528</u>	<u>60,518</u>	<u>60,518</u>	<u>990</u>
Increase (decrease) in retained earnings before transfers	(125,508)	(170,847)	(170,847)	(45,339)

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CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
JOINT SEWER FUND - 04

For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Transfers				
Transfers in	\$ 166,551	\$ 166,551	\$ 166,551	\$ -
Transfers out	-	-	-	-
Increase (decrease) in retained earnings	41,043	(4,296)	(4,296)	(45,339)
Retained earnings at beginning of year	34,069	4,296	4,296	(29,773)
Retained earnings at end of year	<u>\$ 75,112</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (75,112)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
TREATMENT PLANT RESERVE FUND - 05
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Operating revenues				
User fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous income	-	-	-	-
Total operating revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating expenses				
Operating				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Materials and services	-	40,000	40,000	40,000
Capital outlay	-	118,737	118,737	118,737
Debt service	-	-	-	-
Contingency	-	40,000	40,000	40,000
Total operating	<u>0</u>	<u>198,737</u>	<u>198,737</u>	<u>198,737</u>
Total operating expenses	<u>0</u>	<u>198,737</u>	<u>198,737</u>	<u>198,737</u>
Operating income (loss)	<u>0</u>	<u>(198,737)</u>	<u>(198,737)</u>	<u>(198,737)</u>
Nonoperating revenues				
Taxes	-	-	-	-
Intergovernmental revenues	3,900	3,900	3,900	-
Interest earned	4,046	7,500	7,500	3,454
Total nonoperating revenues	<u>7,946</u>	<u>11,400</u>	<u>11,400</u>	<u>3,454</u>
Increase (decrease) in retained earnings before transfers	7,946	(187,337)	(187,337)	(195,283)
Transfers				
Transfers in	11,100	11,100	11,100	-
Transfers out	-	-	-	-
Increase (decrease) in retained earnings	<u>19,046</u>	<u>(176,237)</u>	<u>(176,237)</u>	<u>(195,283)</u>
Retained earnings at beginning of year	<u>194,341</u>	<u>176,237</u>	<u>176,237</u>	<u>(18,104)</u>
Retained earnings at end of year	<u>\$ 213,387</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (213,387)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
SEWER COLLECTION REPLACEMENT FUND - 28
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Operating revenues				
User fees	\$ -	\$ -	\$ -	\$ -
Miscellaneous income	-	-	-	-
Total operating revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating expenses				
Operating				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Materials and services	15,000	20,000	20,000	5,000
Capital outlay	-	82,132	82,132	82,132
Debt service	-	-	-	-
Contingency	-	-	-	-
Total operating	<u>15,000</u>	<u>102,132</u>	<u>102,132</u>	<u>87,132</u>
Total operating expenses	<u>15,000</u>	<u>102,132</u>	<u>102,132</u>	<u>87,132</u>
Operating income (loss)	<u>(15,000)</u>	<u>(102,132)</u>	<u>(102,132)</u>	<u>(87,132)</u>
Nonoperating revenues				
Taxes	-	-	-	-
Intergovernmental revenues	-	-	-	-
Interest earned	1,999	4,000	4,000	2,001
Total nonoperating revenues	<u>1,999</u>	<u>4,000</u>	<u>4,000</u>	<u>2,001</u>
Increase (decrease) in retained earnings before transfers	(13,001)	(98,132)	(98,132)	(85,131)
Transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Increase (decrease) in retained earnings	<u>(13,001)</u>	<u>(98,132)</u>	<u>(98,132)</u>	<u>(85,131)</u>
Retained earnings at beginning of year	<u>99,282</u>	<u>98,132</u>	<u>98,132</u>	<u>(1,150)</u>
Retained earnings at end of year	<u>\$ 86,281</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (86,281)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2009

	<u>26</u>	<u>33</u>	<u>Totals</u>
	Motor Pool	Unpaid Compensation	June 30, 2009
ASSETS			
Current assets			
Cash with depositories	\$ 141,632	\$ 47,041	\$ 188,673
Accounts receivable	699	-	699
Total current assets	<u>142,331</u>	<u>47,041</u>	<u>189,372</u>
Equipment and vehicles	691,158	-	691,158
Less accumulated depreciation	<u>(479,745)</u>	<u>-</u>	<u>(479,745)</u>
Equipment and vehicles - net	<u>211,413</u>	<u>0</u>	<u>211,413</u>
Total assets	<u>353,744</u>	<u>47,041</u>	<u>400,785</u>
LIABILITIES			
Accounts payable	<u>1,454</u>	<u>-</u>	<u>1,454</u>
Total liabilities	<u>1,454</u>	<u>0</u>	<u>1,454</u>
NET ASSETS			
Unreserved	<u>352,290</u>	<u>47,041</u>	<u>399,331</u>
Total net assets	<u><u>\$ 352,290</u></u>	<u><u>\$ 47,041</u></u>	<u><u>\$ 399,331</u></u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the year ended
June 30, 2009

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2009
Operating revenues			
Interfund charges	\$ 100,700	\$ 24,730	\$ 125,430
Miscellaneous income	205	-	205
Total operating revenues	<u>100,905</u>	<u>24,730</u>	<u>125,635</u>
Operating expenses			
Operating			
Personnel services	-	25,487	25,487
Materials and services	28,609	-	28,609
Depreciation	20,105	-	20,105
Total operating	<u>48,714</u>	<u>25,487</u>	<u>74,201</u>
Public safety			
Materials and services	33,203	-	33,203
Depreciation	27,204	-	27,204
Total public safety	<u>60,407</u>	<u>0</u>	<u>60,407</u>
Total operating expenses	<u>109,121</u>	<u>25,487</u>	<u>134,608</u>
Operating income (loss)	<u>(8,216)</u>	<u>(757)</u>	<u>(8,973)</u>
Nonoperating revenues			
Intergovernmental revenues	1,282	-	1,282
Interest earned	2,307	1,054	3,361
Gain on sale of fixed assets	-	-	-
Total nonoperating revenues	<u>3,589</u>	<u>1,054</u>	<u>4,643</u>
Increase (decrease) in net assets	(4,627)	297	(4,330)
Net assets at beginning of year	356,917	46,744	403,661
Net assets at end of year	<u>\$ 352,290</u>	<u>\$ 47,041</u>	<u>\$ 399,331</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINED SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended
June 30, 2009

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2009
Cash flows from operating activities			
Cash received from customers	\$ 100,850	\$ 24,730	\$ 125,580
Cash paid to employees		(25,487)	(25,487)
Cash paid to suppliers	(62,220)	-	(62,220)
Net cash from operating activities	<u>38,630</u>	<u>(757)</u>	<u>37,873</u>
Cash flows from capital activities			
Acquisition of capital assets	(9,273)	-	(9,273)
Grants received	1,282	-	1,282
Net cash from capital and related financing activities	<u>(7,991)</u>	<u>0</u>	<u>(7,991)</u>
Cash flows from investing activities			
Interest on investments	2,307	1,054	3,361
Net cash from investing activities	<u>2,307</u>	<u>1,054</u>	<u>3,361</u>
Net increase (decrease) in cash	32,946	297	33,243
Cash and restricted cash at beginning of year	108,686	46,744	155,430
Cash and restricted cash at end of year	<u>\$ 141,632</u>	<u>\$ 47,041</u>	<u>\$ 188,673</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Net operating income (loss)	\$ (8,216)	\$ (757)	\$ (8,973)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation expense	47,310	-	47,310
(Increase) or decrease in Accounts receivable	(56)	-	(56)
Increase or (decrease) in Accounts payable	(408)	-	(408)
Total adjustments	<u>46,846</u>	<u>0</u>	<u>46,846</u>
Net cash provided by operating activities	<u>\$ 38,630</u>	<u>\$ (757)</u>	<u>\$ 37,873</u>

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF BUDGET BASIS INDIVIDUAL FUND SCHEDULES
TO ACCRUAL BASIS COMBINING SCHEDULES
INTERNAL SERVICE FUNDS**

For the year ended
June 30, 2009

	<u>26</u> Motor Pool	<u>33</u> Unpaid Compensation	<u>Totals</u> June 30, 2009
Reconciliation of beginning retained earnings to beginning net assets			
Beginning retained earnings - budget basis	\$ 107,467	\$ 46,744	\$ 154,211
Add fixed assets	681,885	-	681,885
Less accumulated depreciation on fixed assets	<u>(432,435)</u>	<u>-</u>	<u>(432,435)</u>
Beginning net assets	<u>\$ 356,917</u>	<u>\$ 46,744</u>	<u>\$ 403,661</u>
Reconciliation of change in retained earnings to increase in net assets			
Change in retained earnings - budget basis	\$ 33,409	\$ 297	\$ 33,706
Add equipment purchased and capitalized	9,273	-	9,273
Less depreciation expense	<u>(47,309)</u>	<u>-</u>	<u>(47,309)</u>
Increase (decrease) in net assets	<u>\$ (4,627)</u>	<u>\$ 297</u>	<u>\$ (4,330)</u>
Reconciliation of ending retained earnings to ending net assets			
Ending retained earnings - budget basis	\$ 140,876	\$ 47,041	\$ 187,917
Add fixed assets	691,158	-	691,158
Less accumulated depreciation on fixed assets	<u>(479,744)</u>	<u>-</u>	<u>(479,744)</u>
Ending net assets	<u>\$ 352,290</u>	<u>\$ 47,041</u>	<u>\$ 399,331</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
MOTOR POOL FUND - 26

For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Operating revenues				
Interfund charges	\$ 100,700	\$ 100,700	\$ 100,700	\$ -
Miscellaneous income	205	-	-	(205)
Total operating revenue	<u>100,905</u>	<u>100,700</u>	<u>100,700</u>	<u>(205)</u>
Operating expenses				
Motor pool				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Materials and services	28,610	69,955	69,955	41,345
Capital outlay	9,273	69,831	69,831	60,558
Debt service	-	-	-	-
Contingency	-	-	-	-
Total motor pool	<u>37,883</u>	<u>139,786</u>	<u>139,786</u>	<u>101,903</u>
Police				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Materials and services	26,563	35,575	35,575	9,012
Capital outlay	-	5,500	5,500	5,500
Debt service	-	-	-	-
Contingency	-	-	-	-
Total police	<u>26,563</u>	<u>41,075</u>	<u>41,075</u>	<u>14,512</u>
Fire				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Materials and services	6,639	14,205	14,205	7,566
Capital outlay	-	20,128	20,128	20,128
Debt service	-	-	-	-
Contingency	-	-	-	-
Total fire	<u>6,639</u>	<u>34,333</u>	<u>34,333</u>	<u>27,694</u>
Total operating expenses	<u>71,085</u>	<u>215,194</u>	<u>215,194</u>	<u>144,109</u>
Operating income (loss)	<u>29,820</u>	<u>(114,494)</u>	<u>(114,494)</u>	<u>(144,314)</u>

(Continued on next page)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
MOTOR POOL FUND - 26

For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Nonoperating revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	1,282	1,812	1,812	530
Interest earned	2,307	5,000	5,000	2,693
Total nonoperating revenues	<u>3,589</u>	<u>6,812</u>	<u>6,812</u>	<u>3,223</u>
Increase (decrease) in retained earnings	33,409	(107,682)	(107,682)	(141,091)
Retained earnings at beginning of year	<u>107,467</u>	<u>107,682</u>	<u>107,682</u>	<u>215</u>
Retained earnings at end of year	<u>\$ 140,876</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (140,876)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
BUDGET AND ACTUAL
UNPAID COMPENSATION FUND - 33
For the year ended
June 30, 2009

	Actual	Budget		(Over) Under Budget
		Adopted	Final	
Operating revenues				
Interfund charges	\$ 24,730	\$ 24,730	\$ 24,730	\$ -
Total operating revenues	<u>24,730</u>	<u>24,730</u>	<u>24,730</u>	<u>0</u>
Operating expenses				
Personnel services	16,552	50,000	50,000	33,448
Employee benefits	8,935	15,941	15,941	7,006
Materials and services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Contingency	-	-	-	-
Total operating expenses	<u>25,487</u>	<u>65,941</u>	<u>65,941</u>	<u>40,454</u>
Operating income (loss)	<u>(757)</u>	<u>(41,211)</u>	<u>(41,211)</u>	<u>(40,454)</u>
Nonoperating revenues				
Taxes	-	-	-	-
Intergovernmental revenues	-	-	-	-
Interest earned	1,054	-	-	(1,054)
Total nonoperating revenues	<u>1,054</u>	<u>0</u>	<u>0</u>	<u>(1,054)</u>
Increase (decrease) in retained earnings	297	(41,211)	(41,211)	(41,508)
Retained earnings at beginning of year	<u>46,744</u>	<u>41,211</u>	<u>41,211</u>	<u>(5,533)</u>
Retained earnings at end of year	<u>\$ 47,041</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (47,041)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF TRANSACTIONS WITH COUNTY TREASURER
For the year ended
June 30, 2009

	General Fund	Total
Treasurer's receipts		
Tax collections		
Current year	\$ 217,753	\$ 217,753
Prior years	16,587	16,587
Interest	1,414	1,414
Total receipts	235,754	235,754
Treasurer's disbursements		
Turnovers to city	235,754	235,754
Excess of receipts over (under) disbursements	0	0
Treasurer's balance at beginning of year	-	-
Treasurer's balance at end of year	\$ 0	\$ 0

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the year ended
June 30, 2009

	Uncollected Taxes at July 1, 2008	New Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes at June 30, 2009
<u>General Fund</u>								
2008-09	\$ -	\$ 241,736	\$ (1,478)	\$ (4,938)	\$ 110	\$ 217,753	\$ 217,863	\$ 17,567
2007-08	16,663	-	118	-	205	7,916	8,121	8,865
2006-07	9,202	-	(21)	-	231	3,017	3,248	6,164
2005-06	5,123	-	(18)	-	371	3,100	3,471	2,005
2004-05	2,069	-	(2)	-	209	1,480	1,689	587
2003-04	918	-	(13)	-	90	491	581	414
2002-03	648	-	(3)	-	34	150	184	495
2001-02	518	-	(17)	-	35	131	166	370
2000-01	357	-	(15)	-	14	46	60	296
1999-00	452	-	(15)	-	35	100	135	337
1998-99	263	-	(8)	-	12	33	45	222
1997-98	256	-	(8)	-	9	22	31	226
1996-97	274	-	(14)	-	11	23	34	237
1995-96	243	-	(6)	-	9	18	27	219
1994-95	327	-	(33)	-	-	-	-	294
1993-94	152	-	(19)	-	-	-	-	133
1992-93	634	-	(3)	-	1	1	2	630
1991-92	616	-	(9)	-	-	-	-	607
1990-91	213	-	(2)	-	-	-	-	211
1989-90	298	-	(13)	-	-	-	-	285
1988-89	263	-	-	-	-	-	-	263
1987-88	201	-	-	-	-	-	-	201
1986-87	261	-	(40)	-	10	12	22	209
1985-86	305	-	(12)	-	9	9	18	284
1984-85	546	-	-	-	-	-	-	546
Total	40,802	241,736	(1,631)	(4,938)	1,395	234,302	235,697	41,667
<u>Water Fund</u>								
1999-00	24	-	(1)	-	2	5	7	18
1998-99	52	-	(4)	-	2	6	8	42
1997-98	117	-	(4)	-	4	10	14	103
1996-97	99	-	(4)	-	4	8	12	87
1995-96	73	-	(2)	-	3	5	8	66
1994-95	155	-	(15)	-	-	-	-	140
1993-94	79	-	(10)	-	-	-	-	69
1992-93	298	-	(1)	-	-	-	-	297
1991-92	271	-	(4)	-	-	-	-	267
1990-91	64	-	-	-	-	-	-	64
1989-90	39	-	(1)	-	-	-	-	38
1988-89	51	-	-	-	-	-	-	51
1987-88	11	-	-	-	-	-	-	11
1986-87	44	-	(7)	-	2	2	4	35
1985-86	54	-	(2)	-	2	2	4	50
1984-85	133	-	-	-	-	-	-	133
Total	1,564	0	(55)	0	19	38	57	1,471
Total	\$ 42,366	\$ 241,736	\$ (1,686)	\$ (4,938)	\$ 1,414	\$ 234,340	\$ 235,754	\$ 43,138

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SCHEDULE OF FINDINGS AND RESPONSES

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2009

FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2009-01

Preparation of Financial Statements

The city engages their auditors to provide non-attest services for the preparation of its annual financial statements. Although common for cities of similar size, this condition represents a control deficiency over the financial reporting process that is required to be reported under professional auditing standards. The non-attest activities performed by the auditor are allowable under professional auditing as long as management makes all financial reporting decisions and accepts responsibility for the content of the financial statements. However, those activities performed by the auditor are not a substitute for, or extension of, internal controls over the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP).

The city's accounting personnel do not possess the advanced training that would provide the expertise necessary to prepare the financial statements and related notes in accordance with GAAP, and therefore may not be able to prevent or detect a material misstatement in the preparation and disclosure of the financial statements. Misstatements in financial statements may include not only misstated financial amounts, but also the omission of disclosures required by GAAP.

We understand that it may not be practical to acquire or allocate the internal resources to perform all of the controls necessary over financial reporting. However, management (including the city council) should mitigate this deficiency by keeping informed about the city's internal controls, performing supervisory reviews, studying the financial statements and related footnote disclosures, and understanding its responsibility for the financial statements as a whole.

This deficiency is related specifically to the preparation of GAAP basis financial statements and does not adversely affect the city's ability to initiate, authorize, record, process, or report financial data reliably in accordance with their budget basis of accounting.

City Response

We understand the importance of risk management and the need to address risks in an informed, cost-beneficial way. As a result of our cost-benefit analysis we have determined the value of incurring the additional expense of hiring a staff person or another firm to prepare our financial statements does not justify the cost.

COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON

CITY OF JOHN DAY
Grant County, Oregon
COMMENTS AND DISCLOSURES REQUIRED BY STATE OF OREGON
June 30, 2009

Oregon Administrative Rules 162-10-200 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the secretary of state in cooperation with the Oregon State Board of Accountancy require certain comments and disclosures relating to the review of fiscal affairs and compliance with legal requirements. Comments relating to significant accounting policies, organization, fund structure, cash, and investments are included in the notes to financial statements. Other required comments and disclosures relating to this audit are set forth below.

Accounting Systems and Control Structure

The organizational structure of the city provides sound accounting policies for maintaining an adequate and effective system of accountability and responsibility of funds. The accounting records are being maintained in a satisfactory manner which offers an adequate system of reporting to interested parties and compliance with legal requirements.

Where possible the city has maintained a plan of organization encompassing methods and measures on internal control to safeguard its assets, check the accuracy of its accounting data, promote operational efficiency, and carry out council policies. We believe an adequate and effective method of internal control is maintained within the limits afforded by a small office staff. Our recommendations for improving internal control are included in a separate letter to management, if any. In accordance with Government Auditing Standards, we have also issued a report dated October 23, 2009, on our consideration of the city's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Insurance and Fidelity Bond Coverage

The city has complied with the provisions of ORS 221.903 in respect to fidelity bond coverage. We are not competent by training to state whether the insurance policies in force at June 30, 2009, provide adequate coverage. We understand coverage is reviewed periodically with the city's agent of record and such reviews have been recently made.

Indebtedness

As of June 30, 2009 the city had no bonded indebtedness. The total assessed valuation of the city is \$80,886,104.

Budgets

Our review of the 2008-2009 and 2009-2010 budgets indicate that the city has substantially complied with Oregon local budget law in preparation, adoption and execution of the 2008-2009 budget and the preparation and adoption of the 2009-2010 budget. All funds are being budgeted at the functional level within each fund.

Program Funded from Outside Sources

In connection with our audit of the financial statements, we reviewed and tested the city's compliance with appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies, including financial reporting requirements thereof. Based on our testing, we are

CITY OF JOHN DAY
Grant County, Oregon
COMMENTS AND DISCLOSURES REQUIRED BY STATE OF OREGON
June 30, 2009

generally satisfied as to the propriety of accounting for programs funded from outside sources and the reporting thereof.

Public Contracts and Purchasing

Our review of city operations indicates the city is in compliance with ORS 279 relating to public contracting.

Collateral Security

We reviewed the records of the city for compliance with statutory requirements regarding collateral securing depository balances (ORS 295). The minimum requirement for collateral security as required by the state of Oregon was adequate for funds on deposit with all depositories during the year and at June 30, 2009.

Highway Funds

Our audit of expenditures of highway funds indicates that the city is in compliance with legal requirements, (as contained in Article IV, Section 3a of the Oregon Constitution), pertaining to the use of revenue from taxes on motor vehicle fuel. We also find that the city has complied with the statutory requirement pertaining to the use of road funds as contained in ORS 294, 368 and 373.

Investments

We have audited the city's compliance with ORS 294.035 regarding the investments of surplus public funds. Our review disclosed no conditions which we considered to be matters of noncompliance.

Independently Elected Officials

Our audit disclosed no funds being received or disbursed by an independently elected city official.

**OREGON AUDITS DIVISION
SUMMARY OF REVENUES AND EXPENDITURES**

Name of Municipal Corporation City of John Day

Address John Day, Oregon

Period Covered by Audit Report: From July 1, 2008 to June 30, 2009

Total Revenues and/or Receipts - All Funds		\$ 2,099,232
Less:		
Interfund loans and transfers	(196,535)	
Receipts from short-term loans	-	
Taxes, assessments and other collections to be distributed to other governmental units	-	(196,535)
Net Revenues and/or Receipts		\$ 1,902,697
Total Expenditures and/or Disbursements - All Funds		\$ 2,644,023
Less:		
Interfund loans and transfers	(196,535)	
Principal Payments - short-term loans	-	
Principal Payments - bonded or other long-term debt	(97,586)	
Principal Payments - warrants issued during prior years	-	
Turnovers to other municipal corporations		
Taxes and Assessments	-	
Other Distributions		
Other Trust Moneys		(294,121)
Net Expenditures and/or Disbursements		\$ 2,349,902

The above information is based upon the revenues and expenditures/expenses for all funds of the municipal corporation on the basis of accounting used in the audited or reviewed financial statements.

Auditor/Firm Signature Robert H. Armstrong

PLEASE ENCLOSE PAYMENT WITH SUMMARY

Over	Not Over	Fee	ORS 297.485 (1)
	\$ 50,000	\$ 20	
\$ 50,000	150,000	40	
150,000	500,000	150	...The filing fee shall be determined by the total expenditures made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, <u>except</u> that expenditures for principal of bonded debt, principal of short-term loans, principal of warrants redeemed which were issued during prior audit periods, transfers or loans between funds and turnovers of taxes or other trust moneys to other municipal corporations shall not be included in the total expenditures upon which the amount of the fee is based.
500,000	1,000,000	200	
1,000,000	5,000,000	250	
5,000,000	10,000,000	300	
10,000,000	50,000,000	350	
50,000,000		400	

(Net Expenditures and/or Disbursements)

Within 30 days after submitting the audit report to the municipal corporation, one copy of this summary must be filed with the Secretary of State, Division of Audits, Salem, Oregon 97310, and one copy must be delivered to the municipal corporation.

For Use by Division of Audits

Account Code _____ Firm Code _____ Filing Fee _____

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the city of John Day, Oregon (the city), as of and for the year ended June 30, 2009, and have issued our report thereon dated October 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting (2009-01).

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

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

The city's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the city's response and, accordingly, we express no opinion on it.

This report is intended for the information of the city council, management and others within the city and federal and state regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Oster Professional Group, CPA's, PC

John Day, Oregon
October 23, 2009

By Robert H. Armstrong