

CITY OF JOHN DAY, OREGON

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2011



CITY OF JOHN DAY, OREGON
CITY COUNCIL AND OFFICIALS
June 30, 2011

<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
Doug Gochmour	John Day	Councilor
Chris Labhart	John Day	Councilor
Donn Willey	John Day	Councilor
Eugene Officer	John Day	Councilor
Peggy Gray	Canyon City	City Manager
Oster Professional Group, CPA's	John Day	City Recorder
Bryant, Lovlien and Jarvis, P.C.	Bend	City Attorney

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CITY OF JOHN DAY, OREGON
**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**
June 30, 2011

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Guyer & Associates

Certified Public Accountants
A Professional Corporation

Randell C. Guyer, Jr.
Kent J. Bailey
Robert M. Burgess
Megan R. Adams

David F. Lindley
Scott A. Martin
Robert P. Seymour
Jacob J. Collier

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, as of and for the year ended June 30, 2011, 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 summarized comparative information has been derived from the City's June 30, 2010 financial statements and is not intended to be a complete presentation in accordance with generally accepted accounting principles (see note 1J). These statements were audited by other auditors and their report was dated November 24, 2010, they expressed unqualified opinions on the respective financial statements of the governmental activities, business-type 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.

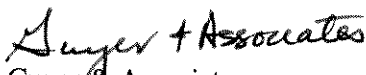
In our opinion the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2011 and the respective 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 *Governmental Auditing Standards*, we have also issued a report dated - December 2, 2011, 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 the 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.


Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 50 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the management's discussion and analysis required in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. However, we did not audit this information and express no opinion on it.

The budgetary comparison schedules and the notes to required supplementary information on pages 44 through 47 have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or the financial statements themselves, and other procedures in compliance with auditing standards generally applied in the United States of America. In our opinion the information is fairly stated in relation to the basic statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of John Day, Oregon's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and the schedule of property tax transactions are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of property tax transactions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Guyer & Associates
Certified Public Accountants
A Professional Corporation

Baker City, Oregon
December 2, 2011

By 
Kent J. Bailey, Principal

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

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 by \$160,583, or approximately 2.7 percent. A portion of this decrease can be attributed to a decline in the investment in capital assets net of related debt. In other words, the depreciation on the city's equipment and infrastructure is more than the principal payments on the related debt. The rest of this decrease is due to declines in revenues from various sources and use of reserves to maintain current levels of service.

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 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.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1
Condensed Statement of Net Assets
June 30, 2011

	Governmental	Business-type	Total	
	Activities	Activities	June 30, 2011	June 30, 2010
Assets				
Cash and investments	\$ 818,920	\$ 625,857	\$ 1,444,777	\$ 1,380,987
Other current assets	105,965	76,384	182,349	135,935
Capital assets, net of accumulated depreciation	2,540,035	4,513,592	7,053,627	7,380,954
Total assets	3,464,920	5,215,833	8,680,753	8,897,876
Liabilities				
Current liabilities	68,798	215,699	284,497	277,644
Long-term liabilities	115,421	2,586,730	2,702,151	2,810,006
Total liabilities	184,219	2,802,429	2,986,648	3,087,650
Net assets				
Invested in capital assets, net of related debt	2,416,691	1,749,086	4,165,777	4,386,192
Unrestricted	864,010	664,318	1,528,328	1,424,034
Total net assets	\$ 3,280,701	\$ 2,413,404	\$ 5,694,105	\$ 5,810,226

During the fiscal year, several events changed the balance of net assets. The decreases 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 are made when appropriate.
- ◆ Changes in the contract with the John Day Rural Fire District resulted in a credit for prior year overpayments and reduced payments in the current year.
- ◆ The city continues to make cuts where possible to offset declining revenues from the state, county and other sources.

Business-type Activities:

- ◆ The net assets of the business type activities declined in the current year primarily due to utility rates not meeting the costs associated with operating and maintaining the utility systems as well as payments of debt from projects completed in prior years.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

Table 2
Condensed Statement of Changes in Net Assets
For the Year Ended June 30, 2011

	Governmental	Business-type	Total	
	Activities	Activities	June 30, 2011	June 30, 2010
Revenues				
Program revenues				
Charges for services	\$ 195,206	\$ 1,002,373	\$ 1,197,579	\$ 1,061,969
Operating grants	413,791	-	413,791	449,408
General revenues				
Property taxes	247,320	125	247,445	242,122
Licenses and fees	159,867	-	159,867	164,894
Interest	4,340	-	4,340	9,335
Other revenue	72,954	4,338	77,292	146,799
Total revenue	<u>1,093,478</u>	<u>1,006,836</u>	<u>2,100,314</u>	<u>2,074,527</u>
Expenses				
General government	129,058	-	129,058	153,106
Streets	234,687	-	234,687	227,764
Public safety	863,796	-	863,796	845,313
Utilities	-	1,033,356	1,033,356	1,008,396
Total expenses	<u>1,227,541</u>	<u>1,033,356</u>	<u>2,260,897</u>	<u>2,234,579</u>
Change in net assets	<u>\$ (134,063)</u>	<u>\$ (26,520)</u>	<u>\$ (160,583)</u>	<u>\$ (160,052)</u>

FUND ANALYSIS

General Fund

The General Fund expenditures exceeded revenues by just over \$4,000 for the year. This is primarily a result of a change to the contract with the Rural Fire District and a resulting credit that reduced the payment from the district to the city.

The city continues to look for ways to provide the present level of services without imposing new fees or increasing present fees. The primary expenditures from the General Fund are for police services and fire protection. As the commercial center of the county, the city has need of a well staffed police force and a well trained volunteer fire department.

Street Fund

The increase in the Street Fund is primarily due to the city receiving an allocation of forest fees from the county that had not been anticipated in the budgeting process.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

911 Fund

The 911 Fund's fund balance decreased by almost \$33,000 in the current year. This is primarily due to expenses in excess of revenues.

Water Fund

The Water Fund's net assets declined by \$31,000 in the current year. Water rates presently are not sufficient to cover the cost of operating the water system as well as repay debt from prior projects and charges from the Motor Pool. Water rates were not increased sufficiently when repayment began to cover the amount of the payments.

Sewer Fund

The increase in the Sewer Fund's net assets is primarily due to an increase in sewer development charges.

Table 3
Changes in Fund Balances / Net Assets - Major Funds
For the year ended June 30, 2011

Governmental Funds	General Fund	Street Fund	911 Fund
Beginning fund balance	\$ 112,802	\$ 184,276	\$ 256,303
Add revenues	495,872	164,903	343,428
Less expenditures	(465,881)	(161,250)	(384,005)
Add (less) transfers	(34,351)	(600)	7,981
Add prior period adj	44,462	-	-
Change in fund balance	40,102	3,053	(32,596)
Ending fund balance	<u>\$ 152,904</u>	<u>\$ 187,329</u>	<u>\$ 223,707</u>
 Proprietary Funds	 Water Fund	 Sewer Fund	
Beginning net assets	\$ 1,647,050	\$ 792,874	
Add revenues	537,367	475,012	
Less expenditures	(527,950)	(434,582)	
Add (less) transfers	(40,610)	(35,757)	
Change in net assets	(31,193)	4,673	
Ending net assets	<u>\$ 1,615,857</u>	<u>\$ 797,547</u>	

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

GENERAL FUND BUDGET ANALYSIS

Table 4
General Fund Significant Budget Variations
For the year ended June 30, 2011

Revenues	<u>Final Budget</u>	<u>Actual</u>	<u>Difference</u>
Intergovernmental Revenues	\$ 362,839	\$ 63,707	\$ (299,132)
Expenditures			
Fire	392,790	49,513	(343,277)

Intergovernmental revenues include pass through income from the state such as liquor taxes, grants and contract payments from the John Day Rural Fire District. As a result of not obtaining a grant for the new fire hall intergovernmental revenues were significantly less than budgeted.

Fire expenses were significantly lower than budgeted due to attempts to keep costs down in both personnel and materials and services. Additionally, some costs were budgeted for planning on a new fire hall, which was not expended.

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

CAPITAL ASSET ACTIVITY

Table 5
Capital Assets Net of Accumulated Depreciation
June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>June 30, 2011 Total</u>	<u>June 30, 2010 Total</u>
Land	\$ 190,017	\$ 185,937	\$ 375,954	\$ 375,954
Construction in progress	2,932	-	2,932	2,932
Buildings	237,431	132,108	369,539	408,644
Streets/utility system	1,759,940	3,904,269	5,664,209	5,848,312
Equipment	349,715	291,278	640,993	745,111
Total capital assets	<u>\$ 2,540,035</u>	<u>\$ 4,513,592</u>	<u>\$ 7,053,627</u>	<u>\$ 7,380,953</u>

For the year ended June 30, 2011, the city had the following major capital acquisitions during the year:

Six Motorola radios for the Police Department.	\$ 5,474
2011 Ford Crown Victoria police car	\$24,587

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

LONG-TERM DEBT ACTIVITY

Table 6
Outstanding Debt
June 30, 2011

	Governmental Activities	Business-type Activities	June 30, 2011 Total	June 30, 2010 Total
Water system improvement loan	\$ -	\$ 906,699	\$ 906,699	\$ 943,199
Airport industrial park loan		1,779,963	1,779,963	1,840,100
Fire station property purchase agreement	123,344	-	123,344	131,300
Accrued compensated absences	44,338	27,446	71,784	62,905
Total outstanding debt	<u>\$ 167,682</u>	<u>\$ 2,714,108</u>	<u>\$ 2,881,790</u>	<u>\$ 2,977,504</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 \$36,500. See Notes 4 and 5 for more information on this loan.

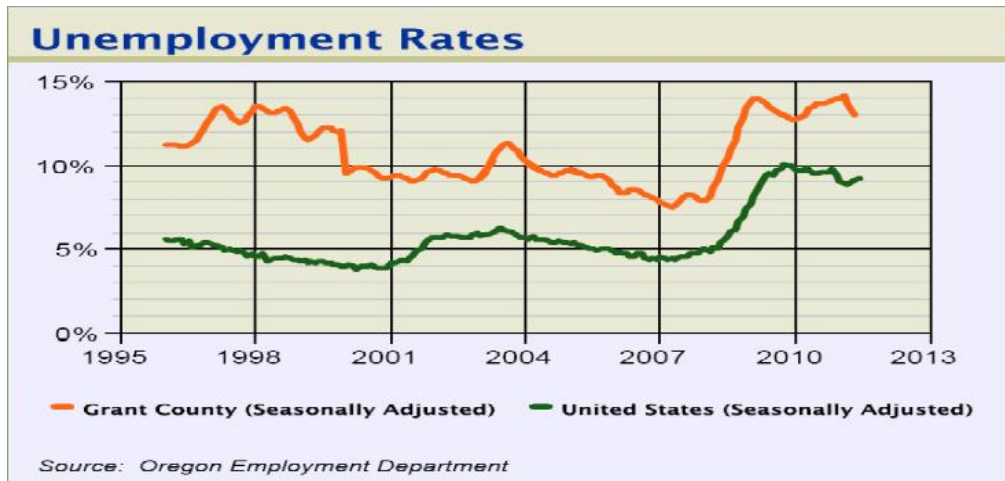
The Airport Industrial Park Loan is a loan that was obtained in 2003. The city received a total of \$1,969,517 from the loan. Principal payments for the year totaled \$60,137. See Notes 4 and 6 for more information on this loan.

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 \$7,956. See Notes 4 and 7 for more information on this loan.

ECONOMIC FACTORS:

Grant County had an estimated June 2011 jobless rate of 11.5%, down moderately from May's revised 13.1 percent. June's labor force estimates show 3,246 employed and 422 unemployed local residents. County County's current unemployment rate is a tad lower than last June's level. However, it is identical to the June 2009 unemployment rate. There is serious concern in Grant County about the continued level of employment in the timber industry given the uncertainty of the supply of harvestable resources, issues related to the management of public lands, and competing national and global activities in the industry.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011



Economic opportunities for Grant County lie in locating new industries at the Grant County Airport Industrial and taking advantage of the natural resources, especially those offered by the public lands found in the county. This fiscal year, the city has annexed the Grant County Airport Industrial Park and some adjacent properties into the city limits. The annexation is anticipated to have a positive economic impact over the next two to three years.

The city of John Day has updated the city's land use development code in October 2010 and worked cooperatively with Grant County to review and update the John Day-Grant County Urban Growth Management Agreement. The updated zoning is directly related to increasing economic development opportunities within Grant County to simplify and streamline the land use process.

The most significant source of revenue for the city is taxes, including property and franchise taxes. For the year ended June 30, 2011, franchise fees of \$100,681 and property taxes of \$244,997 provided 55% of the city's General Fund revenues.

The 2010 Census is an important milestone, state shared revenue is based on John Day's population relative to other Oregon cities and any significant change in the city's "relative" population will have an impact on this revenue. Also, the number of low to moderate income individuals certified by the Census affects the city's ability to compete for certain grants. These are just a few reasons why it is important to have a complete and accurate count of the city's population.

Personnel costs are driven by costs for health insurance and other benefits, as well as collective bargaining contracts. The city's budget committee and city council considered all of these factors while preparing the city's budget for 2011-2012

The city will continue to leverage its resources and seek every opportunity to leverage grants and other sources to continue investing in infrastructure.

There remains; however, three important issues that the community needs to address: streets, a fire station and a wastewater treatment plant.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

A \$5 Transportation Utility Fee for street maintenance was defeated by John Day citizens at the May 17, 2011 Special Election. Our Public Works Department has done an excellent job with the limited tools they have to work with. The money is just not there to properly maintain existing streets, we lack the funds to fix, repair and/or install new sidewalks. This problem will not go away and sooner or later a solution must be found. We anticipate some assistance with the state's additional gas tax and various licensing and fee increases. However, the state is keeping for itself the vast majority of taxes that will be collected in John Day. What the city receives from the new state taxes on gas and vehicles will not keep up with the cost of materials. The John Day Public Works Committee will meet with staff to discuss street maintenance priorities due to limited revenues.

The city is faced with a deteriorated fire station and is trying to find a way to construct a replacement structure. 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. In March 2011 the city signed a Memorandum of Understanding (MOU) with the John Day Rural Fire Protection District that states the parties desire to work collaboratively to investigate opportunities for the construction of a new fire station, the investigative process will include, among other things, determining the manner and method by which the cost of the fire station will be equitably shared by the parties.

Construction of a new wastewater treatment plant, estimated to cost \$8.2 million, still looms over the city. The city intends to raise sewer rates gradually over the next few years to meet federal rate requirements in order to be eligible for federal loans and/or grants.

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, 2011

	Governmental Activities	Business-type Activities
ASSETS		
Cash and investments	\$ 818,920	\$ 625,857
Receivables		
Property taxes (net of allowance)	44,847	1,242
Other	60,528	74,612
Prepaid expenses	590	530
Capital assets (net of accumulated depreciation)		
Construction in progress	2,932	-
Land	190,017	185,937
Buildings and infrastructure	1,997,371	4,036,377
Equipment	349,715	291,278
Total capital assets	<u>2,540,035</u>	<u>4,513,592</u>
Total assets	<u>3,464,920</u>	<u>5,215,833</u>
LIABILITIES		
Accounts payable	8,922	2,381
Accrued liabilities	7,615	3,392
Deposits payable	-	4,704
Accrued interest payable	-	77,844
Accrued compensated absences	44,338	27,446
Loans payable		
Due within one year	7,923	99,932
Due in more than one year	115,421	2,586,730
Total liabilities	<u>184,219</u>	<u>2,802,429</u>
NET ASSETS		
Investment in capital assets, net of related debt	2,416,691	1,749,086
Unrestricted	864,010	664,318
Total net assets	<u>\$ 3,280,701</u>	<u>\$ 2,413,404</u>

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

Total	
June 30, 2011	June 30, 2010
\$ 1,444,777	\$ 1,380,987
46,089	43,848
135,140	87,484
1,120	4,603
2,932	2,932
375,954	375,954
6,033,748	6,256,956
640,993	745,112
<u>7,053,627</u>	<u>7,380,954</u>
<u>8,680,753</u>	<u>8,897,876</u>
11,303	24,793
11,007	-
4,704	5,190
77,844	80,163
71,784	62,905
107,855	104,593
<u>2,702,151</u>	<u>2,810,006</u>
<u>2,986,648</u>	<u>3,087,650</u>
4,165,777	4,386,192
<u>1,528,328</u>	<u>1,424,034</u>
<u>\$ 5,694,105</u>	<u>\$ 5,810,226</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2011

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
Administration	\$ (129,058)	\$ 9,033	\$ -
Police	(366,964)	4,539	-
Fire	(128,930)	25,261	-
Emergency services	(367,902)	78,253	261,474
Streets	(234,687)	78,120	152,317
Museums	-	-	-
Total governmental activities	<u>\$ (1,227,541)</u>	<u>\$ 195,206</u>	<u>\$ 413,791</u>
Business-type activities			
Administration	\$ (135,561)	\$ -	\$ -
Water	(502,269)	531,996	-
Sewer	(395,526)	470,377	-
Total business-type activities	<u>\$ (1,033,356)</u>	<u>\$ 1,002,373</u>	<u>\$ 0</u>

General revenues
Property taxes, levied for general purposes
Fees and licenses
Intergovernmental payments
Grants and awards
Interest income
Miscellaneous
Loss on sale of capital assets
Transfers
Total general revenues
Changes in net assets
Net assets - beginning
Prior period adjustment
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, 2011	June 30, 2010
\$ (120,025)	\$ -	\$ (120,025)	\$ (140,932)
(362,425)	-	(362,425)	(409,979)
(103,669)	-	(103,669)	(58,282)
(28,175)	-	(28,175)	(8,873)
(4,250)	-	(4,250)	9,507
-	-	-	(1,747)
(618,544)	0	(618,544)	(610,306)
-	(135,561)	(135,561)	(153,033)
-	29,727	29,727	13,392
-	74,851	74,851	26,745
0	(30,983)	(30,983)	(112,896)
247,320	125	247,445	242,122
159,867	-	159,867	164,894
40,177	-	40,177	36,436
12,474	-	12,474	95,000
4,340	2,927	7,267	9,335
18,936	2,778	21,714	15,430
-	-	-	(67)
1,367	(1,367)	-	-
484,481	4,463	488,944	563,150
(134,063)	(26,520)	(160,583)	(160,052)
3,370,302	2,439,924	5,810,226	5,970,278
44,462	-	44,462	-
<u>\$ 3,280,701</u>	<u>\$ 2,413,404</u>	<u>\$ 5,694,105</u>	<u>\$ 5,810,226</u>

CITY OF JOHN DAY
Grant County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

ASSETS	01 General Fund	06 Street Fund	32 911 Fund	Nonmajor Governmental Funds
Cash and investments	\$ 114,521	\$ 180,282	\$ 227,758	\$ -
Receivables				
Taxes	44,847			-
Other	45,785	13,999	46	-
Prepaid expenses	590	-	-	-
Total assets	<u>\$ 205,743</u>	<u>\$ 194,281</u>	<u>\$ 227,804</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 4,930	\$ 74	\$ 1,068	\$ -
Accrued liabilities	3,062	1,236	3,029	-
Deferred revenue	44,847	5,642	-	-
Total liabilities	<u>52,839</u>	<u>6,952</u>	<u>4,097</u>	<u>0</u>
Fund balances				
Restricted	-	187,329	223,707	-
Unassigned	152,904	-	-	-
Total fund balances	<u>152,904</u>	<u>187,329</u>	<u>223,707</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 205,743</u>	<u>\$ 194,281</u>	<u>\$ 227,804</u>	<u>\$ 0</u>

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

Total	
June 30, 2011	June 30, 2010
\$ 522,561	\$ 570,579
44,847	42,524
59,830	14,869
590	3,515
<u>\$ 627,828</u>	<u>\$ 631,487</u>

\$ 6,072	\$ 13,154
7,327	-
<u>50,489</u>	<u>50,159</u>
<u>63,888</u>	<u>63,313</u>

411,036	455,372
<u>152,904</u>	<u>112,802</u>
<u>563,940</u>	<u>568,174</u>
<u>\$ 627,828</u>	<u>\$ 631,487</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, 2011

Total Fund Balances		\$ 563,940
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 4,176,391	
Accumulated depreciation	<u>(1,636,356)</u>	2,540,035
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.		44,847
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.		5,642
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.		(44,338)
Long-term debt not payable in the current year are not reported as governmental fund liabilities.		(123,344)
The internal service funds are used by management to charge the costs of motor pool repairs and other costs to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the Statement of Net Assets.		293,919
Total Net Assets		<u><u>\$ 3,280,701</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, 2011

	01 General Fund	06 Street Fund	32 911 Fund	Nonmajor Governmental Funds
Revenues				
Taxes	\$ 244,997	\$ -	\$ -	\$ -
Intergovernmental revenues	63,707	152,317	339,727	-
User fees	8,731	1,074	-	-
Licenses and fees	159,867	-	-	-
Fines and forfeitures	3,908	-	-	-
Interest earned	559	1,065	1,218	70
Miscellaneous income	14,103	10,447	2,483	-
Total revenues	<u>495,872</u>	<u>164,903</u>	<u>343,428</u>	<u>70</u>
Expenditures				
General government	63,211	-	-	-
Public safety	383,352	-	384,005	-
Highways and streets	-	161,250	-	-
Capital outlay	6,007	-	-	-
Debt service	13,311	-	-	-
Total expenditures	<u>465,881</u>	<u>161,250</u>	<u>384,005</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>29,991</u>	<u>3,653</u>	<u>(40,577)</u>	<u>70</u>
Other financing sources (uses)				
GASB 54 transfers	16,063	-	-	(16,063)
Motor pool	(43,200)	-	-	-
Operating transfers	(7,214)	(600)	7,981	1,200
Total other financing sources (uses)	<u>(34,351)</u>	<u>(600)</u>	<u>7,981</u>	<u>(14,863)</u>
Net changes in fund balances	(4,360)	3,053	(32,596)	(14,793)
Fund balance at beginning of year	112,802	184,276	256,303	14,793
Prior period adjustment	44,462	-	-	-
Fund balance at end of year - by category				
Restricted	-	187,329	223,707	-
Unassigned	152,904	-	-	-
Fund balance at end of year - total	<u>\$ 152,904</u>	<u>\$ 187,329</u>	<u>\$ 223,707</u>	<u>\$ 0</u>

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

Totals	
June 30, 2011	June 30, 2010
\$ 244,997	\$ 241,261
555,751	662,258
9,805	7,953
159,867	164,894
3,908	3,071
2,912	4,056
27,033	11,072
<u>1,004,273</u>	<u>1,094,565</u>
63,211	54,526
767,357	739,177
161,250	177,510
6,007	184,559
13,311	13,311
<u>1,011,136</u>	<u>1,169,083</u>
<u>(6,863)</u>	<u>(74,518)</u>
-	-
(43,200)	(38,200)
1,367	1,366
<u>(41,833)</u>	<u>(36,834)</u>
(48,696)	(111,352)
568,174	679,526
44,462	-
411,036	440,579
152,904	127,595
<u>\$ 563,940</u>	<u>\$ 568,174</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, 2011

Net Change in Fund Balance \$ (48,696)

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	\$ 5,474	
Less current year depreciation	<u>(129,982)</u>	(124,508)

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		7,956
-------------------------	--	-------

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.

(872)

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.

31,727

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.

2,323

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.

(1,993)

Change in Net Assets		<u><u>\$ (134,063)</u></u>
-----------------------------	--	----------------------------

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

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Water Fund	Sewer Fund
ASSETS		
Current assets		
Unrestricted		
Cash with depositories	\$ 204,593	\$ 421,264
Water and sewer accounts receivable	41,540	37,681
Less allowance for doubtful accounts	(2,592)	(2,182)
Accounts receivable	110	55
Prepaid expenses	265	265
Total current assets	<u>243,916</u>	<u>457,083</u>
Restricted assets		
Taxes receivable	1,380	-
Allowance for uncollectibles	(138)	-
Total restricted assets	<u>1,242</u>	<u>0</u>
Property, plant, and equipment	5,287,973	2,833,081
Less accumulated depreciation	<u>(1,949,210)</u>	<u>(1,658,252)</u>
Property, plant, and equipment - net	<u>3,338,763</u>	<u>1,174,829</u>
Total assets	<u>3,583,921</u>	<u>1,631,912</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,440	941
Accrued liabilities	1,505	1,887
Accrued compensated absences	13,027	14,419
Current portion of long-term debt	72,143	27,789
Accrued interest	54,574	23,270
Customer deposits	4,704	-
Total current liabilities	<u>147,393</u>	<u>68,306</u>
Long-term liabilities		
Loan payable - special public works fund	<u>1,820,671</u>	<u>766,059</u>
Total long-term liabilities	<u>1,820,671</u>	<u>766,059</u>
Total liabilities	<u>1,968,064</u>	<u>834,365</u>
NET ASSETS		
Restricted for Canyon City contract	-	13,119
Unrestricted	<u>1,615,857</u>	<u>784,428</u>
Total net assets	<u>\$ 1,615,857</u>	<u>\$ 797,547</u>

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

Totals		Governmental Activities
June 30, 2011	June 30, 2010	Internal Service Funds
\$ 625,857	\$ 558,953	\$ 296,359
79,221	76,134	-
(4,774)	(4,317)	-
165	100	698
530	1,088	-
<u>700,999</u>	<u>631,958</u>	<u>297,057</u>
1,380	1,471	-
(138)	(147)	-
<u>1,242</u>	<u>1,324</u>	<u>0</u>
8,121,054	8,121,054	700,570
(3,607,462)	(3,415,499)	(543,818)
<u>4,513,592</u>	<u>4,705,555</u>	<u>156,752</u>
<u>5,215,833</u>	<u>5,338,837</u>	<u>453,809</u>
2,381	10,370	2,850
3,392	-	-
27,446	19,891	451
99,932	96,637	288
77,844	80,163	-
4,704	5,190	-
<u>215,699</u>	<u>212,251</u>	<u>3,589</u>
<u>2,586,730</u>	<u>2,686,662</u>	<u>-</u>
<u>2,586,730</u>	<u>2,686,662</u>	<u>0</u>
<u>2,802,429</u>	<u>2,898,913</u>	<u>3,589</u>
13,119	10,992	-
<u>2,400,285</u>	<u>2,428,932</u>	<u>450,220</u>
<u>\$ 2,413,404</u>	<u>\$ 2,439,924</u>	<u>\$ 450,220</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, 2011

	Water Fund	Sewer Fund
Operating revenues		
User fees	\$ 524,278	\$ 436,646
Interfund charges	-	-
Miscellaneous income	11,983	12,220
Total operating revenues	<u>536,261</u>	<u>448,866</u>
Operating expenses		
Administration	61,760	79,750
Motor pool	-	-
Utility operation	466,190	354,832
Public safety	-	-
Total operating expenses	<u>527,950</u>	<u>434,582</u>
Operating income (loss)	<u>8,311</u>	<u>14,284</u>
Nonoperating revenues (expenses)		
Taxes	126	-
Intergovernmental revenues	-	24,199
Interest earned	980	1,947
Total nonoperating revenues (expenses)	<u>1,106</u>	<u>26,146</u>
Income (loss) before transfers	9,417	40,430
Motor pool interfund charges	(40,000)	(35,000)
Transfers	<u>(610)</u>	<u>(757)</u>
Net income (loss) / Increase (decrease) in net assets	(31,193)	4,673
Net assets at beginning of year	<u>1,647,050</u>	<u>792,874</u>
Net assets at end of year	<u><u>\$ 1,615,857</u></u>	<u><u>\$ 797,547</u></u>

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

Totals		Governmental
June 30, 2011	June 30, 2010	Activities Internal Service Funds
\$ 960,924	\$ 879,888	\$ -
-	-	153,856
24,203	10,603	2,046
<u>985,127</u>	<u>890,491</u>	<u>155,902</u>
141,510	153,469	10,972
-	-	55,836
821,022	806,895	-
-	-	58,795
<u>962,532</u>	<u>960,364</u>	<u>125,603</u>
<u>22,595</u>	<u>(69,873)</u>	<u>30,299</u>
126	4	-
24,199	22,482	-
2,927	3,775	1,428
<u>27,252</u>	<u>26,261</u>	<u>1,428</u>
49,847	(43,612)	31,727
(75,000)	(60,000)	-
(1,367)	(1,366)	-
(26,520)	(104,978)	31,727
<u>2,439,924</u>	<u>2,544,902</u>	<u>418,493</u>
<u>\$ 2,413,404</u>	<u>\$ 2,439,924</u>	<u>\$ 450,220</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2011

	Water Fund	Sewer Fund
Cash flows from operating activities		
Cash received from customers	\$ 535,241	\$ 446,787
Cash paid to employees	(187,527)	(210,240)
Cash paid to suppliers	(205,207)	(166,398)
Net cash from operating activities	<u>142,507</u>	<u>70,149</u>
Cash flows from capital activities		
Acquisition of capital assets	-	-
Capital grants received	-	-
Reimbursement received - Canyon City	-	24,199
Principal debt payments	(68,974)	(27,663)
Net cash from capital and related financing activities	<u>(68,974)</u>	<u>(3,464)</u>
Cash flows from non-capital financing activities		
Taxes received	126	-
Interfund transfers	(40,610)	(35,757)
Net cash from non-capital financing activities	<u>(40,484)</u>	<u>(35,757)</u>
Cash flows from investing activities		
Interest on investments	980	1,947
Net cash from investing activities	<u>980</u>	<u>1,947</u>
Net increase (decrease) in cash	34,029	32,875
Cash and cash equivalents at beginning of year	170,564	388,389
Cash and cash equivalents at end of year	<u>\$ 204,593</u>	<u>\$ 421,264</u>
Reconciliation of operating income (loss)		
to net cash provided (used) by operating activities		
Net operating income (loss)	<u>\$ 8,311</u>	<u>\$ 14,284</u>
Adjustments to reconcile operating income (loss)		
expenses to net cash provided by operating activities		
Depreciation expense	131,404	60,559
(Increase) or decrease in		
Accounts receivable	(534)	(2,079)
Prepaid expenses	279	279
Increase or (decrease) in		
Accounts payable	476	(8,466)
Accrued liabilities	1,505	1,887
Accrued compensated absences	2,461	5,095
Accrued interest payable	(909)	(1,410)
Customer deposits	(486)	-
Total adjustments	<u>134,196</u>	<u>55,865</u>
Net cash provided (used) by operating activities	<u>\$ 142,507</u>	<u>\$ 70,149</u>

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

Totals		Governmental Activities
June 30, 2011	June 30, 2010	Internal Service Funds
\$ 982,028	\$ 895,682	\$ 155,902
(397,767)	(399,945)	(16,588)
<u>(371,605)</u>	<u>(385,235)</u>	<u>(71,251)</u>
<u>212,656</u>	<u>110,502</u>	<u>68,063</u>
-	(19,255)	(24,587)
-	22,482	-
24,199	-	-
<u>(96,637)</u>	<u>(93,505)</u>	<u>-</u>
<u>(72,438)</u>	<u>(90,278)</u>	<u>(24,587)</u>
126	4	-
<u>(76,367)</u>	<u>(61,366)</u>	<u>-</u>
<u>(76,241)</u>	<u>(61,362)</u>	<u>0</u>
2,927	3,775	1,428
<u>2,927</u>	<u>3,775</u>	<u>1,428</u>
66,904	(37,363)	44,904
558,953	596,316	251,455
<u>\$ 625,857</u>	<u>\$ 558,953</u>	<u>\$ 296,359</u>
<u>\$ 22,595</u>	<u>\$ (69,873)</u>	<u>\$ 30,299</u>
191,963	190,985	35,443
(2,613)	5,491	-
558	(82)	-
(7,990)	(10,091)	1,870
3,392	-	-
7,556	(3,261)	451
(2,319)	(2,367)	-
<u>(486)</u>	<u>(300)</u>	<u>-</u>
<u>190,061</u>	<u>180,375</u>	<u>37,764</u>
<u>\$ 212,656</u>	<u>\$ 110,502</u>	<u>\$ 68,063</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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. 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, 2011

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, disposal system and 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.

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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

Internal service funds of the city (which provide services primarily to other funds of the city) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the city’s governmental activities, financial activities of the internal service funds are presented in the governmental activities column when presented at the government-wide level. 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.

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

E. Budgets and Budgetary Accounting

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

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

F. Property Taxes Receivable

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

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

G. Accumulated Compensated Absences

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

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

H. 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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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, 2010, 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 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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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, 2009 is 7.42% 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 negative 2.09% 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 5.81%.

The following rates are in effect until June 30, 2011:

- T1/T2 payroll – 5.33% (PERS normal cost: 7.42% plus PERS UAL: -2.09%)
- OPSRP payroll – 3.72% (OPSRP rate: 5.81% plus PERS UAL: -2.09%)
- OPSRP police and fire – 6.43% (OPSRP rate: 8.52% plus PERS UAL: -2.09%)

The following rates are effective July 1, 2011:

- T1/T2 payroll – 8.62%
- OPSRP payroll – 4.43%
- OPSRP police and fire – 7.17%

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, 2009	\$ 109,347	100%	\$ -
June 30, 2010	81,723	100%	-
June 30, 2011	83,222	100%	-

Note 3. Deposits and Investments

At June 30, 2011 the carrying amount of the city's deposits was \$255,828 and the bank balance was \$288,639. 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 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, 2011 none of the city's bank balance was exposed to custodial credit risk.

As of June 30, 2011 the city had \$1,188,949 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
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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, 2011:

	Payable at June 30, 2010	Addition	Reduction	Payable at June 30, 2011	Due in One Year
Special Public Works Fund Loan Payable - Water System Improvements	\$ 943,199	\$ -	\$ 36,500	\$ 906,699	\$ 36,776
Special Public Works Fund Loan Payable - Airport Industrial Park	1,840,100	-	60,137	1,779,963	63,156
Stella Lang Purchase Agreement	131,300	-	7,956	123,344	7,923
Accrued Compensated Absences (net)	62,905	8,879	-	71,784	-
Totals	\$ 2,977,504	\$ 8,879	\$ 104,593	\$ 2,881,790	\$ 107,855

Interest expense of \$141,052 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, 2011, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2012	\$ 80,869	\$ 44,093	\$ 36,776
2013	84,564	42,493	42,071
2014	83,006	40,621	42,385
2015	81,414	38,693	42,721
2016	84,786	36,706	48,080
2017-2021	418,669	147,062	271,607
2022-2026	417,720	73,369	344,351
2027	82,643	3,935	78,708
Total	\$ 1,333,671	\$ 426,972	\$ 906,699

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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 (55% Water Fund, 45% Sewer Fund). Terms of the loan are 24 annual payments of \$152,510 on December 1 of each year including interest of 5.02 percent through December 1, 2028. The first payment was made on December 1, 2006 and was interest only as a result of accrued interest in excess of the payment amount. Accrued interest at June 30, 2011 was \$52,123. As of June 30, 2011, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2012	\$ 152,510	\$ 89,354	\$ 63,156
2013	152,510	86,184	66,326
2014	152,510	82,854	69,656
2015	152,510	79,357	73,153
2016	152,510	75,685	76,825
2017-2021	762,550	316,556	445,994
2022-2026	762,550	192,794	569,756
2027-2029	<u>457,448</u>	<u>42,351</u>	<u>415,097</u>
Total	<u>\$ 2,745,098</u>	<u>\$ 965,135</u>	<u>\$ 1,779,963</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, 2011. As of June 30, 2011, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2012	\$ 13,311	\$ 5,388	\$ 7,923
2013	13,311	5,025	8,286
2014	13,311	4,644	8,667
2015	13,311	4,246	9,065
2016	13,311	3,829	9,482
2016-2020	66,554	12,197	54,357
2021-2023	<u>26,622</u>	<u>1,058</u>	<u>25,564</u>
Total	<u>\$ 159,731</u>	<u>\$ 36,387</u>	<u>\$ 123,344</u>

Note 8. 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, 2011, were \$2,136. As of June 30, 2011, 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, 2011

Fiscal Year Ending June 30,	Total Future Minimum Lease Payments
2012	\$ 2,136
2013	1,596
2014	1,197
Total	<u>\$ 4,929</u>

Note 9. 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 10. Receivables

Receivables are presented net of allowances for uncollectible accounts. Receivables are comprised of the following as of June 30, 2011:

	Governmental	Business
Property taxes	\$ 44,847	\$ 1,242
User fees	-	74,447
Other	60,528	165
Total	<u>\$ 105,375</u>	<u>\$ 75,854</u>

Note 11. Capital Assets

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

Governmental Activities	Balance July 01, 2010	Additions	Deletions	Balance June 30, 2011
Capital Assets				
<i>Assets not being depreciated</i>				
Land	\$ 190,017	\$ -	\$ -	\$ 190,017
Construction in progress	2,932	-	-	2,932
<i>Assets being depreciated</i>				
Buildings	549,768	-	-	549,768
Street improvements	2,008,475	-	-	2,008,475
Equipment	1,395,138	30,061	-	1,425,199
Total assets being depreciated	<u>3,953,381</u>	<u>30,061</u>	<u>0</u>	<u>3,983,442</u>
Total capital assets	<u>4,146,330</u>	<u>30,061</u>	<u>0</u>	<u>4,176,391</u>
Accumulated Depreciation				
Buildings	287,095	25,242	-	312,337
Street improvements	193,471	55,064	-	248,535
Equipment	990,365	85,119	-	1,075,484
Total depreciation	<u>1,470,931</u>	<u>165,425</u>	<u>0</u>	<u>1,636,356</u>
Governmental funds capital assets - net	<u>\$ 2,675,399</u>	<u>\$ (135,364)</u>	<u>\$ 0</u>	<u>\$ 2,540,035</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

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

Business Activities	Balance July 01, 2010	Additions	Deletions	Balance June 30, 2011
Capital Assets				
<i>Assets not being depreciated:</i>				
Land	\$ 185,937	\$ -	\$ -	\$ 185,937
<i>Assets being depreciated:</i>				
Buildings	562,899	-	-	562,899
Utility systems	6,414,189	-	-	6,414,189
Equipment	958,028	-	-	958,028
Total assets being depreciated	7,935,116	0	0	7,935,116
Total capital assets	8,121,053	0	0	8,121,053
Accumulated Depreciation				
Buildings	416,928	13,863	-	430,791
Utility systems	2,380,881	129,039	-	2,509,920
Equipment	617,690	49,060	-	666,750
Total depreciation	3,415,499	191,962	0	3,607,461
Business activities capital assets - net	\$ 4,705,554	\$ (191,962)	\$ 0	\$ 4,513,592

Depreciation was charged to the following functions:

Function	Governmental Activities	Business Activities
General operations	\$ 21,421	
Fire	61,684	
Police	9,485	
Streets	56,424	
Parks		
Museums	1,741	
Emergency services	14,670	
Water		\$ 131,403
Sewer		60,559
Total depreciation	\$ 165,425	\$ 191,962

Note 12. 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 13. Interfund Transfers

Transfers between funds provide support for various city programs in accordance with budgetary authorizations. During the fiscal year ended June 30, 2011 the city made the following interfund transfers:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General Fund (GASB 54)	Various funds (GASB 54)	\$ 16,063
911 Fund	General Fund	6,014
911 Fund	Street Fund	600
911 Fund	Water Fund	610
911 Fund	Sewer Fund	757
Nonmajor Fund	General Fund	1,200
Total		<u>\$ 25,244</u>

Note 14. Implementation of GASB Statement No. 54 – New Fund Balance

The city implemented GASB Statement No. 54 during the year ending June 30, 2011. GASB Statement No. 54 requires analysis and presentation of fund balance in five categories. The new fund balance categories are:

Non-spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the city council, by formal council action.

Assigned – Includes items assigned for specific uses, authorized by the mayor and/or the city recorder.

Unassigned – This is the residual classification used for those balances not assigned to another category.

Below is a schedule of the ending fund balance, based on GASB Statement No. 54 implementation:

	<u>General Fund</u>	<u>Street Fund</u>	<u>911 Fund</u>	<u>Total</u>
Fund balances				
Restricted				
Roads		\$ 187,329	\$ -	\$ 187,329
Public safety - 911		-	223,707	223,707
Unrestricted				
Unassigned	152,904	-	-	152,904
Total fund balances	<u>\$ 152,904</u>	<u>\$ 187,329</u>	<u>\$ 223,707</u>	<u>\$ 563,940</u>

GASB Statement No. 54 implementation requires council approved action to authorize commitments of fund balance. Commitments of fund balance must be made prior to the end of the fiscal year. No commitments were made for the current fiscal year.

On June 28, 2011 the city council authorized the city manager and the city council to make assignments of ending fund balance. Assignments of fund balance can be done at any time, including after the fiscal year end date.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

GASB Statement No. 54 requires a spending policy, as it relates to ending fund balance. The spending policy states in what order fund balance categories are spent. On June 28, 2011, the city council approved the fund balance spending policy as follows:

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

Note 15 Prior Period Adjustment

The General Fund includes a prior period adjustment of \$44,462 required to account for prior year franchise fees. In the past franchise fees were included in income in the year they were received (cash basis). These fees are now being reported in the year they become measurable and available (modified accrual basis). This change in how the fees are being recognized required the prior period adjustment to account for 2009-10 fees received in 2010-11.

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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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Taxes	\$ 244,997	\$ 240,290	\$ 240,290	\$ (4,707)
Intergovernmental revenues	63,707	362,839	362,839	299,132
User fees	8,731	-	-	(8,731)
Licenses and fees	159,867	174,269	174,269	14,402
Fines and forfeitures	3,908	5,050	5,050	1,142
Interest earned	559	885	885	326
Miscellaneous income	14,103	8,350	13,876	(227)
Total revenue	495,872	791,683	797,209	301,337
Expenditures				
Administration	63,211	69,808	69,808	6,597
Police	339,846	351,023	356,549	16,703
Fire	49,513	392,790	392,790	343,277
Debt service	13,311	14,000	14,000	689
Contingency	-	2,120	2,120	2,120
Total expenditures	465,881	829,741	835,267	369,386
Excess of revenues over (under) expenditures	29,991	(38,058)	(38,058)	(68,049)
Other financing sources (uses)				
Motor pool	(43,200)	(43,200)	(43,200)	-
Transfers in - GASB 54	16,063	-	-	(16,063)
Transfers out	(7,214)	(7,214)	(7,214)	-
Total other sources (uses)	(34,351)	(50,414)	(50,414)	(16,063)
Excess of revenues and other sources over (under) expenditures and other uses	(4,360)	(88,472)	(88,472)	(84,112)
Fund balance at beginning of year	112,802	88,472	88,472	(24,330)
Prior period adjustment	44,462	-	-	(44,462)
Fund balance at end of year	\$ 152,904	\$ 0	\$ 0	\$ (152,904)

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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Intergovernmental revenues	\$ 152,317	\$ 60,000	\$ 60,000	\$ (92,317)
Interest earned	1,065	1,702	1,702	637
Miscellaneous income	10,447	2,000	2,000	(8,447)
Total revenue	164,903	80,402	80,402	(84,501)
Expenditures				
Personnel services	113,435	125,888	125,888	12,453
Materials and services	37,815	56,050	56,050	18,235
Capital outlay	-	25,000	25,000	25,000
Motor pool	10,000	10,000	10,000	-
Total expenditures	161,250	249,990	249,990	88,740
Excess of revenues over (under) expenditures	3,653	(169,588)	(169,588)	(173,241)
Other financing sources (uses)				
Transfers out	(600)	(600)	(600)	-
Total other sources (uses)	(600)	(600)	(600)	0
Excess of revenues and other sources over (under) expenditures and other uses	3,053	(170,188)	(170,188)	(173,241)
Fund balance at beginning of year	184,276	170,188	170,188	(14,088)
Fund balance at end of year	\$ 187,329	\$ 0	\$ 0	\$ (187,329)

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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Intergovernmental revenues	\$ 339,727	\$ 321,585	\$ 321,585	\$ (18,142)
Interest earned	1,218	2,452	2,452	1,234
Miscellaneous income	2,483	-	-	(2,483)
Total revenue	<u>343,428</u>	<u>324,037</u>	<u>324,037</u>	<u>(19,391)</u>
Expenditures				
Personnel services	335,954	373,153	368,153	32,199
Materials and services	48,051	47,770	52,770	4,719
Capital outlay	-	36,000	36,000	36,000
Contingency	-	312	312	312
Total expenditures	<u>384,005</u>	<u>457,235</u>	<u>457,235</u>	<u>73,230</u>
Excess of revenues over (under) expenditures	<u>(40,577)</u>	<u>(133,198)</u>	<u>(133,198)</u>	<u>(92,621)</u>
Other financing sources (uses)				
Transfers in	7,981	7,981	7,981	-
Total other sources (uses)	<u>7,981</u>	<u>7,981</u>	<u>7,981</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	(32,596)	(125,217)	(125,217)	(92,621)
Fund balance at beginning of year	<u>256,303</u>	<u>245,217</u>	<u>245,217</u>	<u>(11,086)</u>
Fund balance at end of year	<u>\$ 223,707</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ (103,707)</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, 2011

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, 2011, disbursements in the major funds were within certified budget amounts in all functions.

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

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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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Taxes	\$ 244,997	\$ 240,290	\$ 240,290	\$ (4,707)
Intergovernmental revenues	63,707	362,839	362,839	299,132
User fees	8,731	-	-	(8,731)
Licenses and fees	159,867	174,269	174,269	14,402
Fines and forfeitures	3,908	5,050	5,050	1,142
Interest earned	559	885	885	326
Miscellaneous income	14,103	8,350	13,876	(227)
Total revenue	495,872	791,683	797,209	301,337
Expenditures				
Administration				
Personnel services	7,285	9,599	9,599	2,314
Employee benefits	2,836	3,879	3,879	1,043
Materials and services	53,090	55,330	55,330	2,240
Capital outlay	-	1,000	1,000	1,000
Total administration	63,211	69,808	69,808	6,597
Police				
Personnel services	198,058	204,362	204,362	6,304
Employee benefits	110,176	116,276	116,276	6,100
Materials and services	26,138	30,385	30,385	4,247
Capital outlay	5,474	-	5,526	52
Total police	339,846	351,023	356,549	16,703
Fire				
Personnel services	15,713	18,636	18,636	2,923
Employee benefits	4,483	10,034	10,034	5,551
Materials and services	28,784	51,120	51,120	22,336
Capital outlay	533	313,000	313,000	312,467
Total fire	49,513	392,790	392,790	343,277
Debt service	13,311	14,000	14,000	689
Contingency	-	2,120	2,120	2,120
Total expenditures	465,881	829,741	835,267	369,386
Excess of revenues over (under) expenditures	29,991	(38,058)	(38,058)	(68,049)

(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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Other financing sources (uses)				
Motor pool - administration	\$ (1,200)	\$ (1,200)	\$ (1,200)	\$ -
Motor pool - police	(25,000)	(25,000)	(25,000)	-
Motor pool - fire	(17,000)	(17,000)	(17,000)	-
Transfers in - GASB 54	16,063	-	-	(16,063)
Transfers out	(7,214)	(7,214)	(7,214)	-
Total other sources (uses)	(34,351)	(50,414)	(50,414)	(16,063)
Excess of revenues and other sources over (under) expenditures and other uses	(4,360)	(88,472)	(88,472)	(84,112)
Fund balance at beginning of year	112,802	88,472	88,472	(24,330)
Prior period adjustment	44,462	-	-	(44,462)
Fund balance at end of year	<u>\$ 152,904</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (152,904)</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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Intergovernmental revenues	\$ 152,317	\$ 60,000	\$ 60,000	\$ (92,317)
User fees	1,074	700	700	(374)
Licenses and fees	-	16,000	16,000	16,000
Interest earned	1,065	1,702	1,702	637
Miscellaneous income	10,447	2,000	2,000	(8,447)
Total revenue	<u>164,903</u>	<u>80,402</u>	<u>80,402</u>	<u>(84,501)</u>
Expenditures				
Administration				
Personnel services	6,744	11,319	11,319	4,575
Employee benefits	2,996	4,965	4,965	1,969
Materials and services	6,657	4,550	4,550	(2,107)
Total administration	<u>16,397</u>	<u>20,834</u>	<u>20,834</u>	<u>4,437</u>
Operating				
Personnel services	69,373	72,068	72,068	2,695
Employee benefits	34,322	37,536	37,536	3,214
Materials and services	31,158	51,500	51,500	20,342
Capital outlay	-	25,000	25,000	25,000
Motor pool	10,000	10,000	10,000	-
Total operating	<u>144,853</u>	<u>229,156</u>	<u>229,156</u>	<u>84,303</u>
Total expenditures	<u>161,250</u>	<u>249,990</u>	<u>249,990</u>	<u>88,740</u>
Excess of revenues over (under) expenditures	<u>3,653</u>	<u>(169,588)</u>	<u>(169,588)</u>	<u>(173,241)</u>
Other financing sources (uses)				
Transfers out	(600)	(600)	(600)	-
Total other sources (uses)	<u>(600)</u>	<u>(600)</u>	<u>(600)</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	3,053	(170,188)	(170,188)	(173,241)
Fund balance at beginning of year	<u>184,276</u>	<u>170,188</u>	<u>170,188</u>	<u>(14,088)</u>
Fund balance at end of year	<u>\$ 187,329</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (187,329)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
911 FUND - 32
For the year ended
June 30, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Intergovernmental revenues	\$ 339,727	\$ 321,585	\$ 321,585	\$ (18,142)
Interest earned	1,218	2,452	2,452	1,234
Miscellaneous income	2,483	-	-	(2,483)
Total revenue	<u>343,428</u>	<u>324,037</u>	<u>324,037</u>	<u>(19,391)</u>
Operating expenses				
Administration				
Personnel services	23,028	36,017	31,017	7,989
Employee benefits	8,744	14,798	14,798	6,054
Materials and services	11,154	4,450	9,450	(1,704)
Total administration	<u>42,926</u>	<u>55,265</u>	<u>55,265</u>	<u>12,339</u>
Operating				
Personnel services	208,991	221,487	221,487	12,496
Employee benefits	95,191	100,851	100,851	5,660
Materials and services	36,897	43,320	43,320	6,423
Capital outlay	-	36,000	36,000	36,000
Contingency	-	312	312	312
Total operating	<u>341,079</u>	<u>401,970</u>	<u>401,970</u>	<u>60,891</u>
Total expenditures	<u>384,005</u>	<u>457,235</u>	<u>457,235</u>	<u>73,230</u>
Excess of revenues over (under) expenditures	<u>(40,577)</u>	<u>(133,198)</u>	<u>(133,198)</u>	<u>(92,621)</u>
Other financing sources (uses)				
Transfers in	7,981	7,981	7,981	-
Total other sources (uses)	<u>7,981</u>	<u>7,981</u>	<u>7,981</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	(32,596)	(125,217)	(125,217)	(92,621)
Fund balance at beginning of year	<u>256,303</u>	<u>245,217</u>	<u>245,217</u>	<u>(11,086)</u>
Fund balance at end of year	<u>\$ 223,707</u>	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ (103,707)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	08 Kam Wah Chung Museum	30 L.C.D.C. Maintenance Grant	36 Drug Enforcement
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
Receivables			
Bancroft assessments	-	-	-
Taxes Receivable			
Miscellaneous	-	-	-
Total assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Designated for special revenue funds	-	-	-
Total fund balances	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

40 Haz Mat	Totals June 30, 2011
\$ -	\$ -
-	-
-	-
<u>\$ 0</u>	<u>\$ 0</u>

<u>\$ -</u>	<u>\$ -</u>
<u>0</u>	<u>0</u>
-	-
<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</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, 2011

	08 Kam Wah Chung Museum	30 L.C.D.C Maintenance Grant	36 Drug Enforcement
Revenues			
Interest earned	\$ 7	\$ 5	\$ 9
Total revenues	<u>7</u>	<u>5</u>	<u>9</u>
Expenditures			
Public safety	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over (under) expenditures	<u>7</u>	<u>5</u>	<u>9</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out - GASB 54	<u>(1,457)</u>	<u>(1,039)</u>	<u>(2,026)</u>
Total other financing sources	<u>(1,457)</u>	<u>(1,039)</u>	<u>(2,026)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(1,450)	(1,034)	(2,017)
Fund balance beginning of year	<u>1,450</u>	<u>1,034</u>	<u>2,017</u>
Fund balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

40 Haz Mat	Totals June 30, 2011
<u>\$ 49</u>	<u>\$ 70</u>
<u>49</u>	<u>70</u>
<u>-</u>	<u>-</u>
<u>0</u>	<u>0</u>
<u>49</u>	<u>70</u>
1,200	1,200
<u>(11,541)</u>	<u>(16,063)</u>
<u>(10,341)</u>	<u>(14,863)</u>
(10,292)	(14,793)
<u>10,292</u>	<u>14,793</u>
<u>\$ 0</u>	<u>\$ 0</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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Interest earned	\$ 7	\$ 15	\$ 15	\$ 8
Total revenue	7	15	15	8
Expenditures				
Operating				
Materials and services	-	1,467	1,467	1,467
Total expenditures	0	1,467	1,467	1,467
Excess of revenues over (under) expenditures	7	(1,452)	(1,452)	(1,459)
Other financing sources (uses)				
Transfers out**	(1,457)	-	-	1,457
Total other sources (uses)	(1,457)	0	0	1,457
Excess of revenues and other sources over (under) expenditures and other uses	(1,450)	(1,452)	(1,452)	(2)
Fund balance at beginning of year	1,450	1,452	1,452	2
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

**Due to the implementation of GASB 54, this fund was closed to the General Fund

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, 2011

	Actual	Budget Adopted	Final	(Over) Under Budget
Revenues				
Interest earned	\$ 5	\$ 40	\$ 40	\$ 35
Total revenue	5	40	40	35
Expenditures				
Operating				
Materials and services	-	1,071	1,071	1,071
Total expenditures	0	1,071	1,071	1,071
Excess of revenues over (under) expenditures	5	(1,031)	(1,031)	(1,036)
Other financing sources (uses)				
Transfers out**	(1,039)	-	-	1,039
Total other sources (uses)	(1,039)	0	0	1,039
Excess of revenues and other sources over (under) expenditures and other uses	(1,034)	(1,031)	(1,031)	3
Fund balance at beginning of year	1,034	1,031	1,031	(3)
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

**Due to the implementation of GASB 54, this fund was closed to the General Fund

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, 2011

	Actual	Budget Adopted	Final	(Over) Under Budget
Revenues				
Interest earned	\$ 9	\$ 20	\$ 20	\$ 11
Total revenue	9	20	20	11
Expenditures				
Operating				
Materials and services	-	1,039	1,039	1,039
Capital outlay	-	1,000	1,000	1,000
Total expenditures	0	2,039	2,039	2,039
Excess of revenues over (under) expenditures	9	(2,019)	(2,019)	(2,028)
Other financing sources (uses)				
Transfers out**	(2,026)	-	-	2,026
Total other sources (uses)	(2,026)	0	0	2,026
Excess of revenues and other sources over (under) expenditures and other uses	(2,017)	(2,019)	(2,019)	(2)
Fund balance at beginning of year	2,017	2,019	2,019	2
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

**Due to the implementation of GASB 54, this fund was closed to the General Fund

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, 2011

	Actual	Budget Adopted	Final	(Over) Under Budget
Revenues				
Interest earned	\$ 49	\$ 103	\$ 103	\$ 54
Total revenue	49	103	103	54
Expenditures				
Operating				
Materials and services	-	10,403	10,403	10,403
Total expenditures	0	10,403	10,403	10,403
Excess of revenues over (under) expenditures	49	(10,300)	(10,300)	(10,349)
Other financing sources (uses)				
Transfers in	1,200	-	-	(1,200)
Transfers out**	(11,541)	-	-	11,541
Total other sources (uses)	(10,341)	0	0	10,341
Excess of revenues and other sources over (under) expenditures and other uses	(10,292)	(10,300)	(10,300)	(8)
Fund balance at beginning of year	10,292	10,300	10,300	8
Fund balance at end of year	\$ 0	\$ 0	\$ 0	\$ 0

**Due to the implementation of GASB 54, this fund was closed to the General Fund

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET ASSETS
WATER FUND
June 30, 2011

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2011
ASSETS			
Current assets			
Unrestricted			
Cash with depositories	\$ 5,370	\$ 199,223	\$ 204,593
Water and sewer accounts receivable	41,540	-	41,540
Less allowance for doubtful accounts	(2,592)	-	(2,592)
Accounts receivable	110	-	110
Prepaid expenses	265	-	265
Total current assets	<u>44,693</u>	<u>199,223</u>	<u>243,916</u>
Restricted assets			
Taxes receivable	1,380	-	1,380
Allowance for uncollectible	(138)	-	(138)
Total restricted assets	<u>1,242</u>	<u>0</u>	<u>1,242</u>
Property, plant, and equipment	5,287,973	-	5,287,973
Less accumulated depreciation	(1,949,210)	-	(1,949,210)
Property, plant, and equipment - net	<u>3,338,763</u>	<u>0</u>	<u>3,338,763</u>
Total assets	<u>3,384,698</u>	<u>199,223</u>	<u>3,583,921</u>
LIABILITIES			
Liabilities			
Current liabilities			
Accounts payable	1,440	-	1,440
Accrued liabilities	1,505	-	1,505
Accrued compensated absences	13,027	-	13,027
Current portion of long term debt	72,143	-	72,143
Accrued interest	54,574	-	54,574
Customer deposits	4,704	-	4,704
Total current liabilities	<u>147,393</u>	<u>0</u>	<u>147,393</u>
Long-term liabilities			
Loan payable - special public works fund	1,820,671	-	1,820,671
Total long-term liabilities	<u>1,820,671</u>	<u>0</u>	<u>1,820,671</u>
Total liabilities	<u>1,968,064</u>	<u>0</u>	<u>1,968,064</u>
NET ASSETS			
Unrestricted	1,416,634	199,223	1,615,857
Total net assets	<u>\$ 1,416,634</u>	<u>\$ 199,223</u>	<u>\$ 1,615,857</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
WATER FUND
For the year ended
June 30, 2011

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2011
Operating revenues			
User fees	\$ 524,278	\$ -	\$ 524,278
Miscellaneous income	344	11,639	11,983
Total operating revenues	<u>524,622</u>	<u>11,639</u>	<u>536,261</u>
Operating expenses			
Administration	61,760	-	61,760
Utility operation	466,190	-	466,190
Total operating expenses	<u>527,950</u>	<u>0</u>	<u>527,950</u>
Operating income (loss)	<u>(3,328)</u>	<u>11,639</u>	<u>8,311</u>
Nonoperating revenues (expenses)			
Taxes	126	-	126
Interest earned	132	848	980
Total nonoperating revenues (expenses)	<u>258</u>	<u>848</u>	<u>1,106</u>
Income (loss) before transfers	(3,070)	12,487	9,417
Motor pool interfund charges	(40,000)	-	(40,000)
Transfers	<u>(35,610)</u>	<u>35,000</u>	<u>(610)</u>
Net income (loss) / Increase (decrease) in net assets	(78,680)	47,487	(31,193)
Net assets at beginning of year	<u>1,495,314</u>	<u>151,736</u>	<u>1,647,050</u>
Net assets at end of year	<u><u>\$ 1,416,634</u></u>	<u><u>\$ 199,223</u></u>	<u><u>\$ 1,615,857</u></u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
WATER FUND
For the year ended
June 30, 2011

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2011
Cash flows from operating activities			
Cash received from customers	\$ 523,602	\$ 11,639	\$ 535,241
Cash paid to employees	(187,527)	-	(187,527)
Cash paid to suppliers	(205,207)	-	(205,207)
Net cash from operating activities	<u>130,868</u>	<u>11,639</u>	<u>142,507</u>
Cash flows from capital activities			
Principal debt payments	(68,974)	-	(68,974)
Net cash from capital activities	<u>(68,974)</u>	<u>0</u>	<u>(68,974)</u>
Cash flows from non-capital financing activities			
Taxes received	126	-	126
Interfund transfers	(75,610)	35,000	(40,610)
Net cash from non-capital financing activities	<u>(75,484)</u>	<u>35,000</u>	<u>(40,484)</u>
Cash flows from investing activities			
Interest on investments	132	848	980
Net cash from investing activities	<u>132</u>	<u>848</u>	<u>980</u>
Net increase (decrease) in cash	(13,458)	47,487	34,029
Cash and cash equivalents at beginning of year	<u>18,828</u>	<u>151,736</u>	<u>170,564</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,370</u></u>	<u><u>\$ 199,223</u></u>	<u><u>\$ 204,593</u></u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ (3,328)</u>	<u>\$ 11,639</u>	<u>\$ 8,311</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	131,404	-	131,404
(Increase) or decrease in			
Accounts receivable	(534)	-	(534)
Prepaid expenses	279	-	279
Increase or (decrease) in			
Accounts payable	476	-	476
Accrued liabilities	1,505	-	1,505
Accrued compensated absences	2,461	-	2,461
Accrued interest payable	(909)	-	(909)
Customer deposits	(486)	-	(486)
Total adjustments	<u>134,196</u>	<u>0</u>	<u>134,196</u>
Net cash provided by operating activities	<u><u>\$ 130,868</u></u>	<u><u>\$ 11,639</u></u>	<u><u>\$ 142,507</u></u>

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF BUDGET BASIS INDIVIDUAL FUND SCHEDULES
TO ACCRUAL BASIS COMBINING SCHEDULES**
WATER FUND
For the year ended
June 30, 2011

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2011
Reconciliation of beginning retained earnings to beginning net assets			
Beginning retained earnings - budget basis	\$ 51,660	\$ 151,736	\$ 203,396
Add net property taxes receivable	1,324	-	1,324
Add fixed assets	5,287,973	-	5,287,973
Less accumulated depreciation on fixed assets	(1,817,806)	-	(1,817,806)
Less accrued compensated absences	(10,566)	-	(10,566)
Less loan payable	(1,961,788)	-	(1,961,788)
Less accrued interest payable	(55,483)	-	(55,483)
Beginning net assets	<u>\$ 1,495,314</u>	<u>\$ 151,736</u>	<u>\$ 1,647,050</u>
Reconciliation of change in retained earnings to increase in net assets			
Change in retained earnings - budget basis	\$ (14,617)	\$ 47,487	\$ 32,870
Less depreciation expense on fixed assets	(131,404)	-	(131,404)
Loan principal payments	68,974	-	68,974
Change in accrued interest expense	909	-	909
Change in property taxes receivable	(81)	-	(81)
Change in accrued compensated absences	(2,461)	-	(2,461)
Increase (decrease) in net assets	<u>\$ (78,680)</u>	<u>\$ 47,487</u>	<u>\$ (31,193)</u>
Reconciliation of ending retained earnings to ending net assets			
Ending retained earnings - budget basis	\$ 37,043	\$ 199,223	\$ 236,266
Add net property taxes receivable	1,242	-	1,242
Add fixed assets	5,287,973	-	5,287,973
Less accumulated depreciation on fixed assets	(1,949,210)	-	(1,949,210)
Less accrued compensated absences	(13,027)	-	(13,027)
Less loan payable	(1,892,814)	-	(1,892,814)
Less accrued interest payable	(54,573)	-	(54,573)
Ending net assets	<u>\$ 1,416,634</u>	<u>\$ 199,223</u>	<u>\$ 1,615,857</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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
User fees	\$ 524,278	\$ 565,887	\$ 565,887	\$ 41,609
Miscellaneous income	344	10,500	10,500	10,156
Total operating revenue	<u>524,622</u>	<u>576,387</u>	<u>576,387</u>	<u>51,765</u>
Operating expenses				
Administration				
Personnel services	34,452	44,627	44,627	10,175
Employee benefits	13,973	19,812	19,812	5,839
Materials and services	13,335	16,373	16,373	3,038
Total administration	<u>61,760</u>	<u>80,812</u>	<u>80,812</u>	<u>19,052</u>
Operating				
Personnel services	91,948	100,268	100,268	8,320
Employee benefits	51,120	56,711	56,711	5,591
Materials and services	94,642	128,056	128,056	33,414
Capital outlay	-	2,000	2,000	2,000
Debt service	164,499	164,499	164,499	-
Contingency	-	29,024	29,024	29,024
Total operating	<u>402,209</u>	<u>480,558</u>	<u>480,558</u>	<u>78,349</u>
Total operating expenses	<u>463,969</u>	<u>561,370</u>	<u>561,370</u>	<u>97,401</u>
Operating income (loss)	<u>60,653</u>	<u>15,017</u>	<u>15,017</u>	<u>(45,636)</u>
Nonoperating revenues				
Taxes	208	-	-	(208)
Interest earned	132	600	600	468
Total nonoperating revenues	<u>340</u>	<u>600</u>	<u>600</u>	<u>260</u>
Increase (decrease) in retained earnings before transfers	60,993	15,617	15,617	(45,376)
Transfers				
Motor pool	(40,000)	(40,000)	(40,000)	-
Transfers out	(35,610)	(35,610)	(35,610)	-
Increase (decrease) in retained earnings	<u>(14,617)</u>	<u>(59,993)</u>	<u>(59,993)</u>	<u>(45,376)</u>
Retained earnings at beginning of year	51,660	59,993	59,993	8,333
Retained earnings at end of year	<u>\$ 37,043</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (37,043)</u>

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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
Miscellaneous income	\$ 11,639	\$ -	\$ -	\$ (11,639)
Total operating revenue	11,639	0	0	(11,639)
Operating expenses				
Operating				
Capital outlay	-	185,376	185,376	185,376
Total operating	0	185,376	185,376	185,376
Total operating expenses	0	185,376	185,376	185,376
Operating income (loss)	11,639	(185,376)	(185,376)	(197,015)
Nonoperating revenues				
Interest earned	848	1,489	1,489	641
Total nonoperating revenues	848	1,489	1,489	641
Increase (decrease) in retained earnings before transfers	12,487	(183,887)	(183,887)	(196,374)
Transfers				
Transfers in	35,000	35,000	35,000	-
Increase (decrease) in retained earnings	47,487	(148,887)	(148,887)	(196,374)
Retained earnings at beginning of year	151,736	148,887	148,887	(2,849)
Retained earnings at end of year	\$ 199,223	\$ 0	\$ 0	\$ (199,223)

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET ASSETS
SEWER FUND
June 30, 2011

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund	28 Sewer Collection Replacement Fund
ASSETS				
Current assets				
Unrestricted				
Cash with depositories	\$ 11,782	\$ 58,421	\$ 241,471	\$ 109,590
Water and sewer accounts receivable	37,631	50	-	-
Less allowance for doubtful accounts	(2,182)	-	-	-
Accounts receivable	55	-	-	-
Prepaid expenses	265	-	-	-
Total current assets	47,551	58,471	241,471	109,590
Property, plant, and equipment	2,833,081	-	-	-
Less accumulated depreciation	(1,658,252)	-	-	-
Property, plant, and equipment - net	1,174,829	0	0	0
Total assets	1,222,380	58,471	241,471	109,590
LIABILITIES				
Liabilities				
Current liabilities				
Accounts payable	416	525	-	-
Accrued liabilities	980	907	-	-
Accrued compensated absences	5,516	8,903	-	-
Current portion of long term debt	27,789	-	-	-
Accrued interest	23,270	-	-	-
Total current liabilities	57,971	10,335	0	0
Long-term liabilities				
Loan payable - special public works fund	766,059	-	-	-
Total long-term liabilities	766,059	0	0	0
Total liabilities	824,030	10,335	0	0
NET ASSETS				
Restricted for Canyon City contract	-	13,119	-	-
Unrestricted	398,350	35,017	241,471	109,590
Total net assets	\$ 398,350	\$ 48,136	\$ 241,471	\$ 109,590

Totals
June 30,
2011

\$	421,264
	37,681
	(2,182)
	55
	265

457,083

2,833,081
(1,658,252)

1,174,829

1,631,912

941
1,887
14,419
27,789
23,270

68,306

766,059

766,059

834,365

13,119
784,428

\$ 797,547

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
SEWER FUND
For the year ended
June 30, 2011

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund	28 Sewer Collection Replacement Fund
Operating revenues				
User fees	\$ 436,646	\$ -	\$ -	\$ -
Miscellaneous income	890	1,543	-	9,787
Total operating revenues	<u>437,536</u>	<u>1,543</u>	<u>0</u>	<u>9,787</u>
Operating expenses				
Administration	51,550	28,200	-	-
Utility operation	196,840	157,992	-	-
Total operating expenses	<u>248,390</u>	<u>186,192</u>	<u>0</u>	<u>0</u>
Operating income (loss)	<u>189,146</u>	<u>(184,649)</u>	<u>0</u>	<u>9,787</u>
Nonoperating revenues (expenses)				
Intergovernmental revenues	-	22,594	1,605	-
Interest earned	97	262	1,146	442
Total nonoperating revenues (expenses)	<u>97</u>	<u>22,856</u>	<u>2,751</u>	<u>442</u>
Income (loss) before transfers	189,243	(161,793)	2,751	10,229
Motor pool interfund charges	(20,000)	(15,000)	-	-
Transfers	<u>(222,152)</u>	<u>183,000</u>	<u>13,395</u>	<u>25,000</u>
Net income (loss) / Increase (decrease) in net assets	(52,909)	6,207	16,146	35,229
Net assets at beginning of year	<u>451,259</u>	<u>41,929</u>	<u>225,325</u>	<u>74,361</u>
Net assets at end of year	<u>\$ 398,350</u>	<u>\$ 48,136</u>	<u>\$ 241,471</u>	<u>\$ 109,590</u>

Totals
June 30,
2011

\$ 436,646
12,220
448,866

79,750
354,832
434,582
14,284

24,199
1,947
26,146
40,430
(35,000)
(757)
4,673
792,874
\$ 797,547

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
SEWER FUND
For the year ended
June 30, 2011

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund	28 Sewer Collection Replacement Fund
Cash flows from operating activities				
Cash received from customers	\$ 433,362	\$ 3,263	\$ 375	\$ 9,787
Cash paid to employees	(94,077)	(116,163)	-	-
Cash paid to suppliers	(93,600)	(72,798)	-	-
Net cash from operating activities	<u>245,685</u>	<u>(185,698)</u>	<u>375</u>	<u>9,787</u>
Cash flows from capital activities				
Reimbursement received - Canyon City	-	22,594	1,605	-
Principal debt payments	(27,663)	-	-	-
Net cash from capital activities	<u>(27,663)</u>	<u>22,594</u>	<u>1,605</u>	<u>0</u>
Cash flows from non-capital financing activities				
Interfund transfers	(242,152)	168,000	13,395	25,000
Net cash from non-capital financing activities	<u>(242,152)</u>	<u>168,000</u>	<u>13,395</u>	<u>25,000</u>
Cash flows from investing activities				
Interest on investments	97	262	1,146	442
Net cash from investing activities	<u>97</u>	<u>262</u>	<u>1,146</u>	<u>442</u>
Net increase (decrease) in cash	(24,033)	5,158	16,521	35,229
Cash and cash equivalents at beginning of year	35,815	53,263	224,950	74,361
Cash and cash equivalents at end of year	<u>\$ 11,782</u>	<u>\$ 58,421</u>	<u>\$ 241,471</u>	<u>\$ 109,590</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities				
Net operating income (loss)	\$ 189,146	\$ (184,649)	\$ -	\$ 9,787
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities				
Depreciation expense	60,559	-	-	-
(Increase) or decrease in				
Accounts receivable	(4,174)	1,720	375	-
Prepaid expenses	279	-	-	-
Increase or (decrease) in				
Accounts payable	(171)	(8,295)	-	-
Accrued liabilities	980	907	-	-
Accrued compensated absences	476	4,619	-	-
Accrued interest payable	(1,410)	-	-	-
Total adjustments	<u>56,539</u>	<u>(1,049)</u>	<u>375</u>	<u>0</u>
Net cash provided by operating activities	<u>\$ 245,685</u>	<u>\$ (185,698)</u>	<u>\$ 375</u>	<u>\$ 9,787</u>

Totals
June 30,
2011

\$ 446,787
(210,240)
(166,398)
70,149

24,199
(27,663)
(3,464)

(35,757)
(35,757)

1,947
1,947

32,875
388,389
\$ 421,264

\$ 14,284

60,559
(2,079)
279

(8,466)
1,887
5,095
(1,410)
55,865
\$ 70,149

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF BUDGET BASIS INDIVIDUAL FUND SCHEDULES
TO ACCRUAL BASIS COMBINING SCHEDULES**
SEWER FUND
For the year ended
June 30, 2011

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund	28 Sewer Collection Replacement Fund
Reconciliation of beginning retained earnings to beginning net assets				
Beginning retained earnings - budget basis	\$ 67,102	\$ 46,214	\$ 225,325	\$ 74,361
Add fixed assets	2,833,081	-	-	-
Less accumulated depreciation on fixed assets	(1,597,693)	-	-	-
Less accrued compensated absences	(5,040)	(4,285)	-	-
Less loan payable	(821,511)	-	-	-
Less accrued interest payable	(24,680)	-	-	-
Beginning net assets	<u>\$ 451,259</u>	<u>\$ 41,929</u>	<u>\$ 225,325</u>	<u>\$ 74,361</u>
Reconciliation of change in retained earnings to increase in net assets				
Change in retained earnings - budget basis	\$ (20,946)	\$ 10,826	\$ 16,146	\$ 35,229
Less depreciation expense on fixed assets	(60,559)	-	-	-
Loan principal payments	27,663	-	-	-
Change in accrued interest expense	1,409	-	-	-
Change in accrued compensated absences	(476)	(4,619)	-	-
Increase (decrease) in net assets	<u>\$ (52,909)</u>	<u>\$ 6,207</u>	<u>\$ 16,146</u>	<u>\$ 35,229</u>
Reconciliation of ending retained earnings to ending net assets				
Ending retained earnings - budget basis	\$ 46,156	\$ 57,040	\$ 241,471	\$ 109,590
Add fixed assets	2,833,081	-	-	-
Less accumulated depreciation on fixed assets	(1,658,252)	-	-	-
Less accrued compensated absences	(5,516)	(8,904)	-	-
Less loan payable	(793,848)	-	-	-
Less accrued interest payable	(23,271)	-	-	-
Ending net assets	<u>\$ 398,350</u>	<u>\$ 48,136</u>	<u>\$ 241,471</u>	<u>\$ 109,590</u>

Totals
June 30,
2011

\$ 413,002
2,833,081
(1,597,693)
(9,325)
(821,511)
(24,680)
<u>\$ 792,874</u>

\$ 41,255
(60,559)
27,663
1,409
(5,095)
<u>\$ 4,673</u>

\$ 454,257
2,833,081
(1,658,252)
(14,420)
(793,848)
(23,271)
<u>\$ 797,547</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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
User fees	\$ 436,646	\$ 435,303	\$ 435,303	\$ (1,343)
Miscellaneous income	890	-	-	(890)
Total operating revenue	<u>437,536</u>	<u>435,303</u>	<u>435,303</u>	<u>(2,233)</u>
Operating expenses				
Administration				
Personnel services	28,217	38,438	38,438	10,221
Employee benefits	11,336	17,061	17,061	5,725
Materials and services	11,785	13,223	13,223	1,438
Total administration	<u>51,338</u>	<u>68,722</u>	<u>68,722</u>	<u>17,384</u>
Operating				
Personnel services	36,804	38,096	38,096	1,292
Employee benefits	19,176	20,463	20,463	1,287
Materials and services	38,954	49,464	49,464	10,510
Capital outlay	-	6,000	6,000	6,000
Debt service	70,155	70,155	70,155	-
Contingency	-	5,099	5,099	5,099
Total operating	<u>165,089</u>	<u>189,277</u>	<u>189,277</u>	<u>24,188</u>
Total operating expenses	<u>216,427</u>	<u>257,999</u>	<u>257,999</u>	<u>41,572</u>
Operating income (loss)	<u>221,109</u>	<u>177,304</u>	<u>177,304</u>	<u>(43,805)</u>
Nonoperating revenues				
Interest earned	97	642	642	545
Total nonoperating revenues	<u>97</u>	<u>642</u>	<u>642</u>	<u>545</u>
Increase (decrease) in retained earnings before transfers	221,206	177,946	177,946	(43,260)
Transfers				
Motor pool	(20,000)	(20,000)	(20,000)	-
Transfers out	<u>(222,152)</u>	<u>(222,152)</u>	<u>(222,152)</u>	<u>-</u>
Increase (decrease) in retained earnings	(20,946)	(64,206)	(64,206)	(43,260)
Retained earnings at beginning of year	<u>67,102</u>	<u>64,206</u>	<u>64,206</u>	<u>(2,896)</u>
Retained earnings at end of year	<u>\$ 46,156</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (46,156)</u>

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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
Miscellaneous income	\$ 1,543	\$ -	\$ -	\$ (1,543)
Total operating revenue	<u>1,543</u>	<u>0</u>	<u>0</u>	<u>(1,543)</u>
Operating expenses				
Administration				
Personnel services	16,184	18,403	18,403	2,219
Employee benefits	5,160	6,385	6,385	1,225
Materials and services	<u>5,940</u>	<u>1,800</u>	<u>1,800</u>	<u>(4,140)</u>
Total administration	<u>27,284</u>	<u>26,588</u>	<u>26,588</u>	<u>(696)</u>
Operating				
Personnel services	64,558	76,452	76,452	11,894
Employee benefits	35,787	40,611	40,611	4,824
Materials and services	53,944	72,583	72,583	18,639
Capital outlay	-	15,500	15,500	15,500
Contingency	<u>-</u>	<u>4,671</u>	<u>4,671</u>	<u>4,671</u>
Total operating	<u>154,289</u>	<u>209,817</u>	<u>209,817</u>	<u>55,528</u>
Total operating expenses	<u>181,573</u>	<u>236,405</u>	<u>236,405</u>	<u>54,832</u>
Operating income (loss)	<u>(180,030)</u>	<u>(236,405)</u>	<u>(236,405)</u>	<u>(56,375)</u>
Nonoperating revenues				
Intergovernmental revenues	22,594	22,594	22,594	-
Interest earned	<u>262</u>	<u>454</u>	<u>454</u>	<u>192</u>
Total nonoperating revenues	<u>22,856</u>	<u>23,048</u>	<u>23,048</u>	<u>192</u>
Increase (decrease) in retained earnings before transfers	(157,174)	(213,357)	(213,357)	(56,183)
Transfers				
Transfers in	183,000	183,000	183,000	-
Motor pool	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Increase (decrease) in retained earnings	10,826	(45,357)	(45,357)	(56,183)
Retained earnings at beginning of year	<u>46,214</u>	<u>45,357</u>	<u>45,357</u>	<u>(857)</u>
Retained earnings at end of year	<u>\$ 57,040</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (57,040)</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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total operating revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating expenses				
Operating				
Materials and services	-	50,000	50,000	50,000
Capital outlay	-	192,941	192,941	192,941
Total operating	<u>0</u>	<u>242,941</u>	<u>242,941</u>	<u>242,941</u>
Total operating expenses	<u>0</u>	<u>242,941</u>	<u>242,941</u>	<u>242,941</u>
Operating income (loss)	<u>0</u>	<u>(242,941)</u>	<u>(242,941)</u>	<u>(242,941)</u>
Nonoperating revenues				
Intergovernmental revenues	1,605	1,605	1,605	-
Interest earned	1,146	2,257	2,257	1,111
Total nonoperating revenues	<u>2,751</u>	<u>3,862</u>	<u>3,862</u>	<u>1,111</u>
Increase (decrease) in retained earnings before transfers	2,751	(239,079)	(239,079)	(241,830)
Transfers				
Transfers in	13,395	13,395	13,395	-
Increase (decrease) in retained earnings	16,146	(225,684)	(225,684)	(241,830)
Retained earnings at beginning of year	225,325	225,684	225,684	359
Retained earnings at end of year	<u>\$ 241,471</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (241,471)</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, 2011

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
Miscellaneous income	\$ 9,787	\$ -	\$ -	\$ (9,787)
Total operating revenue	9,787	0	0	(9,787)
Operating expenses				
Operating				
Capital outlay	-	103,071	103,071	103,071
Total operating	0	103,071	103,071	103,071
Total operating expenses	0	103,071	103,071	103,071
Operating income (loss)	9,787	(103,071)	(103,071)	(112,858)
Nonoperating revenues				
Interest earned	442	723	723	281
Total nonoperating revenues	442	723	723	281
Increase (decrease) in retained earnings before transfers	10,229	(102,348)	(102,348)	(112,577)
Transfers				
Transfers in	25,000	30,000	30,000	5,000
Increase (decrease) in retained earnings	35,229	(72,348)	(72,348)	(107,577)
Retained earnings at beginning of year	74,361	72,348	72,348	(2,013)
Retained earnings at end of year	<u>\$ 109,590</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (109,590)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2011

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2011
ASSETS			
Current assets			
Cash with depositories	\$ 220,618	\$ 75,741	\$ 296,359
Accounts receivable	698	-	698
Total current assets	<u>221,316</u>	<u>75,741</u>	<u>297,057</u>
Equipment and vehicles	700,570	-	700,570
Less accumulated depreciation	(543,818)	-	(543,818)
Equipment and vehicles - net	<u>156,752</u>	<u>0</u>	<u>156,752</u>
Total assets	<u>378,068</u>	<u>75,741</u>	<u>453,809</u>
LIABILITIES			
Accounts payable	2,850	-	2,850
Accrued liabilities	23	265	288
Accrued compensated absences	451	-	451
Total liabilities	<u>3,324</u>	<u>265</u>	<u>3,589</u>
NET ASSETS			
Unreserved	<u>374,744</u>	<u>75,476</u>	<u>450,220</u>
Total net assets	<u><u>\$ 374,744</u></u>	<u><u>\$ 75,476</u></u>	<u><u>\$ 450,220</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, 2011

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2011
Operating revenues			
Interfund charges	\$ 128,200	\$ 25,656	\$ 153,856
Miscellaneous income	2,046	-	2,046
Total operating revenues	<u>130,246</u>	<u>25,656</u>	<u>155,902</u>
Operating expenses			
Operating			
Personnel services	6,331	10,972	17,303
Materials and services	35,202	-	35,202
Depreciation	14,303	-	14,303
Total operating	<u>55,836</u>	<u>10,972</u>	<u>66,808</u>
Public safety			
Materials and services	36,925	-	36,925
Capital outlay	730	-	730
Depreciation	21,140	-	21,140
Total public safety	<u>58,795</u>	<u>0</u>	<u>58,795</u>
Total operating expenses	<u>114,631</u>	<u>10,972</u>	<u>125,603</u>
Operating income (loss)	<u>15,615</u>	<u>14,684</u>	<u>30,299</u>
Nonoperating revenues			
Interest earned	1,059	369	1,428
Total nonoperating revenues	<u>1,059</u>	<u>369</u>	<u>1,428</u>
Increase (decrease) in net assets	16,674	15,053	31,727
Net assets at beginning of year	358,070	60,423	418,493
Net assets at end of year	<u>\$ 374,744</u>	<u>\$ 75,476</u>	<u>\$ 450,220</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINED SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended
June 30, 2011

	<u>26</u>	<u>33</u>	<u>Totals</u>
	Motor Pool	Unpaid Compensation	June 30, 2011
Cash flows from operating activities			
Cash received from customers	\$ 130,246	\$ 25,656	\$ 155,902
Cash paid to employees	(5,881)	(10,707)	(16,588)
Cash paid to suppliers	(71,251)	-	(71,251)
Net cash from operating activities	<u>53,114</u>	<u>14,949</u>	<u>68,063</u>
Cash flows from capital activities			
Acquisition of capital assets	(24,587)	-	(24,587)
Net cash from capital and related financing activities	<u>(24,587)</u>	<u>0</u>	<u>(24,587)</u>
Cash flows from investing activities			
Interest on investments	1,059	369	1,428
Net cash from investing activities	<u>1,059</u>	<u>369</u>	<u>1,428</u>
Net increase (decrease) in cash	29,586	15,318	44,904
Cash and cash equivalents at beginning of year	191,032	60,423	251,455
Cash and cash equivalents at end of year	<u>\$ 220,618</u>	<u>\$ 75,741</u>	<u>\$ 296,359</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Net operating income (loss)	\$ 15,615	\$ 14,684	\$ 30,299
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation expense	35,443	-	35,443
Increase or (decrease) in			
Accounts payable	1,605	265	1,870
Accrued compensated absences	451	-	451
Total adjustments	<u>37,499</u>	<u>265</u>	<u>37,764</u>
Net cash provided by operating activities	<u>\$ 53,114</u>	<u>\$ 14,949</u>	<u>\$ 68,063</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, 2011

	26 Motor Pool	33 Unpaid Compensation	<u>Totals</u> June 30, 2011
Reconciliation of beginning retained earnings to beginning net assets			
Beginning retained earnings - budget basis	\$ 190,462	\$ 60,423	\$ 250,885
Add fixed assets	675,983	-	675,983
Less accumulated depreciation on fixed assets	<u>(508,375)</u>	<u>-</u>	<u>(508,375)</u>
Beginning net assets	<u><u>\$ 358,070</u></u>	<u><u>\$ 60,423</u></u>	<u><u>\$ 418,493</u></u>
Reconciliation of change in retained earnings to increase in net assets			
Change in retained earnings - budget basis	\$ 27,981	\$ 15,053	\$ 43,034
Add equipment purchased and capitalized	24,587	-	24,587
Change in accrued compensated absences	(451)	-	(451)
Less depreciation expense	<u>(35,443)</u>	<u>-</u>	<u>(35,443)</u>
Increase (decrease) in net assets	<u><u>\$ 16,674</u></u>	<u><u>\$ 15,053</u></u>	<u><u>\$ 31,727</u></u>
Reconciliation of ending retained earnings to ending net assets			
Ending retained earnings - budget basis	\$ 218,443	\$ 75,476	\$ 293,919
Add fixed assets	700,570	-	700,570
Less accumulated depreciation on fixed assets	(543,818)	-	(543,818)
Less accrued compensated absences	<u>(451)</u>	<u>-</u>	<u>(451)</u>
Ending net assets	<u><u>\$ 374,744</u></u>	<u><u>\$ 75,476</u></u>	<u><u>\$ 450,220</u></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, 2011

	Actual	Budget Adopted	Final	(Over) Under Budget
Operating revenues				
Interfund charges	\$ 128,200	\$ 128,200	\$ 128,200	\$ -
Miscellaneous income	2,046	1,500	1,500	(546)
Total operating revenue	<u>130,246</u>	<u>129,700</u>	<u>129,700</u>	<u>(546)</u>
Operating expenses				
Motor pool				
Personnel services	3,824	6,106	6,106	2,282
Employee benefits	2,057	4,381	4,381	2,324
Materials and services	35,202	55,470	55,470	20,268
Capital outlay	-	157,511	157,511	157,511
Total motor pool	<u>41,083</u>	<u>227,023</u>	<u>227,023</u>	<u>185,940</u>
Police				
Materials and services	24,589	24,740	24,740	151
Capital outlay	25,317	25,000	25,000	(317)
Total police	<u>49,906</u>	<u>49,740</u>	<u>49,740</u>	<u>(166)</u>
Fire				
Materials and services	12,335	16,790	16,790	4,455
Capital outlay	-	28,918	28,918	28,918
Total fire	<u>12,335</u>	<u>45,708</u>	<u>45,708</u>	<u>33,373</u>
Total operating expenses	<u>103,324</u>	<u>322,471</u>	<u>322,471</u>	<u>219,147</u>
Operating income (loss)	<u>26,922</u>	<u>(192,771)</u>	<u>(192,771)</u>	<u>(219,693)</u>
Nonoperating revenues				
Intergovernmental revenues	-	1,600	1,600	1,600
Interest earned	1,059	1,888	1,888	829
Total nonoperating revenues	<u>1,059</u>	<u>4,063</u>	<u>4,063</u>	<u>3,004</u>
Increase (decrease) in retained earnings	27,981	(188,708)	(188,708)	(216,689)
Retained earnings at beginning of year	190,462	188,708	188,708	(1,754)
Retained earnings at end of year	<u>\$ 218,443</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (218,443)</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, 2011

	Actual	Budget Adopted	Final	(Over) Under Budget
Operating revenues				
Interfund charges	\$ 25,656	\$ 25,583	\$ 25,583	\$ (73)
Total operating revenues	<u>25,656</u>	<u>25,583</u>	<u>25,583</u>	<u>(73)</u>
Operating expenses				
Personnel services	7,570	55,000	55,000	47,430
Employee benefits	<u>3,402</u>	<u>27,675</u>	<u>27,675</u>	<u>24,273</u>
Total operating expenses	<u>10,972</u>	<u>82,675</u>	<u>82,675</u>	<u>71,703</u>
Operating income (loss)	<u>14,684</u>	<u>(57,092)</u>	<u>(57,092)</u>	<u>(71,776)</u>
Nonoperating revenues				
Interest earned	<u>369</u>	<u>565</u>	<u>565</u>	<u>196</u>
Total nonoperating revenues	<u>369</u>	<u>565</u>	<u>565</u>	<u>196</u>
Increase (decrease) in retained earnings	15,053	(56,527)	(56,527)	(71,580)
Retained earnings at beginning of year	<u>60,423</u>	<u>56,527</u>	<u>56,527</u>	<u>(3,896)</u>
Retained earnings at end of year	<u><u>\$ 75,476</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (75,476)</u></u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF TRANSACTIONS WITH COUNTY TREASURER
For the year ended
June 30, 2011

	<u>General Fund</u>	<u>Total</u>
Treasurer's receipts		
Tax collections		
Current year	\$ 227,683	\$ 227,683
Prior years	17,522	17,522
Interest	<u>127</u>	<u>127</u>
Total receipts	<u>245,332</u>	<u>245,332</u>
 Treasurer's disbursements		
Turnovers to city	<u>245,332</u>	<u>245,332</u>
Excess of receipts over (under) disbursements	0	0
 Treasurer's balance at beginning of year	<u>-</u>	<u>-</u>
Treasurer's balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the year ended
June 30, 2011

	Uncollected Taxes at July 1, 2010	New Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes at June 30, 2011
<u>General Fund</u>								
2009-10		\$ 250,122	\$ (155)	\$ (5,313)	\$ 237	\$ 226,372	\$ 226,609	\$ 18,282
2009-10	18,281		(81)		624	7,611	8,235	10,589
2008-09	9,720		(107)		692	3,653	4,345	5,960
2007-08	5,002				639	2,244	2,883	2,758
2006-07	2,149		(1)		583	1,654	2,237	494
2005-06	519		1		85	183	268	337
2004-05	426				17	30	47	396
2003-04	380				20	30	50	350
2002-03	492				21	28	49	464
2001-02	367				24	28	52	339
2000-01	293				23	24	47	269
1999-00	334				25	24	49	310
1998-99	222		(2)		27	23	50	197
1997-98	222		(1)		28	23	51	198
1996-97	236		2		44	33	77	205
1995-96	219		1		41	28	69	192
1994-95	294		(1)		40	25	65	268
1993-94	133				32	19	51	114
1992-93	629				41	23	64	606
1991-92	606				51	26	77	580
1990-91	211				62	30	92	181
1989-90	285		(1)		65	30	95	254
1988-89	263						-	263
1987-88	201						-	201
1986-87	210						-	210
1985-86	284						-	284
1984-85	546						-	546
Total	42,524	250,122	(345)	(5,313)	3,421	242,141	245,562	44,847
<u>Water Fund</u>								
1999-00	18				1	1	2	17
1998-99	42				5	3	8	39
1997-98	103				13	9	22	94
1996-97	87				16	12	28	75
1995-96	66				12	9	21	57
1994-95	140				19	12	31	128
1993-94	69				17	10	27	59
1992-93	297				19	11	30	286
1991-92	267				22	12	34	255
1990-91	64				19	9	28	55
1989-90	38				9	3	12	35
1988-89	51						-	51
1987-88	11						-	11
1986-87	35						-	35
1985-86	50						-	50
1984-85	133						-	133
Total	1,471	0	0	0	152	91	243	1,380
Total	\$ 43,995	\$ 250,122	\$ (345)	\$ (5,313)	\$ 3,573	\$ 242,232	\$ 245,805	\$ 46,227

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COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON

AUDIT COMMENTS AND DISCLOSURES

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the City of John Day, Oregon as of and for the year ended June 30, 2011, and have issued our report thereon dated December 2, 2011. We conducted our audit in accordance with government auditing standards generally accepted in the United States of America.

Compliance

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


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


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

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

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting. For findings related to the City's internal control over financial reporting see the report on pages 94 through 95.

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


Guyer & Associates
Certified Public Accountants
A Professional Corporation

By 
Kent J. Bailey, a Principal

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 01, 2010 to June 30, 2011

Total Revenues and/or Receipts - All Funds		\$ 2,253,311
Less:		
Interfund loans and transfers	(152,997)	
Receipts from short-term loans	-	
Taxes, assessments and other collections to be distributed to other governmental units	-	(152,997)
Net Revenues and/or Receipts		<u>\$ 2,100,314</u>
Total Expenditures and/or Disbursements - All Funds		<u>\$ 2,490,824</u>
Less:		
Interfund loans and transfers	(152,997)	
Principal Payments - short-term loans	-	
Principal Payments - bonded or other long-term debt	(76,930)	
Principal Payments - warrants issued during prior years	-	
Turnovers to other municipal corporations		
Taxes and Assessments	-	
Other Distributions		
Other Trust Moneys		(229,927)
Net Expenditures and/or Disbursements		<u>\$ 2,260,897</u>

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 _____

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	
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	
			...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.
			(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*

Guyer & Associates

Certified Public Accountants
A Professional Corporation

Randell C. Guyer, Jr.
Kent J. Bailey
Robert M. Burgess
Megan R. Adams

David F. Lindley
Scott A. Martin
Robert P. Seymour
Jacob J. Collier

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

December 2, 2011

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of John Day, Oregon as of and for the year ended June 30, 2011 which collectively comprise the City of John Day's basic financial statements and have issued our report thereon dated December 2, 2011. 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 of John Day'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 of John Day's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of John Day's internal control over financial reporting.

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

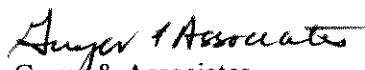
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of City of John Day, Oregon in a separate letter dated December 2, 2011.

This report is intended solely for the information and use of management, the John Day City Council, others within the entity, state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Guyer & Associates
Certified Public Accountants
A Professional Corporation

Baker City, Oregon
December 2, 2011