

CITY OF JOHN DAY, OREGON

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2012



CITY OF JOHN DAY, OREGON
CITY COUNCIL AND OFFICIALS
June 30, 2012

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
Ron Lundbom	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, 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of John Day, Oregon, as of and for the year ended June 30, 2012, 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, 2011 financial statements and is not intended to be a complete presentation in accordance with generally accepted accounting principles (see note 1K). In our audit report dated December 2, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information.

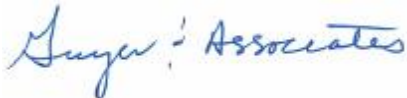
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2012 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 3, 2012, 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 9 and 42 through 45 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 42 through 45 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 financial 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 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 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 3, 2012

By



Kent J. Bailey, Principal

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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 \$175,716, or approximately 3.1 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 increases in overall expenses.

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, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1
Condensed Statement of Net Assets
June 30, 2012

	Governmental	Business-type	Total	
	Activities	Activities	June 30, 2012	June 30, 2011
Assets				
Cash and investments	\$ 703,162	\$ 673,274	\$ 1,376,436	\$ 1,444,777
Other current assets	(65,827)	262,203	196,376	182,349
Capital assets, net of accumulated depreciation	2,506,466	4,324,584	6,831,050	7,053,627
Total assets	3,143,801	5,260,061	8,403,862	8,680,753
Liabilities				
Current liabilities	75,002	225,004	300,006	284,497
Long-term liabilities	107,135	2,478,332	2,585,467	2,702,151
Total liabilities	182,137	2,703,336	2,885,473	2,986,648
Net assets				
Invested in capital assets, net of related debt	2,391,257	1,662,971	4,054,228	4,165,777
Restricted	327,532	7,093	334,625	424,155
Unrestricted	242,875	886,661	1,129,536	1,104,173
Total net assets	\$ 2,961,664	\$ 2,556,725	\$ 5,518,389	\$ 5,694,105

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, 2012

Table 2
Condensed Statement of Changes in Net Assets
For the Year Ended June 30, 2012

	Governmental	Business-type	Total	
	Activities	Activities	June 30, 2012	June 30, 2011
Revenues				
Program revenues				
Charges for services	\$ 332,969	\$ 1,043,148	\$ 1,376,117	\$ 1,357,446
Operating grants	436,368	-	436,368	413,791
Capital grants	2,476	-	2,476	-
General revenues				
Property taxes	258,846	45	258,891	247,445
Interest	3,760	-	3,760	4,340
Other revenue	74,064	(12,398)	61,666	77,292
Total revenue	<u>1,108,483</u>	<u>1,030,795</u>	<u>2,139,278</u>	<u>2,100,314</u>
Expenses				
General government	140,853	-	140,853	129,058
Streets	220,808	-	220,808	234,687
Public safety	890,012	-	890,012	863,796
Utilities	-	1,063,321	1,063,321	1,033,356
Total expenses	<u>1,251,673</u>	<u>1,063,321</u>	<u>2,314,994</u>	<u>2,260,897</u>
Change in net assets	<u>\$ (143,190)</u>	<u>\$ (32,526)</u>	<u>\$ (175,716)</u>	<u>\$ (160,583)</u>

FUND ANALYSIS

General Fund

The General Fund revenues exceeded expenditures by just under \$4,000 for the year. 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 decrease in the Street Fund is primarily due to several street maintenance projects performed during the year.

911 Fund

The 911 Fund's fund balance decreased by almost \$74,000 in the current year. This is primarily due to expenses in excess of revenues.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Water Fund

The Water Fund's net assets declined by \$24,000 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 decrease in the Sewer Fund's net assets is primarily due to transfers to other funds.

Table 3
Changes in Fund Balances / Net Assets - Major Funds
For the year ended June 30, 2012

Governmental Funds	General Fund	Street Fund	911 Fund
Beginning fund balance	\$ 152,904	\$ 187,329	\$ 223,707
Add revenues	506,107	178,973	325,972
Less expenditures	(512,469)	(187,656)	(408,174)
Add (less) transfers	10,042	(600)	7,981
Change in fund balance	3,680	(9,283)	(74,221)
Ending fund balance	<u>\$ 156,584</u>	<u>\$ 178,046</u>	<u>\$ 149,486</u>
 Proprietary Funds	 Water Fund	 Sewer Fund	
Beginning net assets	\$ 1,615,857	\$ 797,547	
Add revenues	462,975	455,007	
Less expenditures	(480,610)	(455,058)	
Add (less) transfers	(5,962)	(11,461)	
Change in net assets	<u>(23,597)</u>	<u>(11,512)</u>	
Ending net assets	<u>\$ 1,592,260</u>	<u>\$ 786,035</u>	

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

GENERAL FUND BUDGET ANALYSIS

Table 4
General Fund Significant Budget Variations
For the year ended June 30, 2012

	Final Budget	Actual	Difference
Revenues			
Intergovernmental Revenues	\$ 355,033	\$ 56,397	\$ (298,636)
Expenditures			
Fire	410,765	85,047	(325,718)

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, 2012

	Governmental Activities	Business-type Activities	June 30, 2012 Total	June 30, 2011 Total
Land	\$ 190,017	\$ 185,937	\$ 375,954	\$ 375,954
Construction in progress	40,819	-	40,819	2,932
Buildings	212,218	118,245	330,463	369,539
Streets/utility system	1,728,960	3,775,230	5,504,190	5,664,209
Equipment	334,452	245,172	579,624	640,993
Total capital assets	<u>\$ 2,506,466</u>	<u>\$ 4,324,584</u>	<u>\$ 6,831,050</u>	<u>\$ 7,053,627</u>

For the year ended June 30, 2012, the City had the following major capital acquisitions during the year:

Chip seal projects.	\$24,915
Vancon truck	\$59,278
CIP – street projects	\$20,540
CIP – fire hall	\$17,347

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

LONG-TERM DEBT ACTIVITY

Table 6
Outstanding Debt
June 30, 2012

	Governmental Activities	Business-type Activities	June 30, 2012 Total	June 30, 2011 Total
Water system improvement loan	\$ -	\$ 869,923	\$ 869,923	\$ 906,699
Airport industrial park loan		1,716,807	1,716,807	1,779,963
Fire station property purchase agreement	115,209	-	115,209	123,344
Accrued compensated absences	39,028	25,282	64,310	71,784
Total outstanding debt	<u>\$ 154,237</u>	<u>\$ 2,612,012</u>	<u>\$ 2,766,249</u>	<u>\$ 2,881,790</u>

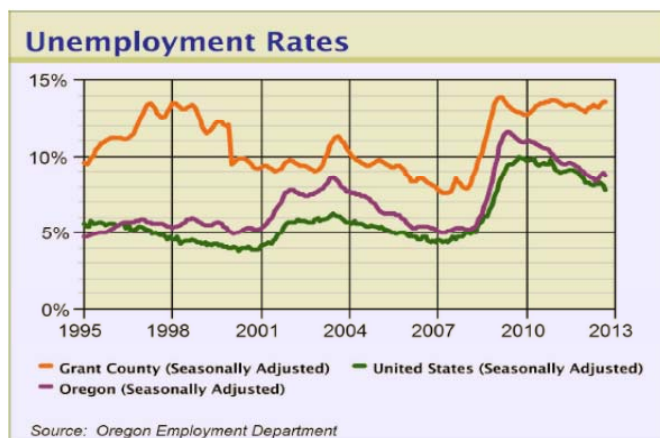
The Water System Improvement Loan is a loan that was obtained in 2002 for west-end water improvements. Principal payments for the year totaled \$36,776. See Notes 4 and 5 for more information on this loan.

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 \$63,156. 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 \$8,135. See Notes 4 and 7 for more information on this loan.

ECONOMIC FACTORS:

Grant County had an estimated June 2012 jobless rate of 11.4 percent down moderately from May's revised 12.6 percent. June's labor force estimates show 3,092 employed and 397 unemployed local residents. 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, 2012

Economic opportunities for Grant County lie in locating new industries at the Grant County Airport Industrial Park and taking advantage of the natural resources, especially those offered by the public lands found in the county. The City of John Day is currently negotiating a Purchase and Sale Agreement with an industry to purchase approximately 7 acres of land at the Grant County Airport Industrial Park. The industry intends to construct a 40,000 square foot LEED industrial building on the property. The building will be used to operate production lines which will produce environmentally friendly building panels made from agricultural waste fiber. This industry has the potential to create up to 100 jobs for Grant County.

The most significant source of revenue for the City is taxes, including property and franchise taxes. For the year ended June 30, 2012, franchise fees of \$103,113 and property taxes of \$256,932 provided 53% of the City's General Fund revenues.

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 2012-2013.

The City will continue to leverage its resources and seek every opportunity to leverage grants and other sources to continue investing in infrastructure. The City's budget committee and City Council agreed to raise water and sewer rates annually in order to keep up with the cost of inflation and provide for adequate reserve funding.

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

Declining street revenue is having a negative effect on street maintenance and repair in John Day. The City relies on grant funding for new construction of roads and sidewalks. The competition for these grants is considerable as other cities and counties are in the same position. The City received an \$800,000 Transportation Enhancement grant for sidewalk/beautification of the downtown area; construction is scheduled to begin in 2014.

The John Day City Council and the John Day Rural Fire Protection District board of directors are collaboratively working together to find a way to construct a new fire station to replace the existing deteriorated station. Together they have hired PARC Resources to begin a fundraising and capital campaign project for the construction of a new fire station.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-type Activities
ASSETS		
Cash and investments	\$ 703,162	\$ 673,274
Receivables		
Property taxes (net of allowance)	46,761	1,214
Other	65,266	81,663
Prepaid expenses	576	896
Internal balances	(178,430)	178,430
Capital assets (net of accumulated depreciation)		
Construction in progress	40,819	-
Land	190,017	185,937
Buildings and infrastructure	1,941,178	3,893,475
Equipment	334,452	245,172
Total capital assets	<u>2,506,466</u>	<u>4,324,584</u>
Total assets	<u>3,143,801</u>	<u>5,260,061</u>
LIABILITIES		
Accounts payable	6,132	2,087
Accrued liabilities	21,768	8,678
Deposits payable	-	5,676
Accrued interest payable	-	74,884
Accrued compensated absences	39,028	25,282
Loans payable		
Due within one year	8,074	108,397
Due in more than one year	107,135	2,478,332
Total liabilities	<u>182,137</u>	<u>2,703,336</u>
NET ASSETS		
Investment in capital assets, net of related debt	2,391,257	1,662,971
Restricted for streets	178,046	-
Restricted for public safety - 911	149,486	-
Restricted for joint sewer	-	7,093
Unrestricted	242,875	886,661
Total net assets	<u><u>\$ 2,961,664</u></u>	<u><u>\$ 2,556,725</u></u>

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

Total	
June 30, 2012	June 30, 2011
\$ 1,376,436	\$ 1,444,777
47,975	46,089
146,929	135,140
1,472	1,120
-	-
40,819	2,932
375,954	375,954
5,834,653	6,033,748
579,624	640,993
6,831,050	7,053,627
8,403,862	8,680,753
8,219	11,303
30,446	11,007
5,676	4,704
74,884	77,844
64,310	71,784
116,471	107,855
2,585,467	2,702,151
2,885,473	2,986,648
4,054,228	4,165,777
178,046	187,329
149,486	223,707
7,093	13,119
1,129,536	1,104,173
\$ 5,518,389	\$ 5,694,105

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2012

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ (140,853)	\$ 167,276	\$ -	\$ -
Police	(380,225)	5,209	547	1,238
Fire	(130,762)	25,148	-	-
Emergency services	(379,025)	62,067	259,235	1,238
Streets	(220,808)	73,269	176,586	-
Total governmental activities	<u>\$ (1,251,673)</u>	<u>\$ 332,969</u>	<u>\$ 436,368</u>	<u>\$ 2,476</u>
Business-type activities				
Water	\$ (559,603)	\$ 552,088	\$ -	\$ -
Sewer	(503,718)	491,060	-	-
Total business-type activities	<u>\$ (1,063,321)</u>	<u>\$ 1,043,148</u>	<u>\$ 0</u>	<u>\$ 0</u>

General revenues

Property taxes, levied for general purposes

Intergovernmental payments

Grants and awards

Interest income

Miscellaneous

Total general revenues

Transfers

Total general revenues, special items, and transfers

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, 2012	June 30, 2011
\$ 26,423	\$ -	\$ 26,423	\$ 39,842
(373,231)	-	(373,231)	(362,425)
(105,614)	-	(105,614)	(103,669)
(56,485)	-	(56,485)	(28,175)
29,047	-	29,047	(4,250)
(479,860)	0	(479,860)	(458,677)
-	(7,515)	(7,515)	(32,033)
-	(12,658)	(12,658)	1,050
0	(20,173)	(20,173)	(30,983)
258,846	45	258,891	247,445
38,364	-	38,364	40,177
1,000	-	1,000	12,474
3,760	3,170	6,930	7,267
17,277	1,855	19,132	21,714
319,247	5,070	324,317	329,077
17,423	(17,423)	-	-
336,670	(12,353)	324,317	329,077
(143,190)	(32,526)	(175,716)	(160,583)
3,280,701	2,413,404	5,694,105	5,810,226
(175,847)	175,847	-	44,462
<u>\$ 2,961,664</u>	<u>\$ 2,556,725</u>	<u>\$ 5,518,389</u>	<u>\$ 5,694,105</u>

CITY OF JOHN DAY
Grant County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	01 General Fund	06 Street Fund	32 911 Fund
ASSETS			
Current assets			
Cash and investments	\$ 117,658	\$ 173,177	\$ 157,830
Receivables			
Taxes	46,761	-	-
Other	50,634	13,885	47
Prepaid expenses	576	-	-
Total assets	<u>\$ 215,629</u>	<u>\$ 187,062</u>	<u>\$ 157,877</u>
LIABILITIES AND FUND BALANCES			
Current liabilities			
Accounts payable	\$ 3,751	\$ 541	\$ 567
Accrued liabilities	8,533	2,934	7,824
Deferred revenue	46,761	5,541	-
Total liabilities	<u>59,045</u>	<u>9,016</u>	<u>8,391</u>
Fund balances			
Restricted for streets	-	178,046	-
Restricted for public safety - 911	-	-	149,486
Unassigned	156,584	-	-
Total fund balances	<u>156,584</u>	<u>178,046</u>	<u>149,486</u>
Total liabilities and fund balances	<u>\$ 215,629</u>	<u>\$ 187,062</u>	<u>\$ 157,877</u>

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

Total	
June 30, 2012	June 30, 2011
\$ 448,665	\$ 522,561
46,761	44,847
64,566	59,830
576	590
<u>\$ 560,568</u>	<u>\$ 627,828</u>

\$ 4,859	\$ 6,072
19,291	7,327
<u>52,302</u>	<u>50,489</u>
<u>76,452</u>	<u>63,888</u>

178,046	187,329
149,486	223,707
<u>156,584</u>	<u>152,904</u>
<u>484,116</u>	<u>563,940</u>
<u>\$ 560,568</u>	<u>\$ 627,828</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, 2012

Total Fund Balances		\$ 484,116
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 4,268,571	
Accumulated depreciation	<u>(1,762,105)</u>	2,506,466
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.		
		46,761
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.		
		5,541
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.		
		(39,028)
Long-term debt not payable in the current year are not reported as governmental fund liabilities.		
		(115,209)
The internal service funds are used by management to charge the costs of motor pool repairs and other costs to individual funds. The assets and liabilities of certain internal service funds are reported with governmental activities in the Statement of Net Assets.		
		251,447
That portion of internal service fund net assets arising from transactions with enterprise-type funds are included in internal balances between governmental activities and business-type activities on the Statement of Net Assets.		
		(178,430)
Total Net Assets		<u><u>\$ 2,961,664</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, 2012

	01 General Fund	06 Street Fund	32 911 Fund
Revenues			
Taxes	\$ 256,932	\$ -	\$ -
Intergovernmental revenues	56,397	176,586	322,539
User fees	9,900	1,387	-
Licenses and fees	162,225	-	-
Fines and forfeitures	4,568	-	-
Interest earned	664	900	936
Miscellaneous income	15,421	100	2,497
Total revenues	<u>506,107</u>	<u>178,973</u>	<u>325,972</u>
Expenditures			
Current			
General government	49,615	-	-
Public safety	431,463	-	400,932
Highways and streets	-	140,701	-
Debt service			
Principal	8,135	-	-
Interest	5,176	-	-
Capital outlay	18,080	46,955	7,242
Total expenditures	<u>512,469</u>	<u>187,656</u>	<u>408,174</u>
Excess of revenues over (under) expenditures	<u>(6,362)</u>	<u>(8,683)</u>	<u>(82,202)</u>
Other financing sources (uses)			
Operating transfers	10,042	(600)	7,981
Total other financing sources (uses)	<u>10,042</u>	<u>(600)</u>	<u>7,981</u>
Net changes in fund balances	3,680	(9,283)	(74,221)
Fund balance at beginning of year	152,904	187,329	223,707
Prior period adjustment	-	-	-
Fund balance at end of year - by category			
Restricted	-	178,046	149,486
Unassigned	156,584	-	-
Fund balance at end of year - total	<u><u>\$ 156,584</u></u>	<u><u>\$ 178,046</u></u>	<u><u>\$ 149,486</u></u>

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

Totals	
June 30, 2012	June 30, 2011
\$ 256,932	\$ 244,997
555,522	555,751
11,287	9,805
162,225	159,867
4,568	3,908
2,500	2,912
18,018	27,033
<u>1,011,052</u>	<u>1,004,273</u>
49,615	63,211
832,395	810,557
140,701	161,250
8,135	7,516
5,176	5,795
72,277	6,007
<u>1,108,299</u>	<u>1,054,336</u>
<u>(97,247)</u>	<u>(50,063)</u>
<u>17,423</u>	<u>1,367</u>
<u>17,423</u>	<u>1,367</u>
(79,824)	(48,696)
563,940	568,174
-	44,462
327,532	411,036
156,584	152,904
<u>\$ 484,116</u>	<u>\$ 563,940</u>

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**
For the Year Ended
June 30, 2012

Net Change in Fund Balance \$ (79,824)

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

Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlays over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 66,564	
Less current year depreciation	<u>(121,223)</u>	(54,659)

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		8,135
-------------------------	--	-------

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

5,982

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 certain internal service funds is reported with governmental activities.

(22,054)

That portion of the change in net assets of internal service funds arising from transactions with business-type funds is an adjustment to internal balances between governmental activities and business-type activities on the Statement of Net Assets

(2,583)

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.

1,914

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.

(101)

Change in Net Assets		<u><u>\$ (143,190)</u></u>
-----------------------------	--	----------------------------

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

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012

	<u>Agency Funds</u> June 30, 2012
ASSETS	
Cash and investments	\$ 27,635
Accounts receivable	<u>7,352</u>
Total assets	<u>34,987</u>
 LIABILITIES	
Accounts payable	7,504
Due to other organizations	<u>27,483</u>
Total liabilities	<u>34,987</u>
 NET ASSETS	
Total net assets	<u><u>\$ 0</u></u>

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

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012

	Water Fund	Sewer Fund
ASSETS		
Current assets		
Unrestricted		
Cash with depositories	\$ 232,450	\$ 440,824
Water and sewer accounts receivable	48,336	38,147
Less allowance for doubtful accounts	(2,689)	(2,141)
Accounts receivable	-	10
Prepaid expenses	448	448
Total current assets	<u>278,545</u>	<u>477,288</u>
Restricted assets		
Taxes receivable	1,352	-
Allowance for uncollectibles	(138)	-
Total restricted assets	<u>1,214</u>	<u>0</u>
Property, plant, and equipment	5,290,710	2,833,081
Less accumulated depreciation	<u>(2,080,659)</u>	<u>(1,718,548)</u>
Property, plant, and equipment - net	<u>3,210,051</u>	<u>1,114,533</u>
Total assets	<u>3,489,810</u>	<u>1,591,821</u>
LIABILITIES		
Current liabilities		
Accounts payable	1,087	1,000
Accrued liabilities	4,646	4,032
Accrued compensated absences	11,689	13,593
Current portion of long-term debt	78,816	29,581
Accrued interest	52,519	22,365
Customer deposits	5,676	-
Total current liabilities	<u>154,433</u>	<u>70,571</u>
Long-term liabilities		
Loan payable - special public works fund	<u>1,743,117</u>	<u>735,215</u>
Total long-term liabilities	<u>1,743,117</u>	<u>735,215</u>
Total liabilities	<u>1,897,550</u>	<u>805,786</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,335,599	327,372
Restricted for Canyon City contract	-	7,093
Unrestricted	256,661	451,570
Total net assets	<u>\$ 1,592,260</u>	<u>\$ 786,035</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Net assets of business-type activities		

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

Totals		Governmental Activities Internal Service Funds
June 30, 2012	June 30, 2011	
\$ 673,274	\$ 625,857	\$ 254,498
86,483	79,221	-
(4,830)	(4,774)	-
10	165	699
896	530	-
<u>755,833</u>	<u>700,999</u>	<u>255,197</u>
1,352	1,380	-
<u>(138)</u>	<u>(138)</u>	<u>-</u>
<u>1,214</u>	<u>1,242</u>	<u>0</u>
8,123,791	8,121,054	726,186
<u>(3,799,207)</u>	<u>(3,607,462)</u>	<u>(548,344)</u>
<u>4,324,584</u>	<u>4,513,592</u>	<u>177,842</u>
<u>5,081,631</u>	<u>5,215,833</u>	<u>433,039</u>
2,087	2,381	1,273
8,678	3,392	2,477
25,282	27,446	1,123
108,397	99,932	-
74,884	77,844	-
5,676	4,704	-
<u>225,004</u>	<u>215,699</u>	<u>4,873</u>
<u>2,478,332</u>	<u>2,586,730</u>	<u>-</u>
<u>2,478,332</u>	<u>2,586,730</u>	<u>0</u>
<u>2,703,336</u>	<u>2,802,429</u>	<u>4,873</u>
1,662,971	1,826,930	177,842
7,093	13,119	-
708,231	573,355	250,324
<u>2,378,295</u>	<u>\$ 2,413,404</u>	<u>\$ 428,166</u>
<u>178,430</u>		
<u>\$ 2,556,725</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, 2012

	Water Fund	Sewer Fund
Operating revenues		
User fees	\$ 549,602	\$ 430,547
Interfund charges	-	-
Miscellaneous income	2,502	13,630
Total operating revenues	<u>552,104</u>	<u>444,177</u>
Operating expenses		
Personal services	208,607	235,898
Supplies, repairs, and services	110,553	118,864
Depreciation	131,450	60,296
Motor pool interfund charges	30,000	40,000
Total operating expenses	<u>480,610</u>	<u>455,058</u>
Operating income (loss)	<u>71,494</u>	<u>(10,881)</u>
Nonoperating revenues (expenses)		
Taxes	45	-
Intergovernmental revenues	-	48,973
Interest earned	1,116	2,055
Interest expense	(90,290)	(40,198)
Total nonoperating revenues (expenses)	<u>(89,129)</u>	<u>10,830</u>
Income (loss) before transfers	(17,635)	(51)
Transfers	(5,962)	(11,461)
Net income (loss) / Increase (decrease) in net assets	(23,597)	(11,512)
Net assets at beginning of year	1,615,857	797,547
Net assets at end of year	<u>\$ 1,592,260</u>	<u>\$ 786,035</u>

Change in net assets, above

Adjustment to reflect the consolidation of internal service fund activities
related to enterprise funds

Change in net assets of business-type activities

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

Totals		Governmental Activities Internal Service Funds
June 30, 2012	June 30, 2011	
\$ 980,149	\$ 960,924	\$ -
-	-	124,595
16,132	24,204	1,882
996,281	985,128	126,477
444,505	416,271	40,681
229,417	218,599	62,350
191,746	191,963	46,761
70,000	75,000	-
935,668	901,833	149,792
60,613	83,295	(23,315)
45	126	-
48,973	24,199	-
3,171	2,927	1,261
(130,488)	(135,698)	-
(78,299)	(108,446)	1,261
(17,686)	(25,151)	(22,054)
(17,423)	(1,367)	-
(35,109)	(26,518)	(22,054)
2,413,404	2,439,922	450,220
\$ 2,378,295	\$ 2,413,404	\$ 428,166
\$ (35,109)		
2,583		
\$ (32,526)		

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2012

	Water Fund	Sewer Fund
Cash flows from operating activities		
Cash received from customers	\$ 546,487	\$ 443,715
Cash paid to employees	(206,805)	(235,404)
Cash paid to suppliers	(141,089)	(158,162)
Net cash provided (used) by operating activities	<u>198,593</u>	<u>50,149</u>
Cash flows from capital activities		
Acquisition of capital assets	(2,738)	-
Reimbursement received - Canyon City	-	48,973
Interest expense	(92,344)	(41,103)
Principal debt payments	(70,880)	(29,052)
Net cash provided (used) by capital and related financing activities	<u>(165,962)</u>	<u>(21,182)</u>
Cash flows from non-capital financing activities		
Taxes received	72	-
Interfund transfers	(5,962)	(11,461)
Net cash provided (used) by non-capital financing activities	<u>(5,890)</u>	<u>(11,461)</u>
Cash flows from investing activities		
Interest on investments	1,116	2,054
Net cash provided (used) by investing activities	<u>1,116</u>	<u>2,054</u>
Net increase (decrease) in cash	27,857	19,560
Cash and cash equivalents at beginning of year	204,593	421,264
Cash and cash equivalents at end of year	<u><u>\$ 232,450</u></u>	<u><u>\$ 440,824</u></u>
Reconciliation of operating income (loss)		
to net cash provided (used) by operating activities		
Net operating income (loss)	<u>\$ 71,494</u>	<u>\$ (10,881)</u>
Adjustments to reconcile operating income (loss)		
expenses to net cash provided by operating activities		
Depreciation expense	131,450	60,296
(Increase) or decrease in		
Accounts receivable	(7,803)	(462)
Taxes receivable	1,214	-
Prepaid expenses	(183)	(183)
Increase or (decrease) in		
Accounts payable	(353)	59
Accrued liabilities	3,141	2,146
Accrued compensated absences	(1,339)	(826)
Accrued interest payable	-	-
Customer deposits	972	-
Total adjustments	<u>127,099</u>	<u>61,030</u>
Net cash provided (used) by operating activities	<u><u>\$ 198,593</u></u>	<u><u>\$ 50,149</u></u>

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

Totals		Governmental Activities Internal Service Funds
June 30, 2012	June 30, 2011	
\$ 990,202	\$ 982,028	\$ 126,477
(442,209)	(397,767)	(37,821)
(299,251)	(235,907)	(63,927)
248,742	348,354	24,729
(2,738)	-	(67,851)
48,973	24,199	-
(133,447)	(135,698)	-
(99,932)	(96,637)	-
(187,144)	(208,136)	(67,851)
72	126	-
(17,423)	(76,367)	-
(17,351)	(76,241)	0
3,170	2,927	1,261
3,170	2,927	1,261
47,417	66,904	(41,861)
625,857	558,953	296,359
\$ 673,274	\$ 625,857	\$ 254,498
\$ 60,613	\$ 158,295	\$ (23,315)
191,746	191,963	46,761
(8,265)	(2,613)	-
1,214	-	-
(366)	558	-
(294)	(7,990)	(1,577)
5,287	3,392	2,188
(2,165)	7,556	672
-	(2,321)	-
972	(486)	-
188,129	190,059	48,044
\$ 248,742	\$ 348,354	\$ 24,729

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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.

The City reports the following fiduciary fund:

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

C. Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

with expendable available financial resources. Property taxes, interest, special assessments, franchise fees, and intergovernmental revenues are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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, 2012

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, 2012

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. Fund Balance

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

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

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

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

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

K. 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, 2011, from which the summarized information was derived.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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.state.or.us.

Funding Policy

Plan members are required to contribute 6% of their annual covered salary. The City pays the participants' contribution. The City is required by ORS 238.225 to contribute at an actuarially determined rate. The rate effective July 1, 2011 is 10.29% 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 1.67% 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 is 6.13%.

The following rates are in effect until June 30, 2013:

- T1/T2 payroll – 8.62% (PERS normal cost: 10.29% plus PERS UAL: -1.67%)
- OPSRP payroll – 4.46% (OPSRP rate: 6.13% plus PERS UAL: -1.67%)
- OPSRP police and fire – 7.17% (OPSRP rate: 8.84% plus PERS UAL: -1.67%)

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:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 81,723	100%	\$ -
June 30, 2011	83,222	100%	-
June 30, 2012	106,301	100%	-

Note 3. Deposits and Investments

At June 30, 2012 the carrying amount of the City's deposits was \$134,516 and the bank balance was \$166,623. 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, 2012 none of the City's bank balance was exposed to custodial credit risk.

As of June 30, 2012 the City had \$1,269,554 invested in the Oregon Local Government Investment Pool. The City's position in the pool is stated at cost which approximates fair value.

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

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

Note 4. Changes in Long-Term Debt

The following is a summary of debt of the City for the year ended June 30, 2012:

	Payable at June 30, 2011	Addition	Reduction	Payable at June 30, 2012	Due in One Year
Special Public Works Fund Loan Payable - Water System Improvements	\$ 906,699	\$ -	\$ 36,776	\$ 869,923	\$ 42,071
Special Public Works Fund Loan Payable - Airport Industrial Park	1,779,963	-	63,156	1,716,807	66,326
Stella Lang Purchase Agreement	123,344	-	8,135	115,209	8,074
Accrued Compensated Absences (net)	71,784	-	7,474	64,310	-
Totals	\$ 2,881,790	\$ 0	\$ 115,541	\$ 2,766,249	\$ 116,471

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Interest expense of \$135,663 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, 2012, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
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	82,886	34,422	48,464
2018-2022	417,677	133,793	283,884
2023-2027	418,469	56,151	362,318
Total	<u>\$ 1,252,802</u>	<u>\$ 382,879</u>	<u>\$ 869,923</u>

Note 6. Economic Development Loan Payable

The City entered into an agreement on August 29, 2003 to borrow up to \$2,004,000 from the Oregon Economic Development Department Special Public Works Fund for the initial cost of infrastructure to the Grant County Airport Industrial Park. Actual loan advances received were \$1,969,517 (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, 2012 was \$50,155. As of June 30, 2012, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
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	152,510	71,829	80,681
2018-2022	762,550	294,167	468,383
2023-2027	762,550	164,192	598,358
2028-2029	304,938	21,513	283,425
Total	<u>\$ 2,592,588</u>	<u>\$ 875,781</u>	<u>\$ 1,716,807</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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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, 2012. As of June 30, 2012, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2013	\$ 13,311	\$ 5,237	\$ 8,074
2014	13,311	4,644	8,667
2015	13,311	4,246	9,065
2016	13,311	3,829	9,482
2017	13,311	3,394	9,917
2018-2022	66,554	9,700	56,854
2023	13,311	161	13,150
Total	<u>\$ 146,420</u>	<u>\$ 31,211</u>	<u>\$ 115,209</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 20 quarterly payments of \$147.42 through October 2017; 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, 2012, were \$2,160. As of June 30, 2012, the City had future minimum payments under operating leases as follows:

Fiscal Year Ending June 30,	Total Future Minimum Lease Payments	Operating Leases
2013	\$ 2,186	\$ 2,186
2014	1,787	1,787
2015	590	590
2016	590	590
2017	294	294
Total	<u>\$ 5,447</u>	<u>\$ 5,447</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, 2012:

	Governmental	Business
Property taxes	\$ 46,761	\$ 1,214
User fees	-	81,663
Other	65,266	-
Total	<u>\$ 112,027</u>	<u>\$ 82,877</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Note 11. Capital Assets

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

Governmental Activities	Balance July 01, 2011	Additions	Deletions	Balance June 30, 2012
Capital Assets				
<i>Assets not being depreciated</i>				
Land	\$ 190,017	\$ -	\$ -	\$ 190,017
Construction in progress	2,932	37,887	-	40,819
<i>Assets being depreciated</i>				
Buildings	549,768	-	-	549,768
Street improvements	2,008,475	24,915	-	2,033,390
Equipment	1,425,199	73,981	44,603	1,454,577
Total assets being depreciated	<u>3,983,442</u>	<u>98,896</u>	<u>44,603</u>	<u>4,037,735</u>
Total capital assets	<u>4,176,391</u>	<u>136,783</u>	<u>44,603</u>	<u>4,268,571</u>
Accumulated Depreciation				
Buildings	312,337	25,213	-	337,550
Street improvements	248,535	55,895	-	304,430
Equipment	1,075,484	86,876	42,235	1,120,125
Total depreciation	<u>1,636,356</u>	<u>167,984</u>	<u>42,235</u>	<u>1,762,105</u>
Governmental funds capital assets - net	<u>\$ 2,540,035</u>	<u>\$ (31,201)</u>	<u>\$ 2,368</u>	<u>\$ 2,506,466</u>

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

Business Activities	Balance July 01, 2011	Additions	Deletions	Balance June 30, 2012
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	2,738	-	960,766
Total assets being depreciated	<u>7,935,116</u>	<u>2,738</u>	<u>0</u>	<u>7,937,854</u>
Total capital assets	<u>8,121,053</u>	<u>2,738</u>	<u>0</u>	<u>8,123,791</u>
Accumulated Depreciation				
Buildings	430,791	13,863	-	444,654
Utility systems	2,509,920	129,039	-	2,638,959
Equipment	666,750	48,844	-	715,594
Total depreciation	<u>3,607,461</u>	<u>191,746</u>	<u>0</u>	<u>3,799,207</u>
Business activities capital assets - net	<u>\$ 4,513,592</u>	<u>\$ (189,008)</u>	<u>\$ 0</u>	<u>\$ 4,324,584</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

Depreciation was charged to the following functions:

Function	Governmental Activities	Business Activities
General operations	\$ 29,871	
Fire	59,705	
Police	14,396	
Streets	56,928	
Emergency services	7,084	
Water		\$ 131,450
Sewer		60,296
Total depreciation	<u>\$ 167,984</u>	<u>\$ 191,746</u>

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. Multiple fund transfers to the 911 Fund are to support the operations of the 911 dispatcher. Water and Sewer Fund transfers to the General Fund are to support the Police Department and its work on behalf of the utility funds. Interfund transfers for fiscal year ended June 30, 2012 consisted of the following:

Transfers Out	Transfers In	
	General	911
Governmental funds		
General Fund	\$ -	\$ 6,014
Street Fund	-	600
Business-type funds		
Water Fund	5,352	610
Sewer Fund	10,704	757
Total	<u>\$ 16,056</u>	<u>\$ 7,981</u>

Note 14. Prior Period Adjustment

The statement of activities includes a \$175,847 prior period reclassification between governmental and business-type activities net assets. This amount represents that portion of the internal service funds beginning net assets that has been determined to be attributable to the business-type activities.

The June 30, 2011 totals for 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.

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, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Taxes	\$ 256,932	\$ 237,750	\$ 237,750	\$ (19,182)
Intergovernmental revenues	56,397	353,248	355,033	298,636
User fees	9,900	9,900	9,900	-
Licenses and fees	162,225	172,450	172,450	10,225
Fines and forfeitures	4,568	3,010	3,010	(1,558)
Interest earned	664	338	338	(326)
Miscellaneous income	15,421	6,050	6,050	(9,371)
Total revenue	506,107	782,746	784,531	278,424
Expenditures				
Administration	49,615	67,275	67,275	17,660
Police	364,496	377,726	379,511	15,015
Fire	85,047	410,765	410,765	325,718
Debt service	13,311	13,315	13,315	4
Contingency	-	7,216	7,216	7,216
Total expenditures	512,469	876,297	878,082	365,613
Excess of revenues over (under) expenditures	(6,362)	(93,551)	(93,551)	(87,189)
Other financing sources (uses)				
Transfers in	16,056	16,056	16,056	-
Transfers out	(6,014)	(6,014)	(6,014)	-
Total other sources (uses)	10,042	10,042	10,042	0
Excess of revenues and other sources over (under) expenditures and other uses	3,680	(83,509)	(83,509)	(87,189)
Fund balance at beginning of year	152,904	83,509	83,509	(69,395)
Fund balance at end of year	\$ 156,584	\$ 0	\$ 0	\$ (156,584)

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, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Intergovernmental revenues	\$ 176,586	\$ 85,000	\$ 85,000	\$ (91,586)
User fees	1,387	-	-	(1,387)
Interest earned	900	843	843	(57)
Miscellaneous income	100	500	500	400
Total revenue	178,973	86,343	86,343	(92,630)
Expenditures				
Personnel services	93,714	92,642	94,642	928
Materials and services	36,987	86,756	84,756	47,769
Capital outlay	46,955	65,000	65,000	18,045
Motor pool	10,000	10,000	10,000	-
Total expenditures	187,656	254,398	254,398	66,742
Excess of revenues over (under) expenditures	(8,683)	(168,055)	(168,055)	(159,372)
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	(9,283)	(168,655)	(168,655)	(159,372)
Fund balance at beginning of year	187,329	168,655	168,655	(18,674)
Fund balance at end of year	\$ 178,046	\$ 0	\$ 0	\$ (178,046)

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, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Intergovernmental revenues	\$ 322,539	\$ 319,150	\$ 320,388	\$ (2,151)
Interest earned	936	1,006	1,006	70
Miscellaneous income	2,497	-	-	(2,497)
Total revenue	325,972	320,156	321,394	(4,578)
Expenditures				
Personnel services	351,561	369,492	369,492	17,931
Materials and services	49,371	63,910	65,148	15,777
Capital outlay	7,242	36,000	36,000	28,758
Contingency	-	59,948	59,948	59,948
Total expenditures	408,174	529,350	530,588	122,414
Excess of revenues over (under) expenditures	(82,202)	(209,194)	(209,194)	(126,992)
Other financing sources (uses)				
Transfers in	7,981	7,981	7,981	-
Total other sources (uses)	7,981	7,981	7,981	0
Excess of revenues and other sources over (under) expenditures and other uses	(74,221)	(201,213)	(201,213)	(126,992)
Fund balance at beginning of year	223,707	201,213	201,213	(22,494)
Fund balance at end of year	\$ 149,486	\$ 0	\$ 0	\$ (149,486)

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, 2012

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, 2012, 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, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Taxes	\$ 256,932	\$ 237,750	\$ 237,750	\$ (19,182)
Intergovernmental revenues	56,397	353,248	355,033	298,636
User fees	9,900	9,900	9,900	-
Licenses and fees	162,225	172,450	172,450	10,225
Fines and forfeitures	4,568	3,010	3,010	(1,558)
Interest earned	664	338	338	(326)
Miscellaneous income	15,421	6,050	6,050	(9,371)
Total revenue	506,107	782,746	784,531	278,424
Expenditures				
Administration				
Personnel services	7,341	7,429	7,429	88
Employee benefits	2,749	2,971	2,971	222
Materials and services	39,525	55,875	55,875	16,350
Capital outlay	-	1,000	1,000	1,000
Total administration	49,615	67,275	67,275	17,660
Police				
Personnel services	199,487	207,589	207,589	8,102
Employee benefits	113,935	116,796	116,796	2,861
Materials and services	31,074	32,341	34,126	3,052
Capital outlay	-	1,000	1,000	1,000
Motor pool - police	20,000	20,000	20,000	-
Total police	364,496	377,726	379,511	15,015
Fire				
Personnel services	16,660	16,784	16,784	124
Employee benefits	5,217	7,855	7,855	2,638
Materials and services	33,090	61,126	61,126	28,036
Capital outlay	18,080	313,000	313,000	294,920
Motor pool - fire	12,000	12,000	12,000	-
Total fire	85,047	410,765	410,765	325,718

(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, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Debt service	\$ 13,311	\$ 13,315	\$ 13,315	\$ 4
Contingency	-	7,216	7,216	7,216
Total expenditures	512,469	876,297	878,082	365,613
Excess of revenues over (under) expenditures	(6,362)	(93,551)	(93,551)	(87,189)
Other financing sources (uses)				
Transfers in	16,056	16,056	16,056	-
Transfers out	(6,014)	(6,014)	(6,014)	-
Total other sources (uses)	10,042	10,042	10,042	0
Excess of revenues and other sources over (under) expenditures and other uses	3,680	(83,509)	(83,509)	(87,189)
Fund balance at beginning of year	152,904	83,509	83,509	(69,395)
Fund balance at end of year	\$ 156,584	\$ 0	\$ 0	\$ (156,584)

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, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Intergovernmental revenues	\$ 176,586	\$ 85,000	\$ 85,000	\$ (91,586)
User fees	1,387	-	-	(1,387)
Interest earned	900	843	843	(57)
Miscellaneous income	100	500	500	400
Total revenue	178,973	86,343	86,343	(92,630)
Expenditures				
Administration				
Personnel services	6,500	6,733	6,733	233
Employee benefits	2,340	2,436	2,436	96
Materials and services	7,043	7,050	7,050	7
Total administration	15,883	16,219	16,219	336
Operating				
Personnel services	54,959	55,203	57,203	2,244
Employee benefits	29,915	28,270	28,270	(1,645)
Materials and services	29,944	79,706	77,706	47,762
Capital outlay	46,955	65,000	65,000	18,045
Motor pool	10,000	10,000	10,000	-
Total operating	171,773	238,179	238,179	66,406
Total expenditures	187,656	254,398	254,398	66,742
Excess of revenues over (under) expenditures	(8,683)	(168,055)	(168,055)	(159,372)
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	(9,283)	(168,655)	(168,655)	(159,372)
Fund balance at beginning of year	187,329	168,655	168,655	(18,674)
Fund balance at end of year	\$ 178,046	\$ 0	\$ 0	\$ (178,046)

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, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Revenues				
Intergovernmental revenues	\$ 322,539	\$ 319,150	\$ 320,388	\$ (2,151)
Interest earned	936	1,006	1,006	70
Miscellaneous income	2,497	-	-	(2,497)
Total revenue	<u>325,972</u>	<u>320,156</u>	<u>321,394</u>	<u>(4,578)</u>
Expenditures				
Administration				
Personnel services	22,320	22,245	22,245	(75)
Employee benefits	8,243	8,431	8,431	188
Materials and services	15,300	17,350	17,350	2,050
Total administration	<u>45,863</u>	<u>48,026</u>	<u>48,026</u>	<u>2,163</u>
Operating				
Personnel services	218,784	228,511	228,511	9,727
Employee benefits	102,214	110,305	110,305	8,091
Materials and services	34,071	46,560	47,798	13,727
Capital outlay	7,242	36,000	36,000	28,758
Contingency	-	59,948	59,948	59,948
Total operating	<u>362,311</u>	<u>481,324</u>	<u>482,562</u>	<u>120,251</u>
Total expenditures	<u>408,174</u>	<u>529,350</u>	<u>530,588</u>	<u>122,414</u>
Excess of revenues over (under) expenditures	<u>(82,202)</u>	<u>(209,194)</u>	<u>(209,194)</u>	<u>(126,992)</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	<u>(74,221)</u>	<u>(201,213)</u>	<u>(201,213)</u>	<u>(126,992)</u>
Fund balance at beginning of year	<u>223,707</u>	<u>201,213</u>	<u>201,213</u>	<u>(22,494)</u>
Fund balance at end of year	<u>\$ 149,486</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (149,486)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET ASSETS
WATER FUND
June 30, 2012

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2012
ASSETS			
Current assets			
Unrestricted			
Cash with depositories	\$ 9,732	\$ 222,718	\$ 232,450
Water and sewer accounts receivable	48,336	-	48,336
Less allowance for doubtful accounts	(2,689)	-	(2,689)
Prepaid expenses	448	-	448
Total current assets	<u>55,827</u>	<u>222,718</u>	<u>278,545</u>
Restricted assets			
Taxes receivable	1,352	-	1,352
Allowance for uncollectible	(138)	-	(138)
Total restricted assets	<u>1,214</u>	<u>0</u>	<u>1,214</u>
Noncurrent assets			
Property, plant, and equipment	5,290,710	-	5,290,710
Less accumulated depreciation	(2,080,659)	-	(2,080,659)
Property, plant, and equipment - net	<u>3,210,051</u>	<u>0</u>	<u>3,210,051</u>
Total assets	<u>3,267,092</u>	<u>222,718</u>	<u>3,489,810</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,087	-	1,087
Accrued liabilities	4,646	-	4,646
Accrued compensated absences	11,689	-	11,689
Current portion of long term debt	78,816	-	78,816
Accrued interest	52,519	-	52,519
Customer deposits	5,676	-	5,676
Total current liabilities	<u>154,433</u>	<u>0</u>	<u>154,433</u>
Long-term liabilities			
Loan payable - special public works fund	1,743,117	-	1,743,117
Total long-term liabilities	<u>1,743,117</u>	<u>0</u>	<u>1,743,117</u>
Total liabilities	<u>1,897,550</u>	<u>0</u>	<u>1,897,550</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,335,599	-	1,335,599
Unrestricted	33,943	222,718	256,661
Total net assets	<u>\$ 1,369,542</u>	<u>\$ 222,718</u>	<u>\$ 1,592,260</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, 2012

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2012
Operating revenues			
User fees	\$ 549,602	\$ -	\$ 549,602
Miscellaneous income	16	2,486	2,502
Total operating revenues	<u>549,618</u>	<u>2,486</u>	<u>552,104</u>
Operating expenses			
Administration			
Personal services	47,918	-	47,918
Supplies, repairs, and services	13,244	-	13,244
Utility operation			
Personal services	160,689	-	160,689
Supplies, repairs, and services	97,309	-	97,309
Depreciation	131,450	-	131,450
Motor pool interfund charges	30,000	-	30,000
Total operating expenses	<u>480,610</u>	<u>0</u>	<u>480,610</u>
Operating income (loss)	<u>69,008</u>	<u>2,486</u>	<u>71,494</u>
Nonoperating revenues (expenses)			
Taxes	45	-	45
Interest earned	107	1,009	1,116
Interest expense	(90,290)	-	(90,290)
Total nonoperating revenues (expenses)	<u>(90,138)</u>	<u>1,009</u>	<u>(89,129)</u>
Income (loss) before transfers	(21,130)	3,495	(17,635)
Transfers	<u>(25,962)</u>	<u>20,000</u>	<u>(5,962)</u>
Net income (loss) / Increase (decrease) in net assets	(47,092)	23,495	(23,597)
Net assets at beginning of year	1,416,634	199,223	1,615,857
Net assets at end of year	<u><u>\$ 1,369,542</u></u>	<u><u>\$ 222,718</u></u>	<u><u>\$ 1,592,260</u></u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
WATER FUND
For the year ended
June 30, 2012

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2012
Cash flows from operating activities			
Cash received from customers	\$ 544,001	\$ 2,486	\$ 546,487
Cash paid to employees	(206,805)	-	(206,805)
Cash paid to suppliers	(141,089)	-	(141,089)
Net cash provided (used) by operating activities	<u>196,107</u>	<u>2,486</u>	<u>198,593</u>
Cash flows from capital activities			
Acquisition of capital assets	(2,738)	-	(2,738)
Interest expense	(92,344)	-	(92,344)
Principal debt payments	(70,880)	-	(70,880)
Net cash provided (used) by capital activities	<u>(165,962)</u>	<u>0</u>	<u>(165,962)</u>
Cash flows from non-capital financing activities			
Taxes received	72	-	72
Interfund transfers	(25,962)	20,000	(5,962)
Net cash provided (used) by non-capital financing activities	<u>(25,890)</u>	<u>20,000</u>	<u>(5,890)</u>
Cash flows from investing activities			
Interest on investments	107	1,009	1,116
Net cash provided (used) by investing activities	<u>107</u>	<u>1,009</u>	<u>1,116</u>
Net increase (decrease) in cash	4,362	23,495	27,857
Cash and cash equivalents at beginning of year	5,370	199,223	204,593
Cash and cash equivalents at end of year	<u>\$ 9,732</u>	<u>\$ 222,718</u>	<u>\$ 232,450</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 69,008</u>	<u>\$ 2,486</u>	<u>\$ 71,494</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	131,450	-	131,450
(Increase) or decrease in			
Accounts receivable	(7,803)	-	(7,803)
Taxes receivable	1,214	-	1,214
Prepaid expenses	(183)	-	(183)
Increase or (decrease) in			
Accounts payable	(353)	-	(353)
Accrued liabilities	3,141	-	3,141
Accrued compensated absences	(1,339)	-	(1,339)
Customer deposits	972	-	972
Total adjustments	<u>127,099</u>	<u>0</u>	<u>127,099</u>
Net cash provided by operating activities	<u>\$ 196,107</u>	<u>\$ 2,486</u>	<u>\$ 198,593</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, 2012

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2012
Reconciliation of beginning fund balance to beginning net assets			
Beginning fund balance - 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)
Beginning net assets	<u>\$ 1,416,634</u>	<u>\$ 199,223</u>	<u>\$ 1,615,857</u>
Reconciliation of change in fund balance to increase in net assets			
Change in fund balance - budget basis	\$ 7,375	\$ 23,495	\$ 30,870
Less depreciation expense on fixed assets	(131,450)	-	(131,450)
Loan principal payments	70,880	-	70,880
Change in accrued interest expense	2,055	-	2,055
Change in property taxes receivable	(28)	-	(28)
Change in accrued compensated absences	1,338	-	1,338
Increase (decrease) in net assets	<u>\$ (47,092)</u>	<u>\$ 23,495</u>	<u>\$ (23,597)</u>
Reconciliation of ending fund balance to ending net assets			
Ending fund balance - budget basis	\$ 44,418	\$ 222,718	\$ 267,136
Add net property taxes receivable	1,214	-	1,214
Add fixed assets	5,290,710	-	5,290,710
Less accumulated depreciation on fixed assets	(2,080,660)	-	(2,080,660)
Less accrued compensated absences	(11,689)	-	(11,689)
Less loan payable	(1,821,933)	-	(1,821,933)
Less accrued interest payable	(52,518)	-	(52,518)
Ending net assets	<u>\$ 1,369,542</u>	<u>\$ 222,718</u>	<u>\$ 1,592,260</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER FUND - 02
For the year ended
June 30, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
User fees	\$ 549,602	\$ 546,796	\$ 546,796	\$ (2,806)
Miscellaneous income	16	-	-	(16)
Total operating revenue	549,618	546,796	546,796	(2,822)
Operating expenses				
Administration				
Personnel services	34,510	33,529	33,529	(981)
Employee benefits	13,511	14,515	14,515	1,004
Materials and services	13,244	18,620	18,620	5,376
Total administration	61,265	66,664	66,664	5,399
Operating				
Personnel services	103,821	104,004	106,004	2,183
Employee benefits	58,104	60,490	60,490	2,386
Materials and services	97,309	122,201	120,201	22,892
Capital outlay	2,737	4,000	4,000	1,263
Debt service	163,224	163,225	163,225	1
Motor pool	30,000	30,000	30,000	-
Total operating	455,195	483,920	483,920	28,725
Total operating expenses	516,460	550,584	550,584	34,124
Operating income (loss)	33,158	(3,788)	(3,788)	(36,946)
Nonoperating revenues				
Taxes	72	-	-	(72)
Interest earned	107	148	148	41
Total nonoperating revenues	179	148	148	(31)
Increase (decrease) in fund balance before transfers	33,337	(3,640)	(3,640)	(36,977)
Transfers				
Transfers out	(25,962)	(25,962)	(25,962)	-
Increase (decrease) in fund balance	7,375	(29,602)	(29,602)	(36,977)
Fund balance at beginning of year	37,043	29,602	29,602	(7,441)
Fund balance at end of year	\$ 44,418	\$ 0	\$ 0	\$ (44,418)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER REPLACEMENT RESERVE FUND - 27
For the year ended
June 30, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
Miscellaneous income	\$ 2,485	\$ -	\$ -	\$ (2,485)
Total operating revenue	2,485	0	0	(2,485)
Operating expenses				
Operating				
Capital outlay	-	208,524	208,524	208,524
Total operating	0	208,524	208,524	208,524
Total operating expenses	0	208,524	208,524	208,524
Operating income (loss)	2,485	(208,524)	(208,524)	(211,009)
Nonoperating revenues				
Interest earned	1,010	938	938	(72)
Total nonoperating revenues	1,010	938	938	(72)
Increase (decrease) in fund balance before transfers	3,495	(207,586)	(207,586)	(211,081)
Transfers				
Transfers in	20,000	20,000	20,000	-
Increase (decrease) in fund balance	23,495	(187,586)	(187,586)	(211,081)
Fund balance at beginning of year	199,223	187,586	187,586	(11,637)
Fund balance at end of year	\$ 222,718	\$ 0	\$ 0	\$ (222,718)

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET ASSETS
SEWER FUND
June 30, 2012

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,889	\$ 33,479	\$ 257,675
Water and sewer accounts receivable	38,097	50	-
Less allowance for doubtful accounts	(2,141)	-	-
Accounts receivable	10	-	-
Prepaid expenses	448	-	-
Total current assets	<u>39,303</u>	<u>33,529</u>	<u>257,675</u>
Noncurrent assets			
Property, plant, and equipment	2,833,081	-	-
Less accumulated depreciation	(1,718,548)	-	-
Property, plant, and equipment - net	<u>1,114,533</u>	<u>0</u>	<u>0</u>
Total assets	<u>1,153,836</u>	<u>33,529</u>	<u>257,675</u>
LIABILITIES			
Current liabilities			
Accounts payable	627	373	-
Accrued liabilities	1,713	2,319	-
Accrued compensated absences	5,218	8,375	-
Current portion of long term debt	29,581	-	-
Accrued interest	22,365	-	-
Total current liabilities	<u>59,504</u>	<u>11,067</u>	<u>0</u>
Long-term liabilities			
Loan payable - special public works fund	<u>735,215</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>735,215</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>794,719</u>	<u>11,067</u>	<u>0</u>
NET ASSETS			
Invested in capital assets, net of related debt	327,372	-	-
Restricted for Canyon City contract	-	7,093	-
Unrestricted	<u>31,745</u>	<u>15,369</u>	<u>257,675</u>
Total net assets	<u>\$ 359,117</u>	<u>\$ 22,462</u>	<u>\$ 257,675</u>

28

Sewer Collection Replacement Fund	Totals June 30, 2012
\$ 146,781	\$ 440,824
-	38,147
-	(2,141)
-	10
-	448
<u>146,781</u>	<u>477,288</u>
-	2,833,081
-	(1,718,548)
<u>0</u>	<u>1,114,533</u>
<u>146,781</u>	<u>1,591,821</u>
-	1,000
-	4,032
-	13,593
-	29,581
-	22,365
<u>0</u>	<u>70,571</u>
-	735,215
<u>0</u>	<u>735,215</u>
<u>0</u>	<u>805,786</u>
-	327,372
-	7,093
<u>146,781</u>	<u>451,570</u>
<u>\$ 146,781</u>	<u>\$ 786,035</u>

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, 2012

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Operating revenues			
User fees	\$ 430,547	\$ -	\$ -
Miscellaneous income	989	1,050	-
Total operating revenues	<u>431,536</u>	<u>1,050</u>	<u>0</u>
Operating expenses			
Administration			
Personal services	39,352	22,099	-
Supplies, repairs, and services	11,380	4,139	-
Utility operation			
Personal services	60,656	113,791	-
Supplies, repairs, and services	43,868	59,477	-
Depreciation	60,296	-	-
Motor pool interfund charges	20,000	20,000	-
Total operating expenses	<u>235,552</u>	<u>219,506</u>	<u>0</u>
Operating income (loss)	<u>195,984</u>	<u>(218,456)</u>	<u>0</u>
Nonoperating revenues (expenses)			
Intergovernmental revenues	-	45,523	3,450
Interest earned	45	206	1,204
Interest expense	(40,198)	-	-
Total nonoperating revenues (expenses)	<u>(40,153)</u>	<u>45,729</u>	<u>4,654</u>
Income (loss) before transfers	155,831	(172,727)	4,654
Transfers	<u>(195,064)</u>	<u>147,053</u>	<u>11,550</u>
Net income (loss) / Increase (decrease) in net assets	(39,233)	(25,674)	16,204
Net assets at beginning of year	398,350	48,136	241,471
Net assets at end of year	<u>\$ 359,117</u>	<u>\$ 22,462</u>	<u>\$ 257,675</u>

28

Sewer Collection Replacement Fund	Totals June 30, 2012
\$ -	\$ 430,547
11,591	13,630
11,591	444,177
-	61,451
-	15,519
-	174,447
-	103,345
-	60,296
-	40,000
0	455,058
11,591	(10,881)
-	48,973
600	2,055
-	(40,198)
600	10,830
12,191	(51)
25,000	(11,461)
37,191	(11,512)
109,590	797,547
\$ 146,781	\$ 786,035

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
SEWER FUND
For the year ended
June 30, 2012

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Cash flows from operating activities			
Cash received from customers	\$ 431,074	\$ 1,050	\$ -
Cash paid to employees	(99,871)	(135,533)	-
Cash paid to suppliers	(74,922)	(83,240)	-
Net cash provided (used) by operating activities	<u>256,281</u>	<u>(217,723)</u>	<u>0</u>
Cash flows from capital activities			
Reimbursement received - Canyon City	-	45,523	3,450
Interest expense	(41,103)	-	-
Principal debt payments	(29,052)	-	-
Net cash provided (used) by capital activities	<u>(70,155)</u>	<u>45,523</u>	<u>3,450</u>
Cash flows from non-capital financing activities			
Interfund transfers	(195,064)	147,053	11,550
Net cash provided (used) by non-capital financing activities	<u>(195,064)</u>	<u>147,053</u>	<u>11,550</u>
Cash flows from investing activities			
Interest on investments	45	205	1,204
Net cash provided (used) by investing activities	<u>45</u>	<u>205</u>	<u>1,204</u>
Net increase (decrease) in cash	(8,893)	(24,942)	16,204
Cash and cash equivalents at beginning of year	11,782	58,421	241,471
Cash and cash equivalents at end of year	<u>\$ 2,889</u>	<u>\$ 33,479</u>	<u>\$ 257,675</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 195,984</u>	<u>\$ (218,456)</u>	<u>\$ -</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	60,296	-	-
(Increase) or decrease in			
Accounts receivable	(462)	-	-
Prepaid expenses	(183)	-	-
Increase or (decrease) in			
Accounts payable	211	(152)	-
Accrued liabilities	733	1,413	-
Accrued compensated absences	(298)	(528)	-
Total adjustments	<u>60,297</u>	<u>733</u>	<u>0</u>
Net cash provided by operating activities	<u>\$ 256,281</u>	<u>\$ (217,723)</u>	<u>\$ 0</u>

28	
Sewer Collection	Totals
Replacement	June 30,
Fund	2012
<u>\$ 11,591</u>	<u>\$ 443,715</u>
-	(235,404)
-	(158,162)
<u>11,591</u>	<u>50,149</u>
-	48,973
-	(41,103)
-	(29,052)
<u>0</u>	<u>(21,182)</u>
25,000	(11,461)
<u>25,000</u>	<u>(11,461)</u>
600	2,054
<u>600</u>	<u>2,054</u>
37,191	19,560
109,590	421,264
<u>\$ 146,781</u>	<u>\$ 440,824</u>
<u>\$ 11,591</u>	<u>\$ (10,881)</u>
-	60,296
-	(462)
-	(183)
-	59
-	2,146
-	(826)
<u>0</u>	<u>61,030</u>
<u>\$ 11,591</u>	<u>\$ 50,149</u>

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF BUDGET BASIS INDIVIDUAL FUND SCHEDULES
TO ACCRUAL BASIS COMBINING SCHEDULES**
SEWER FUND
For the year ended
June 30, 2012

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Reconciliation of beginning fund balance to beginning net assets			
Beginning fund balance - budget basis	\$ 46,156	\$ 57,040	\$ 241,471
Add fixed assets	2,833,081	-	-
Less accumulated depreciation on capital assets	(1,658,252)	-	-
Less accrued compensated absences	(5,516)	(8,904)	-
Less loan payable	(793,848)	-	-
Less accrued interest payable	(23,271)	-	-
Beginning net assets	<u>\$ 398,350</u>	<u>\$ 48,136</u>	<u>\$ 241,471</u>
Reconciliation of change in fund balance to increase in net assets			
Change in fund balance - budget basis	\$ (9,193)	\$ (26,203)	\$ 16,204
Less depreciation expense on capital assets	(60,296)	-	-
Loan principal payments	29,052	-	-
Change in accrued interest expense	906	-	-
Change in accrued compensated absences	298	529	-
Increase (decrease) in net assets	<u>\$ (39,233)</u>	<u>\$ (25,674)</u>	<u>\$ 16,204</u>
Reconciliation of ending fund balance to ending net assets			
Ending fund balance - budget basis	\$ 36,963	\$ 30,837	\$ 257,675
Add fixed assets	2,833,081	-	-
Less accumulated depreciation on capital assets	(1,718,548)	-	-
Less accrued compensated absences	(5,218)	(8,375)	-
Less loan payable	(764,796)	-	-
Less accrued interest payable	(22,365)	-	-
Ending net assets	<u>\$ 359,117</u>	<u>\$ 22,462</u>	<u>\$ 257,675</u>

28

Sewer Collection Replacement Fund	Totals June 30, 2012
\$ 109,590	\$ 454,257
-	2,833,081
-	(1,658,252)
-	(14,420)
-	(793,848)
-	(23,271)
<u>\$ 109,590</u>	<u>\$ 797,547</u>

\$ 37,191	\$ 17,999
-	(60,296)
-	29,052
-	906
-	827
<u>\$ 37,191</u>	<u>\$ (11,512)</u>

\$ 146,781	\$ 472,256
-	2,833,081
-	(1,718,548)
-	(13,593)
-	(764,796)
-	(22,365)
<u>\$ 146,781</u>	<u>\$ 786,035</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER FUND - 03
For the year ended
June 30, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
User fees	\$ 430,546	\$ 434,924	\$ 434,924	\$ 4,378
Miscellaneous income	989	-	-	(989)
Total operating revenue	<u>431,535</u>	<u>434,924</u>	<u>434,924</u>	<u>3,389</u>
Operating expenses				
Administration				
Personnel services	28,205	27,328	27,328	(877)
Employee benefits	11,204	12,193	12,193	989
Materials and services	11,380	15,140	15,140	3,760
Total administration	<u>50,789</u>	<u>54,661</u>	<u>54,661</u>	<u>3,872</u>
Operating				
Personnel services	39,455	41,358	41,358	1,903
Employee benefits	21,442	22,885	22,885	1,443
Materials and services	43,868	55,277	55,277	11,409
Capital outlay	-	7,000	7,000	7,000
Debt service	70,155	70,155	70,155	-
Motor pool	20,000	20,000	20,000	-
Total operating	<u>194,920</u>	<u>216,675</u>	<u>216,675</u>	<u>21,755</u>
Total operating expenses	<u>245,709</u>	<u>271,336</u>	<u>271,336</u>	<u>25,627</u>
Operating income (loss)	<u>185,826</u>	<u>163,588</u>	<u>163,588</u>	<u>(22,238)</u>
Nonoperating revenues				
Interest earned	45	157	157	112
Total nonoperating revenues	<u>45</u>	<u>157</u>	<u>157</u>	<u>112</u>
Increase (decrease) in fund balance before transfers	185,871	163,745	163,745	(22,126)
Transfers				
Transfers out	(195,064)	(195,064)	(195,064)	-
Increase (decrease) in fund balance	(9,193)	(31,319)	(31,319)	(22,126)
Fund balance at beginning of year	46,156	31,319	31,319	(14,837)
Fund balance at end of year	<u>\$ 36,963</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (36,963)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
JOINT SEWER FUND - 04
For the year ended
June 30, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
Miscellaneous income	\$ 1,050	\$ -	\$ -	\$ (1,050)
Total operating revenue	1,050	0	0	(1,050)
Operating expenses				
Administration				
Personnel services	16,288	16,221	16,221	(67)
Employee benefits	5,858	5,971	5,971	113
Materials and services	4,139	5,285	5,285	1,146
Total administration	26,285	27,477	27,477	1,192
Operating				
Personnel services	72,818	72,028	76,528	3,710
Employee benefits	41,454	39,605	39,605	(1,849)
Materials and services	59,477	79,321	74,821	15,344
Capital outlay	-	5,000	5,000	5,000
Contingency	-	5,000	5,000	5,000
Motor pool	20,000	20,000	20,000	-
Total operating	193,749	220,954	220,954	27,205
Total operating expenses	220,034	248,431	248,431	28,397
Operating income (loss)	(218,984)	(248,431)	(248,431)	(29,447)
Nonoperating revenues				
Intergovernmental revenues	45,523	45,523	45,523	-
Interest earned	205	278	278	73
Total nonoperating revenues	45,728	45,801	45,801	73
Increase (decrease) in fund balance before transfers	(173,256)	(202,630)	(202,630)	(29,374)
Transfers				
Transfers in	152,405	152,405	152,405	-
Transfers out	(5,352)	(5,352)	(5,352)	-
Increase (decrease) in fund balance	(26,203)	(55,577)	(55,577)	(29,374)
Fund balance at beginning of year	57,040	55,577	55,577	(1,463)
Fund balance at end of year	\$ 30,837	\$ 0	\$ 0	\$ (30,837)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TREATMENT PLANT RESERVE FUND - 05
For the year ended
June 30, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total operating revenue	0	0	0	0
Operating expenses				
Operating				
Materials and services	-	50,000	50,000	50,000
Capital outlay	-	207,732	207,732	207,732
Total operating	0	257,732	257,732	257,732
Total operating expenses	0	257,732	257,732	257,732
Operating income (loss)	0	(257,732)	(257,732)	(257,732)
Nonoperating revenues				
Intergovernmental revenues	3,450	3,450	3,450	-
Interest earned	1,204	1,208	1,208	4
Total nonoperating revenues	4,654	4,658	4,658	4
Increase (decrease) in fund balance before transfers	4,654	(253,074)	(253,074)	(257,728)
Transfers				
Transfers in	11,550	11,550	11,550	-
Increase (decrease) in fund balance	16,204	(241,524)	(241,524)	(257,728)
Fund balance at beginning of year	241,471	241,524	241,524	53
Fund balance at end of year	\$ 257,675	\$ 0	\$ 0	\$ (257,675)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SEWER COLLECTION REPLACEMENT FUND - 28
For the year ended
June 30, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
Miscellaneous income	\$ 11,591	\$ -	\$ -	\$ (11,591)
Total operating revenue	11,591	0	0	(11,591)
Operating expenses				
Operating				
Capital outlay	-	129,978	129,978	129,978
Total operating	0	129,978	129,978	129,978
Total operating expenses	0	129,978	129,978	129,978
Operating income (loss)	11,591	(129,978)	(129,978)	(141,569)
Nonoperating revenues				
Interest earned	600	522	522	(78)
Total nonoperating revenues	600	522	522	(78)
Increase (decrease) in fund balance before transfers	12,191	(129,456)	(129,456)	(141,647)
Transfers				
Transfers in	25,000	25,000	25,000	-
Increase (decrease) in fund balance	37,191	(104,456)	(104,456)	(141,647)
Fund balance at beginning of year	109,590	104,456	104,456	(5,134)
Fund balance at end of year	\$ 146,781	\$ 0	\$ 0	\$ (146,781)

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2012

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2012
ASSETS			
Current assets			
Cash with depositories	\$ 182,648	\$ 71,850	\$ 254,498
Accounts receivable	699	-	699
Total current assets	<u>183,347</u>	<u>71,850</u>	<u>255,197</u>
Noncurrent assets			
Equipment and vehicles	726,186	-	726,186
Less accumulated depreciation	<u>(548,344)</u>	<u>-</u>	<u>(548,344)</u>
Equipment and vehicles - net	<u>177,842</u>	<u>0</u>	<u>177,842</u>
Total assets	<u>361,189</u>	<u>71,850</u>	<u>433,039</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,273	-	1,273
Accrued liabilities	390	2,087	2,477
Accrued compensated absences	<u>1,123</u>	<u>-</u>	<u>1,123</u>
Total liabilities	<u>2,786</u>	<u>2,087</u>	<u>4,873</u>
NET ASSETS			
Invested in capital assets	177,842	-	177,842
Unrestricted	<u>180,561</u>	<u>69,763</u>	<u>250,324</u>
Total net assets	<u>\$ 358,403</u>	<u>\$ 69,763</u>	<u>\$ 428,166</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, 2012

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2012
Operating revenues			
Interfund charges	\$ 112,000	\$ 12,595	\$ 124,595
Miscellaneous income	1,882	-	1,882
Total operating revenues	<u>113,882</u>	<u>12,595</u>	<u>126,477</u>
Operating expenses			
Operating			
Personnel services	21,985	18,696	40,681
Supplies, repairs, and services	28,957	-	28,957
Depreciation	22,254	-	22,254
Total operating	<u>73,196</u>	<u>18,696</u>	<u>91,892</u>
Public safety			
Supplies, repairs, and services	33,393	-	33,393
Depreciation	24,507	-	24,507
Total public safety	<u>57,900</u>	<u>0</u>	<u>57,900</u>
Total operating expenses	<u>131,096</u>	<u>18,696</u>	<u>149,792</u>
Operating income (loss)	<u>(17,214)</u>	<u>(6,101)</u>	<u>(23,315)</u>
Nonoperating revenues			
Interest earned	873	388	1,261
Total nonoperating revenues	<u>873</u>	<u>388</u>	<u>1,261</u>
Increase (decrease) in net assets	(16,341)	(5,713)	(22,054)
Net assets at beginning of year	374,744	75,476	450,220
Net assets at end of year	<u>\$ 358,403</u>	<u>\$ 69,763</u>	<u>\$ 428,166</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINED SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended
June 30, 2012

	<u>26</u>	<u>33</u>	<u>Totals</u>
	Motor Pool	Unpaid Compensation	June 30, 2012
Cash flows from operating activities			
Cash received from customers	\$ 113,882	\$ 12,595	\$ 126,477
Cash paid to employees	(20,947)	(16,874)	(37,821)
Cash paid to suppliers	(63,927)	-	(63,927)
Net cash provided (used) by operating activities	<u>29,008</u>	<u>(4,279)</u>	<u>24,729</u>
Cash flows from capital activities			
Acquisition of capital assets	(67,851)	-	(67,851)
Net cash provided (used) by capital and related financing activities	<u>(67,851)</u>	<u>0</u>	<u>(67,851)</u>
Cash flows from investing activities			
Interest on investments	873	388	1,261
Net cash from investing activities	<u>873</u>	<u>388</u>	<u>1,261</u>
Net increase (decrease) in cash	(37,970)	(3,891)	(41,861)
Cash and cash equivalents at beginning of year	220,618	75,741	296,359
Cash and cash equivalents at end of year	<u>\$ 182,648</u>	<u>\$ 71,850</u>	<u>\$ 254,498</u>
Reconciliation of operating income (loss)			
to net cash provided by operating activities			
Net operating income (loss)	<u>\$ (17,214)</u>	<u>\$ (6,101)</u>	<u>\$ (23,315)</u>
Adjustments to reconcile operating income (loss)			
to net cash provided by operating activities			
Depreciation expense	46,761	-	46,761
Increase or (decrease) in			
Accounts payable	(1,577)	-	(1,577)
Accrued liabilities	366	1,822	2,188
Accrued compensated absences	672	-	672
Total adjustments	<u>46,222</u>	<u>1,822</u>	<u>48,044</u>
Net cash provided by operating activities	<u>\$ 29,008</u>	<u>\$ (4,279)</u>	<u>\$ 24,729</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, 2012

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2012
Reconciliation of beginning fund balance to beginning net assets			
Beginning fund balance - budget basis	\$ 218,443	\$ 75,476	\$ 293,919
Add capital assets	700,570	-	700,570
Less accumulated depreciation on capital assets	(543,818)	-	(543,818)
Less accrued compensated absences	(451)	-	(451)
Beginning net assets	<u>\$ 374,744</u>	<u>\$ 75,476</u>	<u>\$ 450,220</u>
Reconciliation of change in fund balance to increase in net assets			
Change in fund balance - budget basis	\$ (36,759)	\$ (5,713)	\$ (42,472)
Add equipment purchased and capitalized	67,851	-	67,851
Change in accrued compensated absences	(672)	-	(672)
Less depreciation expense	(46,761)	-	(46,761)
Increase (decrease) in net assets	<u>\$ (16,341)</u>	<u>\$ (5,713)</u>	<u>\$ (22,054)</u>
Reconciliation of ending fund balance to ending net assets			
Ending fund balance - budget basis	\$ 181,684	\$ 69,763	\$ 251,447
Add capital assets	726,186	-	726,186
Less accumulated depreciation on capital assets	(548,344)	-	(548,344)
Less accrued compensated absences	(1,123)	-	(1,123)
Ending net assets	<u>\$ 358,403</u>	<u>\$ 69,763</u>	<u>\$ 428,166</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MOTOR POOL FUND - 26
For the year ended
June 30, 2012

	Actual	Budget		(Over) Under
		Adopted	Final	Budget
Operating revenues				
Interfund charges	\$ 112,000	\$ 112,000	\$ 112,000	\$ -
Miscellaneous income	1,882	1,550	1,550	(332)
Total operating revenue	<u>113,882</u>	<u>113,550</u>	<u>113,550</u>	<u>(332)</u>
Operating expenses				
Motor pool				
Personnel services	13,860	15,775	15,775	1,915
Employee benefits	7,452	8,837	8,837	1,385
Materials and services	28,957	58,650	58,650	29,693
Capital outlay	56,911	178,788	178,788	121,877
Total motor pool	<u>107,180</u>	<u>262,050</u>	<u>262,050</u>	<u>154,870</u>
Police				
Materials and services	23,191	28,050	28,050	4,859
Total police	<u>23,191</u>	<u>28,050</u>	<u>28,050</u>	<u>4,859</u>
Fire				
Materials and services	10,054	18,275	18,275	8,221
Capital outlay	11,089	32,480	32,480	21,391
Total fire	<u>21,143</u>	<u>50,755</u>	<u>50,755</u>	<u>29,612</u>
Total operating expenses	<u>151,514</u>	<u>340,855</u>	<u>340,855</u>	<u>189,341</u>
Operating income (loss)	<u>(37,632)</u>	<u>(227,305)</u>	<u>(227,305)</u>	<u>(189,673)</u>
Nonoperating revenues				
Interest earned	873	1,131	1,131	258
Total nonoperating revenues	<u>873</u>	<u>1,131</u>	<u>1,131</u>	<u>258</u>
Increase (decrease) in fund balance	(36,759)	(226,174)	(226,174)	(189,415)
Fund balance at beginning of year	218,443	226,174	226,174	7,731
Fund balance at end of year	<u>\$ 181,684</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (181,684)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
UNPAID COMPENSATION FUND - 33
For the year ended
June 30, 2012

	Actual	Budget Adopted	Final	(Over) Under Budget
Operating revenues				
Interfund charges	\$ 12,595	\$ 12,595	\$ 12,595	\$ -
Total operating revenues	12,595	12,595	12,595	0
Operating expenses				
Personnel services	13,256	54,000	54,000	40,744
Employee benefits	5,440	26,154	26,154	20,714
Total operating expenses	18,696	80,154	80,154	61,458
Operating income (loss)	(6,101)	(67,559)	(67,559)	(61,458)
Nonoperating revenues				
Interest earned	388	336	336	(52)
Total nonoperating revenues	388	336	336	(52)
Increase (decrease) in fund balance	(5,713)	(67,223)	(67,223)	(61,510)
Fund balance at beginning of year	75,476	67,223	67,223	(8,253)
Fund balance at end of year	\$ 69,763	\$ 0	\$ 0	\$ (69,763)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SAFE COALITION FUND - 100
For the year ended
June 30, 2012

	Actual	Budget Adopted	Final	(Over) Under Budget
Revenues				
Intergovernmental	\$ 23,651	\$ -	\$ 11,830	\$ (11,821)
Interest income	79	-	-	(79)
Other revenue	22,758	-	22,757	(1)
Total revenues	46,488	0	34,587	(11,901)
Expenditures				
Materials and services	19,005	-	34,587	15,582
Total expenditures	19,005	0	34,587	15,582
Excess of revenues over (under) expenditures and net change in fund balance	27,483	0	0	(27,483)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ 27,483	\$ 0	\$ 0	\$ (27,483)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF TRANSACTIONS WITH COUNTY TREASURER
For the year ended
June 30, 2012

	General Fund	Water Fund	Total
Treasurer's receipts			
Tax collections			
Current year	\$ 238,408	\$ -	\$ 238,408
Prior years	18,577	19	18,596
Payment in lieu of taxes - Oregon Dept of Fish and Wildlife	173	-	173
Interest	38	53	91
Total receipts	<u>257,196</u>	<u>72</u>	<u>257,268</u>
Treasurer's disbursements			
Turnovers to city	<u>257,196</u>	<u>72</u>	<u>257,268</u>
Excess of receipts over (under) disbursements	0	0	0
Treasurer's balance at beginning of year	-	-	-
Treasurer's balance at end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the year ended
June 30, 2012

	Uncollected Taxes at July 1, 2011	New Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes at June 30, 2012
<u>General Fund</u>								
2011-12	\$ -	\$ 262,377	\$ (342)	\$ (5,617)	\$ 229	\$ 238,259	\$ 238,488	\$ 18,159
2010-11	18,282	-	(33)	-	558	7,716	8,274	10,533
2009-10	10,589	-	-	-	659	3,577	4,236	7,012
2008-09	5,960	-	-	-	756	2,615	3,371	3,345
2007-08	2,758	-	-	-	657	1,816	2,473	942
2006-07	494	-	-	-	28	58	86	436
2005-06	337	-	-	-	31	53	84	284
2004-05	396	-	-	-	35	50	85	346
2003-04	350	-	-	-	33	40	73	310
2002-03	464	-	(95)	-	28	31	59	338
2001-02	339	-	-	-	28	28	56	311
2000-01	269	-	-	-	25	22	47	247
1999-00	310	-	-	-	28	23	51	287
1998-99	197	-	-	-	30	22	52	175
1997-98	198	-	-	-	32	22	54	176
1996-97	205	-	-	-	13	9	22	196
1995-96	192	-	-	-	16	10	26	182
1994-95	268	-	-	-	15	9	24	259
1993-94	114	-	-	-	11	6	17	108
1992-93	606	-	-	-	13	7	20	599
1991-92	580	-	-	-	-	-	-	580
1990-91	181	-	-	-	-	-	-	181
1989-90	254	-	-	-	-	-	-	254
1988-89	263	-	-	-	7	3	10	260
1987-88	201	-	-	-	-	-	-	201
1986-87	210	-	-	-	-	-	-	210
1985-86	284	-	-	-	-	-	-	284
1984-85	546	-	-	-	-	-	-	546
Total	44,847	262,377	(470)	(5,617)	3,232	254,376	257,608	46,761
<u>Water Fund</u>								
1999-00	17	-	-	-	2	1	3	16
1998-99	39	-	-	-	6	2	8	37
1997-98	94	-	-	-	15	8	23	86
1996-97	75	-	-	-	5	3	8	72
1995-96	57	-	-	-	5	3	8	54
1994-95	128	-	-	-	7	4	11	124
1993-94	59	-	-	-	6	3	9	56
1992-93	286	-	-	-	6	3	9	283
1991-92	255	-	-	-	-	-	-	255
1990-91	55	-	-	-	-	-	-	55
1989-90	35	-	-	-	-	-	-	35
1988-89	51	-	-	-	1	1	2	50
1987-88	11	-	-	-	-	-	-	11
1986-87	35	-	-	-	-	-	-	35
1985-86	50	-	-	-	-	-	-	50
1984-85	133	-	-	-	-	-	-	133
Total	1,380	0	0	0	53	28	81	1,352
Total	\$ 46,227	\$ 262,377	\$ (470)	\$ (5,617)	\$ 3,285	\$ 254,404	\$ 257,689	\$ 48,113

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, 2012, and have issued our report thereon dated December 3, 2012. 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.

For findings related to the City's internal control over financial reporting see the report on page 84.

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

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

Guyer & Associates
Certified Public Accountants
A Professional Corporation

A handwritten signature in blue ink that reads "Kent Bailey". The signature is written in a cursive, flowing style.

Kent J. Bailey, a Principal

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

Name of Municipal Corporation: City of John Day, Oregon

Address	450 E Main Street	John Day	OR	97845
	STREET/P O BOX	CITY	STATE	ZIP

Period Covered by Audit/Review Report From 7/1/2011 To 6/30/2012

Total Revenue and/or Receipts - (Government-wide + Fiduciary Funds)		\$ 2,139,278
Less:		
Revenues of Component Units included in report of primary government		
Taxes, assessments and other collections to be distributed to other governmental units		
Net Revenues and/or Receipts		\$ 2,139,278
Total Expenditures and/or Disbursements - (Government-wide + Fiduciary Funds)		\$ 2,314,994
Less:		
Expenditures of Component Units included in report of primary government		
Turnovers to other municipal corporations:		
Taxes and Assessments		
Other Distributions		
Net Expenditures and/or Disbursements		\$ 2,314,994

The above information is based upon the revenues and expenditures/expenses for government-wide and fiduciary activities 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)
0	\$ 50,000	\$ 20	...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. <i>(Net Expenditures and/or Disbursements)</i>
\$ 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	

Within 30 days after delivering 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 Audits Division

Account Code	Firm Code	Filing Fee
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REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

December 3, 2012

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, 2012 which collectively comprise the City of John Day's basic financial statements and have issued our report thereon dated December 3, 2012. 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.

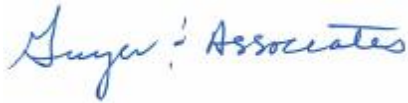
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material 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 3, 2012.

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.

A handwritten signature in blue ink that reads "Guyer & Associates".

Guyer & Associates
Certified Public Accountants
A Professional Corporation

Baker City, Oregon
December 3, 2012