

CITY OF JOHN DAY, OREGON

**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2013



CITY OF JOHN DAY, OREGON
CITY COUNCIL AND OFFICIALS
June 30, 2013

<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
Paul Smith	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, 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of City of John Day, Oregon, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City's June 30, 2012 financial statements and is not intended to be a complete presentation in accordance with generally accepted accounting principles (see note 1). 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of John Day, Oregon, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 46 through 49 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of John Day, Oregon's basic financial statements. The accompanying combining, budgetary comparison schedules, and the supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2013, on our consideration of the City of John Day, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of John Day, Oregon's internal control over financial reporting and compliance.



Guyer & Associates
Certified Public Accountants
A Professional Corporation
Baker City, Oregon
November 6, 2013

By



Kent J. Bailey, Principal

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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 position decreased by \$213,100, or approximately 3.9 percent. The majority of this decrease can be attributed to a decline in net investment in capital assets. In other words, the depreciation on the City's equipment and infrastructure (\$351,223) is more than the principal payments on the related debt (\$120,730).

REPORT LAYOUT

The City's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

- ◆ **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the City.
- ◆ **Basic Financial Statements.** Includes Statement of Net Position, Statement of Activities, fund financial statements and Notes to Basic Financial Statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be business-like in that all activities are consolidated into a total for the City.
 - The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the City owns, the liabilities it owes, and the difference called net position.
 - The Statement of Activities focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
 - Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own. Budgetary comparison schedules are presented for the General Fund, the Street Fund 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.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

- ◆ **Comments and Disclosures.** This includes supplemental communication on City compliance and internal controls as required by Oregon statute and Government Auditing Standards.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1
Condensed Statement of Net Position
June 30, 2013

	Governmental	Business-type	Total	
	Activities	Activities	June 30, 2013	June 30, 2012
Assets				
Current and other assets	\$ 499,978	\$ 1,050,427	\$ 1,550,405	\$ 1,572,812
Capital assets, net of accumulated depreciation	2,387,113	4,133,142	6,520,255	6,831,050
Total assets	2,887,091	5,183,569	8,070,660	8,403,862
Liabilities				
Current liabilities	74,542	226,561	301,103	300,006
Long-term liabilities	97,977	2,366,291	2,464,268	2,585,467
Total liabilities	172,519	2,592,852	2,765,371	2,885,473
Net position				
Net investment in capital assets	2,280,447	1,583,093	3,863,540	4,054,228
Restricted	193,252	9,021	202,273	334,625
Unrestricted	240,873	998,603	1,239,476	1,129,536
Total net position	\$ 2,714,572	\$ 2,590,717	\$ 5,305,289	\$ 5,518,389

During the fiscal year, several events changed the balance of net position. The decreases in net position 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 increased in the current year primarily due to an increase in utility rates to meet the costs associated with operating and maintaining the utility systems as well as payments of debt from projects completed in prior years as well as a decrease in personnel due to the retirement of an employee whose position was not filled.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

Table 2
Condensed Statement of Changes in Net Position
For the Year Ended June 30, 2013

	Governmental Activities	Business-type Activities	Total	
			June 30, 2013	June 30, 2012
Revenues				
Program revenues				
Charges for services	\$ 356,943	\$ 1,111,678	\$ 1,468,621	\$ 1,376,117
Operating grants	375,643	-	375,643	436,368
Capital grants	-	-	-	2,476
General revenues				
Property taxes	273,288	(75)	273,213	258,891
Interest	3,833	-	3,833	3,760
Other revenue	74,977	(12,149)	62,828	61,666
Total revenue	<u>1,084,684</u>	<u>1,099,454</u>	<u>2,184,138</u>	<u>2,139,278</u>
Expenses				
General government	161,563	-	161,563	140,853
Streets	233,872	-	233,872	220,808
Public safety	936,341	-	936,341	890,012
Utilities	-	1,065,462	1,065,462	1,063,321
Total expenses	<u>1,331,776</u>	<u>1,065,462</u>	<u>2,397,238</u>	<u>2,314,994</u>
Change in net position	<u>\$ (247,092)</u>	<u>\$ 33,992</u>	<u>\$ (213,100)</u>	<u>\$ (175,716)</u>

FUND ANALYSIS

General Fund

The General Fund expenditures exceeded revenues by just over \$13,000 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

City street funds are used exclusively to maintain transportation infrastructure. While a significant source of revenue comes from the allocation of State Highway Fund revenues, there is a substantial gap between the cost of streets and what the City receives. This year the City received \$95,669 in State Highway fund revenues; while total operating costs were \$126,761.

The decrease in Street Fund is primarily due to the beginning of the payment of match dollars related to the Transportation Enhancement Grant. The grant through the Oregon Department of Transportation will provide funding for the construction of sidewalks and install streetscape amenities on Canyon Blvd. from Main Street to SW 2nd Avenue and on sections of Main Street between North Canyon Blvd., and SE Elm Street.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

911 Fund

The 911 Fund's fund balance decreased by almost \$83,000 in the current year. This is primarily due to expenses in excess of revenues.

Water Fund

The Water Fund's net position increased \$600 in the current year. Water rates were increased during the fiscal year to provide sufficient funding to cover the cost of operating the water system as well as repay debt from prior projects and charges from the Motor Pool.

Sewer Fund

The Sewer Fund's net position increased \$23,373 in the current year. Sewer rates were increased during the fiscal year to provide sufficient funding to cover the cost of operating the sewer system as well as repay debt from prior projects and charges from the Motor Pool.

Table 3
Changes in Fund Balances / Net Position - Major Funds
For the year ended June 30, 2013

Governmental Funds	General Fund	Street Fund	911 Fund
Beginning fund balance	\$ 156,584	\$ 178,046	\$ 149,486
Add revenues	537,161	97,708	325,163
Less expenditures	(555,503)	(148,941)	(420,716)
Add (less) transfers	5,128	(600)	13,106
Change in fund balance	(13,214)	(51,833)	(82,447)
Ending fund balance	<u>\$ 143,370</u>	<u>\$ 126,213</u>	<u>\$ 67,039</u>
 Proprietary Funds	 Water Fund	 Sewer Fund	
Beginning net position	\$ 1,592,260	\$ 786,035	
Add revenues	579,268	538,213	
Less expenditures	(572,636)	(503,239)	
Add (less) transfers	(6,032)	(11,601)	
Change in net position	600	23,373	
Ending net position	<u>\$ 1,592,860</u>	<u>\$ 809,408</u>	

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

GENERAL FUND BUDGET ANALYSIS

Table 4
General Fund Significant Budget Variations
For the year ended June 30, 2013

	Final Budget	Actual	Difference
Revenues			
Intergovernmental Revenues	\$ 1,657,633	\$ 60,790	\$ 1,596,843
Expenditures			
Fire	1,714,719	98,695	1,616,024

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 was 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, 2013

	Governmental Activities	Business-type Activities	June 30, 2013 Total	June 30, 2012 Total
Land	\$ 190,017	\$ 185,937	\$ 375,954	\$ 375,954
Construction in progress	60,247	-	60,247	40,819
Buildings	187,029	104,381	291,410	330,463
Streets/utility system	1,673,434	3,646,656	5,320,090	5,504,190
Equipment	276,386	196,168	472,554	579,624
Total capital assets	<u>\$ 2,387,113</u>	<u>\$ 4,133,142</u>	<u>\$ 6,520,255</u>	<u>\$ 6,831,050</u>

For the year ended June 30, 2013, the City had the following major capital acquisitions during the year:

2005 Crown Victoria	\$ 9,500
2011 Crown Victoria	\$11,500

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

LONG-TERM DEBT ACTIVITY

Table 6
Outstanding Debt
June 30, 2013

	Governmental Activities	Business-type Activities	June 30, 2013 Total	June 30, 2012 Total
Water system improvement loan	\$ -	\$ 827,852	\$ 827,852	\$ 869,923
Airport industrial park loan		1,650,481	1,650,481	1,716,807
Fire station property purchase agreement	106,666	-	106,666	115,209
Accrued compensated absences	45,234	25,971	71,205	64,310
Total outstanding debt	<u>\$ 151,900</u>	<u>\$ 2,504,304</u>	<u>\$ 2,656,204</u>	<u>\$ 2,766,249</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 \$42,493. 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 \$66,326. 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 \$8,543. See Notes 4 and 7 for more information on this loan.

ECONOMIC FACTORS:

Grant County had an estimated June 2013 jobless rate of 10.4 percent, down slightly from May's 11.1 percent. June's labor force estimates show 2,979 employed and 346 unemployed local residents.

Grant County's unemployment rate has been trending downward all year, and this report extended that trend. Prior to this year, the local jobless rate was basically stuck in place at an annual average of more than 13 percent for four years. Data from the first half of 2013 indicate that this year's joblessness is roughly one full percentage point lower than last year's.

A key contributing factor to the lower joblessness has been fewer job seekers in the local labor market. Through the first six months of 2013, the estimated size of Grant County's civilian labor force sank about 5 percent when compared with the first half of 2012. That's much larger than the approximately 2 percent decline statewide.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

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 most significant source of revenue for the City is taxes, including property and franchise taxes. For the year ended June 30, 2013, franchise fees of \$105,833 and property taxes of \$272,829 provided 70.5 percent 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 2013-14. The City will change its health plan for employees to the High Deductible Health Plan (HDHP) (\$1,500 deductible) with Health Saving Account (HSA) options. The City estimates annual savings of approximately \$30,000. The HDHP will not go into effect until January 2014.

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 with plans to go out for a bond levy at the May 2014 primary election.

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 POSITION
June 30, 2013

	Governmental Activities	Business-type Activities
ASSETS		
Cash and investments	\$ 561,146	\$ 749,319
Receivables		
Property taxes (net of allowance)	47,220	1,127
Other	78,072	110,320
Prepaid expenses	1,989	1,212
Internal balances	(188,449)	188,449
Capital assets (net of accumulated depreciation)		
Construction in progress	60,247	-
Land	190,017	185,937
Buildings and infrastructure	1,860,462	3,751,037
Equipment	276,387	196,168
Total capital assets	<u>2,387,113</u>	<u>4,133,142</u>
Total assets	<u>2,887,091</u>	<u>5,183,569</u>
LIABILITIES		
Accounts payable	9,960	6,088
Accrued liabilities	10,659	4,444
Deposits payable	-	6,300
Accrued interest payable	-	71,717
Accrued compensated absences	45,234	25,971
Loans payable		
Due within one year	8,689	112,041
Due in more than one year	97,977	2,366,291
Total liabilities	<u>172,519</u>	<u>2,592,852</u>
NET POSITION		
Net investment in capital assets	2,280,447	1,583,093
Restricted for streets	126,213	-
Restricted for public safety - 911	67,039	-
Restricted for joint sewer	-	9,021
Unrestricted	240,873	998,603
Total net position	<u><u>\$ 2,714,572</u></u>	<u><u>\$ 2,590,717</u></u>

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

Total	
June 30, 2013	June 30, 2012
\$ 1,310,465	\$ 1,376,436
48,347	47,975
188,392	146,929
3,201	1,472
-	-
60,247	40,819
375,954	375,954
5,611,499	5,834,653
472,555	579,624
6,520,255	6,831,050
8,070,660	8,403,862
16,048	8,219
15,103	30,446
6,300	5,676
71,717	74,884
71,205	64,310
120,730	116,471
2,464,268	2,585,467
2,765,371	2,885,473
3,863,540	4,054,228
126,213	178,046
67,039	149,486
9,021	7,093
1,239,476	1,129,536
<u>\$ 5,305,289</u>	<u>\$ 5,518,389</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2013

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ (161,563)	\$ 173,272	\$ -	\$ -
Police	(397,161)	5,408	1,250	-
Fire	(140,787)	28,808	5,100	-
Emergency services	(398,393)	66,465	255,624	-
Streets	(233,872)	82,990	113,669	-
Total governmental activities	<u>\$ (1,331,776)</u>	<u>\$ 356,943</u>	<u>\$ 375,643</u>	<u>\$ 0</u>
Business-type activities				
Water	\$ (554,205)	\$ 577,880	\$ -	\$ -
Sewer	(511,257)	533,798	-	-
Total business-type activities	<u>\$ (1,065,462)</u>	<u>\$ 1,111,678</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 position

Net position - beginning

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	
		June 30, 2013	June 30, 2012
\$ 11,709	\$ -	\$ 11,709	\$ 26,423
(390,503)	-	(390,503)	(373,231)
(106,879)	-	(106,879)	(105,614)
(76,304)	-	(76,304)	(56,485)
(37,213)	-	(37,213)	29,047
(599,190)	0	(599,190)	(479,860)
-	23,675	23,675	(7,515)
-	22,541	22,541	(12,658)
0	46,216	46,216	(20,173)
273,288	(75)	273,213	258,891
40,907	-	40,907	38,364
-	-	-	1,000
3,833	3,755	7,588	6,930
16,436	1,730	18,166	19,132
334,464	5,410	339,874	324,317
17,634	(17,634)	-	-
352,098	(12,224)	339,874	324,317
(247,092)	33,992	(213,100)	(175,716)
2,961,664	2,556,725	5,518,389	5,694,105
<u>\$ 2,714,572</u>	<u>\$ 2,590,717</u>	<u>\$ 5,305,289</u>	<u>\$ 5,518,389</u>

CITY OF JOHN DAY
Grant County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

ASSETS	01 General Fund	06 Street Fund	32 911 Fund
Current assets			
Cash and investments	\$ 87,983	\$ 120,311	\$ 72,262
Receivables			
Taxes	47,220	-	-
Other	63,385	13,848	-
Prepaid expenses	1,989	-	-
Total assets	<u>\$ 200,577</u>	<u>\$ 134,159</u>	<u>\$ 72,262</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Current liabilities			
Accounts payable	\$ 5,569	\$ 1,787	\$ 1,129
Accrued liabilities	4,418	690	4,094
Total liabilities	<u>9,987</u>	<u>2,477</u>	<u>5,223</u>
Deferred inflows of resources			
Unavailable property tax revenue	47,220	5,469	-
Total deferred inflows of resources	<u>47,220</u>	<u>5,469</u>	<u>0</u>
Fund balances			
Restricted for streets	-	126,213	-
Restricted for public safety - 911	-	-	67,039
Unassigned	143,370	-	-
Total fund balances	<u>143,370</u>	<u>126,213</u>	<u>67,039</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 200,577</u>	<u>\$ 134,159</u>	<u>\$ 72,262</u>

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

Total	
June 30, 2013	June 30, 2012
\$ 280,556	\$ 448,665
47,220	46,761
77,233	64,566
1,989	576
<u>\$ 406,998</u>	<u>\$ 560,568</u>

\$ 8,485	\$ 4,859
9,202	19,291
<u>17,687</u>	<u>24,150</u>

<u>52,689</u>	<u>52,302</u>
<u>52,689</u>	<u>52,302</u>

126,213	178,046
67,039	149,486
143,370	156,584
<u>336,622</u>	<u>484,116</u>
<u>\$ 406,998</u>	<u>\$ 560,568</u>

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CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION**
June 30, 2013

Total Fund Balances		\$ 336,622
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 4,294,534	
Accumulated depreciation	<u>(1,907,421)</u>	2,387,113
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.		47,220
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.		5,469
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.		(45,234)
Long-term debt not payable in the current year are not reported as governmental fund liabilities.		(106,666)
The internal service funds are used by management to charge the costs of motor pool repairs and other costs to individual funds. The assets and liabilities of certain internal service funds are reported with governmental activities in the Statement of Net Position.		278,497
That portion of internal service fund net position arising from transactions with enterprise-type funds are included in internal balances between governmental activities and business-type activities on the Statement of Net Position.		(188,449)
Total Net Position		<u><u>\$ 2,714,572</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, 2013

	01 General Fund	06 Street Fund	32 911 Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Revenues			
Taxes	\$ 272,829	\$ -	\$ -
Intergovernmental revenues	60,790	95,669	322,089
User fees	10,175	79	-
Licenses and fees	169,032	-	-
Fines and forfeitures	4,423	-	-
Interest earned	923	816	624
Miscellaneous income	18,989	1,144	2,450
Total revenues	<u>537,161</u>	<u>97,708</u>	<u>325,163</u>
Expenditures			
Current			
General government	60,634	-	-
Public safety	457,924	-	420,127
Highways and streets	-	146,858	-
Debt service			
Principal	8,543	-	-
Interest	4,768	-	-
Capital outlay	23,634	2,083	589
Total expenditures	<u>555,503</u>	<u>148,941</u>	<u>420,716</u>
Excess of revenues over (under) expenditures	<u>(18,342)</u>	<u>(51,233)</u>	<u>(95,553)</u>
Other financing sources (uses)			
Operating transfers	5,128	(600)	13,106
Total other financing sources (uses)	<u>5,128</u>	<u>(600)</u>	<u>13,106</u>
Net changes in fund balances	(13,214)	(51,833)	(82,447)
Fund balance at beginning of year	156,584	178,046	149,486
Fund balance at end of year - by category			
Restricted	-	126,213	67,039
Unassigned	143,370	-	-
Fund balance at end of year - total	<u>\$ 143,370</u>	<u>\$ 126,213</u>	<u>\$ 67,039</u>

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

Totals	
June 30, 2013	June 30, 2012
\$ 272,829	\$ 256,932
478,548	555,522
10,254	11,287
169,032	162,225
4,423	4,568
2,363	2,500
22,583	18,018
960,032	1,011,052
60,634	49,615
878,051	832,395
146,858	140,701
8,543	8,135
4,768	5,176
26,306	72,277
1,125,160	1,108,299
(165,128)	(97,247)
17,634	17,423
17,634	17,423
(147,494)	(79,824)
484,116	563,940
193,252	327,532
143,370	156,584
\$ 336,622	\$ 484,116

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, 2013

Net Change in Fund Balance \$ (147,494)

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	\$ 19,428	
Less current year depreciation	<u>(159,782)</u>	(140,354)

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

Loan principal payments		8,543
-------------------------	--	-------

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.

(5,790)

The internal service funds are used by management to charge the costs of motor pool repairs and other costs and excess vacation and sick leave to individual funds. The change in net position of certain internal service funds is reported with governmental activities.

47,635

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

(10,019)

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.

459

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.

(72)

Change in Net Position		<u><u>\$ (247,092)</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 POSITION
FIDUCIARY FUNDS
June 30, 2013

	Agency Funds <u>June 30,</u> <u>2013</u>
ASSETS	
Cash and investments	\$ 32,075
Accounts receivable	<u>3,382</u>
Total assets	<u>35,457</u>
 LIABILITIES	
Accounts payable	372
Due to other organizations	<u>35,085</u>
Total liabilities	<u>35,457</u>
 NET POSITION	
Total net position	<u><u>\$ 0</u></u>

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

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Water Fund	Sewer Fund
ASSETS		
Current assets		
Unrestricted		
Cash with depositories	\$ 262,335	\$ 486,984
Water and sewer accounts receivable	64,115	51,134
Less allowance for doubtful accounts	(2,627)	(2,112)
Accounts receivable	(409)	219
Prepaid expenses	606	606
Total current assets	<u>324,020</u>	<u>536,831</u>
Restricted assets		
Taxes receivable	1,252	-
Allowance for uncollectibles	<u>(125)</u>	<u>-</u>
Total restricted assets	<u>1,127</u>	<u>0</u>
Property, plant, and equipment	5,290,710	2,833,081
Less accumulated depreciation	<u>(2,211,805)</u>	<u>(1,778,844)</u>
Property, plant, and equipment - net	<u>3,078,905</u>	<u>1,054,237</u>
Total assets	<u>3,404,052</u>	<u>1,591,068</u>
LIABILITIES		
Current liabilities		
Accounts payable	2,814	3,274
Accrued liabilities	2,268	2,176
Accrued compensated absences	14,614	11,357
Current portion of long-term debt	79,999	32,042
Accrued interest	49,580	22,137
Customer deposits	<u>6,300</u>	<u>-</u>
Total current liabilities	<u>155,575</u>	<u>70,986</u>
Long-term liabilities		
Loan payable - special public works fund	<u>1,655,617</u>	<u>710,674</u>
Total long-term liabilities	<u>1,655,617</u>	<u>710,674</u>
Total liabilities	<u>1,811,192</u>	<u>781,660</u>
NET POSITION		
Net investment in capital assets	1,293,709	289,384
Restricted for Canyon City contract	-	9,021
Unrestricted	<u>299,151</u>	<u>511,003</u>
Total net position	<u>\$ 1,592,860</u>	<u>\$ 809,408</u>

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

Net position 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, 2013	June 30, 2012	
\$ 749,319	\$ 673,274	\$ 280,590
115,249	86,483	-
(4,739)	(4,830)	-
(190)	10	840
1,212	896	-
<u>860,851</u>	<u>755,833</u>	<u>281,430</u>
1,252	1,352	-
(125)	(138)	-
<u>1,127</u>	<u>1,214</u>	<u>0</u>
8,123,791	8,123,791	732,721
(3,990,649)	(3,799,207)	(577,002)
<u>4,133,142</u>	<u>4,324,584</u>	<u>155,719</u>
<u>4,995,120</u>	<u>5,081,631</u>	<u>437,149</u>
6,088	2,087	1,476
4,444	8,678	1,457
25,971	25,282	1,539
112,041	108,397	-
71,717	74,884	-
6,300	5,676	-
<u>226,561</u>	<u>225,004</u>	<u>4,472</u>
<u>2,366,291</u>	<u>2,478,332</u>	<u>-</u>
<u>2,366,291</u>	<u>2,478,332</u>	<u>0</u>
<u>2,592,852</u>	<u>2,703,336</u>	<u>4,472</u>
1,583,093	1,662,971	155,719
9,021	7,093	-
810,154	708,231	276,958
<u>2,402,268</u>	<u>\$ 2,378,295</u>	<u>\$ 432,677</u>
<u>188,449</u>		
<u>\$ 2,590,717</u>		

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the year ended
June 30, 2013

	Water Fund	Sewer Fund
	<u> </u>	<u> </u>
Operating revenues		
User fees	\$ 577,696	\$ 469,433
Interfund charges	-	-
Miscellaneous income	315	6,363
Total operating revenues	<u>578,011</u>	<u>475,796</u>
Operating expenses		
Personal services	209,837	225,030
Supplies, repairs, and services	121,908	129,139
Capital outlay	2,083	926
Depreciation	131,145	60,297
Motor pool interfund charges	30,000	40,000
Total operating expenses	<u>494,973</u>	<u>455,392</u>
Operating income (loss)	<u>83,038</u>	<u>20,404</u>
Nonoperating revenues (expenses)		
Taxes	(75)	-
Intergovernmental revenues	-	59,995
Interest earned	1,332	2,422
Interest expense	<u>(77,663)</u>	<u>(47,847)</u>
Total nonoperating revenues (expenses)	<u>(76,406)</u>	<u>14,570</u>
Income (loss) before transfers	6,632	34,974
Transfers	<u>(6,032)</u>	<u>(11,601)</u>
Net income (loss) / Increase (decrease) in net position	600	23,373
Net position at beginning of year	<u>1,592,260</u>	<u>786,035</u>
Net position at end of year	<u><u>\$ 1,592,860</u></u>	<u><u>\$ 809,408</u></u>

Change in net position, above

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

Change in net position of business-type activities

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

Totals		Governmental Activities Internal Service Funds
June 30, 2013	June 30, 2012	
\$ 1,047,129	\$ 980,149	\$ -
-	-	123,050
6,678	16,132	20,472
<u>1,053,807</u>	<u>996,281</u>	<u>143,522</u>
434,867	444,505	29,058
251,047	229,417	63,392
3,009	-	4,907
191,442	191,746	43,124
70,000	70,000	-
<u>950,365</u>	<u>935,668</u>	<u>140,481</u>
<u>103,442</u>	<u>60,613</u>	<u>3,041</u>
(75)	45	-
59,995	48,973	-
3,754	3,171	1,470
<u>(125,510)</u>	<u>(130,488)</u>	<u>-</u>
<u>(61,836)</u>	<u>(78,299)</u>	<u>1,470</u>
41,606	(17,686)	4,511
<u>(17,633)</u>	<u>(17,423)</u>	<u>-</u>
23,973	(35,109)	4,511
<u>2,378,295</u>	<u>2,413,404</u>	<u>428,166</u>
<u>\$ 2,402,268</u>	<u>\$ 2,378,295</u>	<u>\$ 432,677</u>
\$ 23,973		
<u>10,019</u>		
<u>\$ 33,992</u>		

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2013

	Water Fund	Sewer Fund
Cash flows from operating activities		
Cash received from customers	\$ 563,203	\$ 462,571
Cash paid to employees	(209,291)	(231,358)
Cash paid to suppliers	(152,421)	(165,714)
Net cash provided (used) by operating activities	<u>201,491</u>	<u>65,499</u>
Cash flows from capital activities		
Acquisition of capital assets	-	-
Reimbursement received - Canyon City	-	59,995
Interest expense	(80,603)	(48,075)
Principal debt payments	(86,316)	(22,080)
Net cash provided (used) by capital and related financing activities	<u>(166,919)</u>	<u>(10,160)</u>
Cash flows from non-capital financing activities		
Taxes received	13	-
Interfund transfers	(6,032)	(11,601)
Net cash provided (used) by non-capital financing activities	<u>(6,019)</u>	<u>(11,601)</u>
Cash flows from investing activities		
Interest on investments	1,332	2,422
Net cash provided (used) by investing activities	<u>1,332</u>	<u>2,422</u>
Net increase (decrease) in cash	29,885	46,160
Cash and cash equivalents at beginning of year	232,450	440,824
Cash and cash equivalents at end of year	<u>\$ 262,335</u>	<u>\$ 486,984</u>
Reconciliation of operating income (loss)		
to net cash provided (used) by operating activities		
Net operating income (loss)	<u>\$ 83,038</u>	<u>\$ 20,404</u>
Adjustments to reconcile operating income (loss)		
expenses to net cash provided by operating activities		
Depreciation expense	131,145	60,296
(Increase) or decrease in		
Accounts receivable	(16,559)	(13,225)
Taxes receivable	1,127	-
Prepaid expenses	(158)	(158)
Increase or (decrease) in		
Accounts payable	1,727	2,273
Accrued liabilities	(2,378)	(1,855)
Accrued compensated absences	2,925	(2,236)
Customer deposits	624	-
Total adjustments	<u>118,453</u>	<u>45,095</u>
Net cash provided (used) by operating activities	<u>\$ 201,491</u>	<u>\$ 65,499</u>

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

Totals		Governmental Activities Internal Service Funds
June 30, 2013	June 30, 2012	
\$ 1,025,774	\$ 990,202	\$ 143,381
(440,649)	(442,209)	(29,662)
(318,135)	(299,251)	(68,096)
266,990	248,742	45,623
-	(2,738)	(21,000)
59,995	48,973	-
(128,678)	(133,447)	-
(108,396)	(99,932)	-
(177,079)	(187,144)	(21,000)
13	72	-
(17,633)	(17,423)	-
(17,620)	(17,351)	0
3,754	3,170	1,470
3,754	3,170	1,470
76,045	47,417	26,093
673,274	625,857	254,497
\$ 749,319	\$ 673,274	\$ 280,590
\$ 103,442	\$ 60,613	\$ 3,041
191,441	191,746	43,124
(29,784)	(8,265)	(141)
1,127	1,214	-
(316)	(366)	-
4,000	(294)	203
(4,233)	5,287	(1,019)
689	(2,165)	415
624	972	-
163,548	188,129	42,582
\$ 266,990	\$ 248,742	\$ 45,623

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to customers for utility service, museum fees and sales, rental of City equipment, dispatch services, police and fire services and fines; (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

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

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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 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.

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.

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D. Capital Assets

Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of one year.

Depreciation is provided in each fund in amounts sufficient to recover the cost of the depreciable assets over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings and infrastructure	40-60 years
Machinery and equipment	3-20 years

E. Budgets and Budgetary Accounting

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

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

F. Property Taxes Receivable

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

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

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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 Position and the proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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,

CITY OF JOHN DAY
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June 30, 2013

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, 2012, from which the summarized information was derived.

L. Recently Adopted Accounting Standards

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). The requirements of GASB 62 are intended to improve financial reporting by contributing to the GASB's efforts to codify all sources of GAAP for state and local governments so that they derive from a single source. This effort brings the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. GASB 62 will eliminate the need for financial statement preparers and auditors to determine which FASB and American Institute of Certified Public Accountants (AICPA) pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

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NOTES TO BASIC FINANCIAL STATEMENTS
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- FASB Statements and Interpretations.
- Accounting Principles Board Opinions.
- Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure.

GASB 62 also supersedes GASB 20, thereby eliminating the election provided in paragraph 7 of GASB 20 for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post--November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including GASB 62. GASB 62 is effective for the City's fiscal year 2013, and the provisions of GASB 62 generally are required to be applied retroactively for all periods presented. The adoption of GASB 62 did not have a significant effect on the City's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. State and local governments enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. GASB Concepts Statement No. 4, *Elements of Financial Statements* (GASB Concepts 4), identifies those consumptions or acquisitions as deferred outflows of resources and deferred inflows of resources, respectively, and distinguishes them from assets and liabilities. GASB 63 provides guidance for reporting deferred outflows of resources and deferred inflows of resources balances. GASB Concepts 4 identifies net position as the residual of all other elements presented in a statement of financial position: it is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. GASB 63 provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

GASB 63 requires that amounts which are required to be reported as deferred outflows of resources should be reported in a statement of financial position in a separate section following assets. Similarly, GASB 63 requires that amounts which are required to be reported as deferred inflows of resources should be reported in a separate section following liabilities. The total for deferred outflows of resources may be added to the total for assets, and the total for deferred inflows of resources may be added to the total for liabilities to provide subtotals. The statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. GASB 63 encourages governmental entities to present the statement of net position in a format that displays assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position. However, a balance sheet format (assets plus deferred outflows of resources equals liabilities plus deferred inflows of resources, plus net position) may be used. Regardless of the format used, the statement of net position should report the residual amount as net position, rather than net assets, proprietary or fiduciary fund balance, or equity. Net position represents the difference between all other elements in a statement of financial position and should be displayed in three components: net investment in capital assets, restricted (distinguishing between major categories of restrictions); and unrestricted.

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GASB 63 is effective for the City's fiscal year 2013. Accounting changes adopted to conform to the provisions of GASB 63 should be applied retroactively by reclassifying the statement of net position and balance sheet information, if practical, for all prior periods presented. In the period that GASB 63 is first applied, the financial statements should disclose the nature of any reclassification and its effect. The adoption of GASB 63 did not have a significant effect on the City's financial statements.

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%.

CITY OF JOHN DAY
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June 30, 2013

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:

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 83,222	100%	\$ -
June 30, 2012	106,301	100%	-
June 30, 2013	96,154	100%	-

Note 3. Deposits and Investments

At June 30, 2013 the carrying amount of the City's deposits was \$140,084 and the bank balance was \$172,562. 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, 2013 none of the City's bank balance was exposed to custodial credit risk.

As of June 30, 2013 the City had \$1,202,455 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, 2013:

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June 30, 2013

	Payable at June 30, 2012	Addition	Reduction	Payable at June 30, 2013	Due in One Year
Special Public Works Fund Loan Payable - Water System Improvements	\$ 869,923	\$ -	\$ 42,071	\$ 827,852	\$ 42,385
Special Public Works Fund Loan Payable - Airport Industrial Park	1,716,807	-	66,326	1,650,481	69,656
Stella Lang Purchase Agreement	115,209	-	8,543	106,666	8,689
Accrued Compensated Absences (net)	64,310	6,894	-	71,204	-
Totals	<u>\$ 2,766,249</u>	<u>\$ 6,894</u>	<u>\$ 116,940</u>	<u>\$ 2,656,203</u>	<u>\$ 120,730</u>

Interest expense of \$130,278 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, 2013, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
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	85,986	32,120	53,866
2019-2023	416,085	119,789	296,296
2024-2027	334,075	38,035	296,040
Total	<u>\$ 1,168,238</u>	<u>\$ 340,386</u>	<u>\$ 827,852</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, 2013 was \$48,124. As of June 30, 2013, future payments are as follows:

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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

Fiscal Year Ending June 30,	Total	Interest	Principal
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	152,510	67,778	84,732
2019-2023	762,550	270,654	491,896
2024-2028	762,550	134,155	628,395
2029	152,428	7,285	145,143
Total	<u>\$ 2,440,078</u>	<u>\$ 789,597</u>	<u>\$ 1,650,481</u>

Note 7. Stella Lang Purchase Agreement

The City entered into an agreement on June 30, 2008 to purchase the land and structure located at 316 South Canyon Blvd in John Day, Oregon. The site is intended for a new fire hall to be built at an undetermined date in the future. Terms of the loan are 180 monthly payments of \$1,109.24 on the 1st of each month including interest of 4.50 percent through June 1, 2023. There was no accrued interest at June 30, 2013. As of June 30, 2013, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2014	\$ 13,311	\$ 4,622	\$ 8,689
2015	13,311	4,223	9,088
2016	13,311	3,806	9,505
2017	13,311	3,349	9,962
2018	13,311	2,932	10,379
2019-2023	66,554	7,511	59,043
Total	<u>\$ 133,109</u>	<u>\$ 26,443</u>	<u>\$ 106,666</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, 2013, were \$2,186. As of June 30, 2013, the City had future minimum payments under operating leases as follows:

Fiscal Year Ending June 30,	Total Future Minimum Lease Payments	Operating Leases
2014	\$ 1,787	\$ 1,787
2015	590	590
2016	590	590
2017	294	294
Total	<u>\$ 3,261</u>	<u>\$ 3,261</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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, 2013:

	Governmental	Business
Property taxes	\$ 47,220	\$ 1,127
User fees	-	110,510
Other	78,072	-
Total	\$ 125,292	\$ 111,637

Note 11. Capital Assets

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

Governmental Activities	Balance July 01, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets				
<i>Assets not being depreciated</i>				
Land	\$ 190,017	\$ -	\$ -	\$ 190,017
Construction in progress	40,819	19,428	-	60,247
<i>Assets being depreciated</i>				
Buildings	549,768	-	-	549,768
Street improvements	2,033,390	-	-	2,033,390
Equipment	1,454,577	21,000	14,466	1,461,111
Total assets being depreciated	4,037,735	21,000	14,466	4,044,269
Total capital assets	4,268,571	40,428	14,466	4,294,533
Accumulated Depreciation				
Buildings	337,550	25,189	-	362,739
Street improvements	304,430	55,526	-	359,956
Equipment	1,120,125	79,066	14,466	1,184,725
Total depreciation	1,762,105	159,781	14,466	1,907,420
Governmental activities capital assets - net	\$ 2,506,466	\$ (119,353)	\$ 0	\$ 2,387,113

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

CITY OF JOHN DAY
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NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

Business Activities	Balance July 01, 2012	Additions	Deletions	Balance June 30, 2013
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	960,766	-	-	960,766
Total assets being depreciated	7,937,854	0	0	7,937,854
Total capital assets	8,123,791	0	0	8,123,791
Accumulated Depreciation				
Buildings	444,655	13,863	-	458,518
Utility systems	2,638,958	128,575	-	2,767,533
Equipment	715,594	49,004	-	764,598
Total depreciation	3,799,207	191,442	0	3,990,649
Business activities capital assets - net	\$ 4,324,584	\$ (191,442)	\$ 0	\$ 4,133,142

Depreciation was charged to the following functions:

Function	Governmental Activities	Business Activities
General operations	\$ 25,367	
Fire	58,339	
Police	12,616	
Streets	56,499	
Emergency services	6,960	
Water		\$ 131,145
Sewer		60,297
Total depreciation	\$ 159,781	\$ 191,442

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, 2013 consisted of the following:

CITY OF JOHN DAY
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NOTES TO BASIC FINANCIAL STATEMENTS
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Transfers Out	Transfers In	
	General	911
Governmental funds		
General Fund	\$ -	\$ 11,139
Street Fund	-	600
Business-type funds		
Water Fund	5,422	610
Sewer Fund	10,845	757
Total	<u>\$ 16,267</u>	<u>\$ 13,106</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - 01
For the year ended
June 30, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 272,829	\$ 248,493	\$ 248,493	\$ (24,336)
Intergovernmental revenues	60,790	1,657,633	1,657,633	1,596,843
User fees	10,175	9,900	9,900	(275)
Licenses and fees	169,032	163,660	163,660	(5,372)
Fines and forfeitures	4,423	3,010	3,010	(1,413)
Interest earned	923	346	346	(577)
Miscellaneous income	18,989	6,600	6,600	(12,389)
Total revenue	537,161	2,089,642	2,089,642	1,552,481
Expenditures				
Administration	61,311	68,032	68,032	6,721
Police	382,186	404,106	404,106	21,920
Fire	98,695	1,714,719	1,714,719	1,616,024
Debt service	13,311	13,315	13,315	4
Contingency	-	10,864	10,864	10,864
Total expenditures	555,503	2,211,036	2,211,036	1,655,533
Excess of revenues over (under) expenditures	(18,342)	(121,394)	(121,394)	(103,052)
Other financing sources (uses)				
Transfers in	16,267	17,163	17,163	896
Transfers out	(11,139)	(11,139)	(11,139)	-
Total other sources (uses)	5,128	6,024	6,024	896
Excess of revenues and other sources over (under) expenditures and other uses	(13,214)	(115,370)	(115,370)	(102,156)
Fund balance at beginning of year	156,584	115,370	115,370	(41,214)
Fund balance at end of year	\$ 143,370	\$ 0	\$ 0	\$ (143,370)

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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 95,669	\$ 87,750	\$ 87,750	\$ (7,919)
User fees	79	-	-	(79)
Interest earned	816	492	492	(324)
Miscellaneous income	1,144	-	-	(1,144)
Total revenue	97,708	88,242	88,242	(9,466)
Expenditures				
Personnel services	90,882	98,168	98,168	7,286
Materials and services	45,976	77,855	77,855	31,879
Capital outlay	2,083	25,700	25,700	23,617
Motor pool	10,000	10,000	10,000	-
Total expenditures	148,941	251,723	251,723	102,782
Excess of revenues over (under) expenditures	(51,233)	(163,481)	(163,481)	(112,248)
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	(51,833)	(164,081)	(164,081)	(112,248)
Fund balance at beginning of year	178,046	164,081	164,081	(13,965)
Fund balance at end of year	\$ 126,213	\$ 0	\$ 0	\$ (126,213)

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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 322,089	\$ 322,807	\$ 322,807	\$ 718
Interest earned	624	417	417	(207)
Miscellaneous income	2,450	2,450	2,450	-
Total revenue	325,163	325,674	325,674	511
Expenditures				
Personnel services	368,494	400,085	400,085	31,591
Materials and services	51,183	59,165	59,165	7,982
Capital outlay	589	18,080	18,080	17,491
Motor pool	450	450	450	-
Total expenditures	420,716	477,780	477,780	57,064
Excess of revenues over (under) expenditures	(95,553)	(152,106)	(152,106)	(56,553)
Other financing sources (uses)				
Transfers in	13,106	13,106	13,106	-
Total other sources (uses)	13,106	13,106	13,106	0
Excess of revenues and other sources over (under) expenditures and other uses	(82,447)	(139,000)	(139,000)	(56,553)
Fund balance at beginning of year	149,486	139,000	139,000	(10,486)
Fund balance at end of year	\$ 67,039	\$ 0	\$ 0	\$ (67,039)

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, 2013

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

Formal and legal budgetary control for the certified budget is based upon major classes of expenditures known as functions within each fund. The functions within the General Fund include administration, police, fire, transfers and contingency. Functions within all other funds include: personnel services, materials and services, capital outlay, debt service, contingencies and transfers. The district did not modify the original budget for the year ended June 30, 2013.

During the year ended June 30, 2013, 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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 272,829	\$ 248,493	\$ 248,493	\$ (24,336)
Intergovernmental revenues	60,790	1,657,633	1,657,633	1,596,843
User fees	10,175	9,900	9,900	(275)
Licenses and fees	169,032	163,660	163,660	(5,372)
Fines and forfeitures	4,423	3,010	3,010	(1,413)
Interest earned	923	346	346	(577)
Miscellaneous income	18,989	6,600	6,600	(12,389)
Total revenue	537,161	2,089,642	2,089,642	1,552,481
Expenditures				
Administration				
Personnel services	7,614	7,745	7,745	131
Employee benefits	2,896	3,356	3,356	460
Materials and services	50,124	55,931	55,931	5,807
Capital outlay	677	1,000	1,000	323
Total administration	61,311	68,032	68,032	6,721
Police				
Personnel services	209,700	215,070	215,070	5,370
Employee benefits	122,921	131,686	131,686	8,765
Materials and services	28,510	36,350	36,350	7,840
Capital outlay	1,055	1,000	1,000	(55)
Motor pool - police	20,000	20,000	20,000	-
Total police	382,186	404,106	404,106	21,920
Fire				
Personnel services	18,330	18,845	18,845	515
Employee benefits	7,196	9,350	9,350	2,154
Materials and services	39,267	59,524	59,524	20,257
Capital outlay	21,902	1,615,000	1,615,000	1,593,098
Motor pool - fire	12,000	12,000	12,000	-
Total fire	98,695	1,714,719	1,714,719	1,616,024

(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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Debt service	\$ 13,311	\$ 13,315	\$ 13,315	\$ 4
Contingency	-	10,864	10,864	10,864
Total expenditures	555,503	2,211,036	2,211,036	1,655,533
Excess of revenues over (under) expenditures	(18,342)	(121,394)	(121,394)	(103,052)
Other financing sources (uses)				
Transfers in	16,267	17,163	17,163	896
Transfers out	(11,139)	(11,139)	(11,139)	-
Total other sources (uses)	5,128	6,024	6,024	896
Excess of revenues and other sources over (under) expenditures and other uses	(13,214)	(115,370)	(115,370)	(102,156)
Fund balance at beginning of year	156,584	115,370	115,370	(41,214)
Fund balance at end of year	\$ 143,370	\$ 0	\$ 0	\$ (143,370)

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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 95,669	\$ 87,750	\$ 87,750	\$ (7,919)
User fees	79	-	-	(79)
Interest earned	816	492	492	(324)
Miscellaneous income	1,144	-	-	(1,144)
Total revenue	97,708	88,242	88,242	(9,466)
Expenditures				
Administration				
Personnel services	6,689	7,021	7,021	332
Employee benefits	2,508	2,736	2,736	228
Materials and services	12,983	8,250	8,250	(4,733)
Total administration	22,180	18,007	18,007	(4,173)
Operating				
Personnel services	49,890	57,263	57,263	7,373
Employee benefits	31,795	31,148	31,148	(647)
Materials and services	32,993	69,605	69,605	36,612
Capital outlay	2,083	25,700	25,700	23,617
Motor pool	10,000	10,000	10,000	-
Contingency	-	40,000	40,000	40,000
Total operating	126,761	233,716	233,716	106,955
Total expenditures	148,941	251,723	251,723	102,782
Excess of revenues over (under) expenditures	(51,233)	(163,481)	(163,481)	(112,248)
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	(51,833)	(164,081)	(164,081)	(112,248)
Fund balance at beginning of year	178,046	164,081	164,081	(13,965)
Fund balance at end of year	\$ 126,213	\$ 0	\$ 0	\$ (126,213)

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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 322,089	\$ 322,807	\$ 322,807	\$ 718
Interest earned	624	417	417	(207)
Miscellaneous income	2,450	2,450	2,450	-
Total revenue	325,163	325,674	325,674	511
Expenditures				
Administration				
Personnel services	22,984	23,371	23,371	387
Employee benefits	8,599	9,318	9,318	719
Materials and services	16,612	16,570	16,570	(42)
Total administration	48,195	49,259	49,259	1,064
Operating				
Personnel services	227,532	241,200	241,200	13,668
Employee benefits	109,379	126,196	126,196	16,817
Materials and services	34,571	42,595	42,595	8,024
Capital outlay	589	18,080	18,080	17,491
Motor pool	450	450	450	-
Total operating	372,521	428,521	428,521	56,000
Total expenditures	420,716	477,780	477,780	57,064
Excess of revenues over (under) expenditures	(95,553)	(152,106)	(152,106)	(56,553)
Other financing sources (uses)				
Transfers in	13,106	13,106	13,106	-
Total other sources (uses)	13,106	13,106	13,106	0
Excess of revenues and other sources over (under) expenditures and other uses	(82,447)	(139,000)	(139,000)	(56,553)
Fund balance at beginning of year	149,486	139,000	139,000	(10,486)
Fund balance at end of year	\$ 67,039	\$ 0	\$ 0	\$ (67,039)

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
WATER FUND
June 30, 2013

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2013
ASSETS			
Current assets			
Unrestricted			
Cash with depositories	\$ 26,560	\$ 235,775	\$ 262,335
Water and sewer accounts receivable	64,115	-	64,115
Less allowance for doubtful accounts	(2,627)	-	(2,627)
Accounts receivable	(409)	-	(409)
Prepaid expenses	606	-	606
Total current assets	<u>88,245</u>	<u>235,775</u>	<u>324,020</u>
Restricted assets			
Taxes receivable	1,252	-	1,252
Allowance for uncollectible	(125)	-	(125)
Total restricted assets	<u>1,127</u>	<u>0</u>	<u>1,127</u>
Noncurrent assets			
Property, plant, and equipment	5,290,710	-	5,290,710
Less accumulated depreciation	(2,211,805)	-	(2,211,805)
Property, plant, and equipment - net	<u>3,078,905</u>	<u>0</u>	<u>3,078,905</u>
Total assets	<u>3,168,277</u>	<u>235,775</u>	<u>3,404,052</u>
LIABILITIES			
Current liabilities			
Accounts payable	2,814	-	2,814
Accrued liabilities	2,268	-	2,268
Accrued compensated absences	14,614	-	14,614
Current portion of long term debt	79,999	-	79,999
Accrued interest	49,580	-	49,580
Customer deposits	6,300	-	6,300
Total current liabilities	<u>155,575</u>	<u>0</u>	<u>155,575</u>
Long-term liabilities			
Loan payable - special public works fund	1,655,617	-	1,655,617
Total long-term liabilities	<u>1,655,617</u>	<u>0</u>	<u>1,655,617</u>
Total liabilities	<u>1,811,192</u>	<u>0</u>	<u>1,811,192</u>
NET POSITION			
Net investment in capital assets	1,293,709	-	1,293,709
Unrestricted	63,376	235,775	299,151
Total net position	<u>\$ 1,357,085</u>	<u>\$ 235,775</u>	<u>\$ 1,592,860</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER FUND
For the year ended
June 30, 2013

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2013
Operating revenues			
User fees	\$ 577,696	\$ -	\$ 577,696
Miscellaneous income	131	184	315
Total operating revenues	<u>577,827</u>	<u>184</u>	<u>578,011</u>
Operating expenses			
Administration			
Personal services	51,098	-	51,098
Supplies, repairs, and services	14,966	-	14,966
Utility operation			
Personal services	158,739	-	158,739
Supplies, repairs, and services	106,942	-	106,942
Capital Outlay	2,083	-	2,083
Depreciation	131,145	-	131,145
Motor pool interfund charges	30,000	-	30,000
Total operating expenses	<u>494,973</u>	<u>0</u>	<u>494,973</u>
Operating income (loss)	<u>82,854</u>	<u>184</u>	<u>83,038</u>
Nonoperating revenues (expenses)			
Taxes	(75)	-	(75)
Interest earned	132	1,200	1,332
Interest expense	(77,663)	-	(77,663)
Total nonoperating revenues (expenses)	<u>(77,606)</u>	<u>1,200</u>	<u>(76,406)</u>
Income (loss) before transfers	5,248	1,384	6,632
Transfers	(17,705)	11,673	(6,032)
Net income (loss) / Increase (decrease) in net position	(12,457)	13,057	600
Net position at beginning of year	1,369,542	222,718	1,592,260
Net position at end of year	<u>\$ 1,357,085</u>	<u>\$ 235,775</u>	<u>\$ 1,592,860</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
WATER FUND
For the year ended
June 30, 2013

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2013
Cash flows from operating activities			
Cash received from customers	\$ 563,019	\$ 184	\$ 563,203
Cash paid to employees	(209,291)	-	(209,291)
Cash paid to suppliers	(152,421)	-	(152,421)
Net cash provided (used) by operating activities	<u>201,307</u>	<u>184</u>	<u>201,491</u>
Cash flows from capital activities			
Interest expense	(80,603)	-	(80,603)
Principal debt payments	(86,316)	-	(86,316)
Net cash provided (used) by capital activities	<u>(166,919)</u>	<u>0</u>	<u>(166,919)</u>
Cash flows from non-capital financing activities			
Taxes received	13	-	13
Interfund transfers	(17,705)	11,673	(6,032)
Net cash provided (used) by non-capital financing activities	<u>(17,692)</u>	<u>11,673</u>	<u>(6,019)</u>
Cash flows from investing activities			
Interest on investments	132	1,200	1,332
Net cash provided (used) by investing activities	<u>132</u>	<u>1,200</u>	<u>1,332</u>
Net increase (decrease) in cash	16,828	13,057	29,885
Cash and cash equivalents at beginning of year	9,732	222,718	232,450
Cash and cash equivalents at end of year	<u>\$ 26,560</u>	<u>\$ 235,775</u>	<u>\$ 262,335</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 82,854</u>	<u>\$ 184</u>	<u>\$ 83,038</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	131,145	-	131,145
(Increase) or decrease in			
Accounts receivable	(16,559)	-	(16,559)
Taxes receivable	1,127	-	1,127
Prepaid expenses	(158)	-	(158)
Increase or (decrease) in			
Accounts payable	1,727	-	1,727
Accrued liabilities	(2,378)	-	(2,378)
Accrued compensated absences	2,925	-	2,925
Customer deposits	624	-	624
Total adjustments	<u>118,453</u>	<u>0</u>	<u>118,453</u>
Net cash provided by operating activities	<u>\$ 201,307</u>	<u>\$ 184</u>	<u>\$ 201,491</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, 2013

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2013
Reconciliation of beginning fund balance to beginning net position			
Beginning 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)
Beginning net position	<u>\$ 1,369,542</u>	<u>\$ 222,718</u>	<u>\$ 1,592,260</u>
Reconciliation of change in fund balance to increase in net position			
Change in fund balance - budget basis	\$ 32,445	\$ 13,057	\$ 45,502
Less depreciation expense on fixed assets	(131,145)	-	(131,145)
Loan principal payments	86,317	-	86,317
Change in accrued interest expense	2,938	-	2,938
Change in property taxes receivable	(87)	-	(87)
Change in accrued compensated absences	(2,925)	-	(2,925)
Increase (decrease) in net position	<u>\$ (12,457)</u>	<u>\$ 13,057</u>	<u>\$ 600</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 76,863	\$ 235,775	\$ 312,638
Add net property taxes receivable	1,127	-	1,127
Add fixed assets	5,290,710	-	5,290,710
Less accumulated depreciation on fixed assets	(2,211,805)	-	(2,211,805)
Less accrued compensated absences	(14,614)	-	(14,614)
Less loan payable	(1,735,616)	-	(1,735,616)
Less accrued interest payable	(49,580)	-	(49,580)
Ending net position	<u>\$ 1,357,085</u>	<u>\$ 235,775</u>	<u>\$ 1,592,860</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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 577,696	\$ 573,992	\$ 573,992	\$ (3,704)
Miscellaneous income	131	-	-	(131)
Total operating revenue	<u>577,827</u>	<u>573,992</u>	<u>573,992</u>	<u>(3,835)</u>
Operating expenses				
Administration				
Personnel services	35,927	34,671	34,671	(1,256)
Employee benefits	14,365	16,049	16,049	1,684
Materials and services	14,966	15,555	15,555	589
Total administration	<u>65,258</u>	<u>66,275</u>	<u>66,275</u>	<u>1,017</u>
Operating				
Personnel services	97,195	113,000	113,000	15,805
Employee benefits	59,426	68,034	68,034	8,608
Materials and services	106,942	134,700	134,700	27,758
Capital outlay	2,082	3,700	3,700	1,618
Debt service	166,919	166,930	166,930	11
Motor pool	30,000	30,000	30,000	-
Total operating	<u>462,564</u>	<u>516,364</u>	<u>516,364</u>	<u>53,800</u>
Total operating expenses	<u>527,822</u>	<u>582,639</u>	<u>582,639</u>	<u>54,817</u>
Operating income (loss)	<u>50,005</u>	<u>(8,647)</u>	<u>(8,647)</u>	<u>(58,652)</u>
Nonoperating revenues				
Taxes	13	-	-	(13)
Interest earned	132	80	80	(52)
Total nonoperating revenues	<u>145</u>	<u>80</u>	<u>80</u>	<u>(65)</u>
Increase (decrease) in fund balance before transfers	50,150	(8,567)	(8,567)	(58,717)
Transfers				
Transfers out	(17,705)	(18,004)	(18,004)	(299)
Increase (decrease) in fund balance	32,445	(26,571)	(26,571)	(59,016)
Fund balance at beginning of year	44,418	26,571	26,571	(17,847)
Fund balance at end of year	<u>\$ 76,863</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (76,863)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WATER REPLACEMENT RESERVE FUND - 27
For the year ended
June 30, 2013

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Miscellaneous income	\$ 184	\$ -	\$ -	\$ (184)
Total operating revenue	184	0	0	(184)
Operating expenses				
Operating				
Capital outlay	-	232,455	232,455	232,455
Total operating	0	232,455	232,455	232,455
Total operating expenses	0	232,455	232,455	232,455
Operating income (loss)	184	(232,455)	(232,455)	(232,639)
Nonoperating revenues				
Interest earned	1,200	660	660	(540)
Total nonoperating revenues	1,200	660	660	(540)
Increase (decrease) in fund balance before transfers	1,384	(231,795)	(231,795)	(233,179)
Transfers				
Transfers in	11,673	11,673	11,673	-
Increase (decrease) in fund balance	13,057	(220,122)	(220,122)	(233,179)
Fund balance at beginning of year	222,718	220,122	220,122	(2,596)
Fund balance at end of year	<u>\$ 235,775</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (235,775)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
SEWER FUND
June 30, 2013

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
ASSETS			
Current assets			
Cash and cash equivalents	\$ 17,556	\$ 43,115	\$ 274,119
Water and sewer accounts receivable	48,953	50	-
Less allowance for doubtful accounts	(2,112)	-	-
Accounts receivable	219	-	-
Prepaid expenses	606	-	-
Total current assets	<u>65,222</u>	<u>43,165</u>	<u>274,119</u>
Noncurrent assets			
Property, plant, and equipment	2,833,081	-	-
Less accumulated depreciation	<u>(1,778,844)</u>	<u>-</u>	<u>-</u>
Property, plant, and equipment - net	<u>1,054,237</u>	<u>0</u>	<u>0</u>
Total assets	<u>1,119,459</u>	<u>43,165</u>	<u>274,119</u>
LIABILITIES			
Current liabilities			
Accounts payable	620	2,654	-
Accrued liabilities	887	1,289	-
Accrued compensated absences	5,532	5,825	-
Current portion of long term debt	32,042	-	-
Accrued interest	<u>22,137</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>61,218</u>	<u>9,768</u>	<u>0</u>
Long-term liabilities			
Loan payable - special public works fund	<u>710,674</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>710,674</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>771,892</u>	<u>9,768</u>	<u>0</u>
NET POSITION			
Net investment in capital assets	289,384	-	-
Restricted for Canyon City contract	-	9,021	-
Unrestricted	<u>58,183</u>	<u>24,376</u>	<u>274,119</u>
Total net position	<u>\$ 347,567</u>	<u>\$ 33,397</u>	<u>\$ 274,119</u>

28 Sewer Collection Replacement Fund	Totals June 30, 2013
\$ 152,194	\$ 486,984
2,131	51,134
-	(2,112)
-	219
-	606
154,325	536,831
-	2,833,081
-	(1,778,844)
0	1,054,237
154,325	1,591,068
-	3,274
-	2,176
-	11,357
-	32,042
-	22,137
0	70,986
-	710,674
0	710,674
0	781,660
-	289,384
-	9,021
154,325	511,003
\$ 154,325	\$ 809,408

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
SEWER FUND
For the year ended
June 30, 2013

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Operating revenues			
User fees	\$ 469,433	\$ -	\$ -
Miscellaneous income	1,125	601	-
Total operating revenues	<u>470,558</u>	<u>601</u>	<u>0</u>
Operating expenses			
Administration			
Personal services	42,055	23,365	-
Supplies, repairs, and services	14,711	3,668	-
Utility operation			
Personal services	44,675	114,935	-
Supplies, repairs, and services	42,918	67,842	-
Capital outlay	463	463	-
Depreciation	60,297	-	-
Motor pool interfund charges	20,000	20,000	-
Total operating expenses	<u>225,119</u>	<u>230,273</u>	<u>0</u>
Operating income (loss)	<u>245,439</u>	<u>(229,672)</u>	<u>0</u>
Nonoperating revenues (expenses)			
Intergovernmental revenues	-	56,545	3,450
Interest earned	46	182	1,444
Interest expense	(47,847)	-	-
Total nonoperating revenues (expenses)	<u>(47,801)</u>	<u>56,727</u>	<u>4,894</u>
Income (loss) before transfers	197,638	(172,945)	4,894
Transfers	<u>(209,188)</u>	<u>183,880</u>	<u>11,550</u>
Net income (loss) / Increase (decrease) in net position	(11,550)	10,935	16,444
Net position at beginning of year	<u>359,117</u>	<u>22,462</u>	<u>257,675</u>
Net position at end of year	<u><u>\$ 347,567</u></u>	<u><u>\$ 33,397</u></u>	<u><u>\$ 274,119</u></u>

28 Sewer Collection Replacement Fund	Totals June 30, 2013
\$ -	\$ 469,433
4,637	6,363
4,637	475,796
-	65,420
-	18,379
-	159,610
-	110,760
-	926
-	60,297
-	40,000
0	455,392
4,637	20,404
-	59,995
750	2,422
-	(47,847)
750	14,570
5,387	34,974
2,157	(11,601)
7,544	23,373
146,781	786,035
\$ 154,325	\$ 809,408

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
SEWER FUND
For the year ended
June 30, 2013

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Cash flows from operating activities			
Cash received from customers	\$ 459,464	\$ 601	\$ -
Cash paid to employees	(86,929)	(144,429)	-
Cash paid to suppliers	(78,571)	(87,143)	-
Net cash provided (used) by operating activities	<u>293,964</u>	<u>(230,971)</u>	<u>0</u>
Cash flows from capital activities			
Reimbursement received - Canyon City	-	56,545	3,450
Interest expense	(48,075)	-	-
Principal debt payments	(22,080)	-	-
Net cash provided (used) by capital activities	<u>(70,155)</u>	<u>56,545</u>	<u>3,450</u>
Cash flows from non-capital financing activities			
Interfund transfers	(209,188)	183,880	11,550
Net cash provided (used) by non-capital financing activities	<u>(209,188)</u>	<u>183,880</u>	<u>11,550</u>
Cash flows from investing activities			
Interest on investments	46	182	1,444
Net cash provided (used) by investing activities	<u>46</u>	<u>182</u>	<u>1,444</u>
Net increase (decrease) in cash	14,667	9,636	16,444
Cash and cash equivalents at beginning of year	2,889	33,479	257,675
Cash and cash equivalents at end of year	<u>\$ 17,556</u>	<u>\$ 43,115</u>	<u>\$ 274,119</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 245,439</u>	<u>\$ (229,672)</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	(11,094)	-	-
Prepaid expenses	(158)	-	-
Increase or (decrease) in			
Accounts payable	(7)	2,280	-
Accrued liabilities	(826)	(1,029)	-
Accrued compensated absences	314	(2,550)	-
Total adjustments	<u>48,525</u>	<u>(1,299)</u>	<u>0</u>
Net cash provided by operating activities	<u>\$ 293,964</u>	<u>\$ (230,971)</u>	<u>\$ 0</u>

28 Sewer Collection Replacement Fund	Totals June 30, 2013
\$ 2,506	\$ 462,571
-	(231,358)
-	(165,714)
<u>2,506</u>	<u>65,499</u>
-	59,995
-	(48,075)
-	(22,080)
<u>0</u>	<u>(10,160)</u>
2,157	(11,601)
<u>2,157</u>	<u>(11,601)</u>
750	2,422
<u>750</u>	<u>2,422</u>
5,413	46,160
146,781	440,824
<u>\$ 152,194</u>	<u>\$ 486,984</u>
<u>\$ 4,637</u>	<u>\$ 20,404</u>
-	60,296
(2,131)	(13,225)
-	(158)
-	2,273
-	(1,855)
-	(2,236)
<u>(2,131)</u>	<u>45,095</u>
<u>\$ 2,506</u>	<u>\$ 65,499</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, 2013

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Reconciliation of beginning fund balance to beginning net position			
Beginning fund balance - budget basis	\$ 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)	-	-
Beginning net position	<u>\$ 359,117</u>	<u>\$ 22,462</u>	<u>\$ 257,675</u>
Reconciliation of change in fund balance to increase in net position			
Change in fund balance - budget basis	\$ 26,752	\$ 8,385	\$ 16,444
Less depreciation expense on capital assets	(60,296)	-	-
Loan principal payments	22,080	-	-
Change in accrued interest expense	228	-	-
Change in accrued compensated absences	(314)	2,550	-
Increase (decrease) in net position	<u>\$ (11,550)</u>	<u>\$ 10,935</u>	<u>\$ 16,444</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 63,715	\$ 39,222	\$ 274,119
Add fixed assets	2,833,081	-	-
Less accumulated depreciation on capital assets	(1,778,844)	-	-
Less accrued compensated absences	(5,532)	(5,825)	-
Less loan payable	(742,716)	-	-
Less accrued interest payable	(22,137)	-	-
Ending net position	<u>\$ 347,567</u>	<u>\$ 33,397</u>	<u>\$ 274,119</u>

28	
Sewer Collection	Totals
Replacement	June 30,
Fund	2013
\$ 146,781	\$ 472,256
-	2,833,081
-	(1,718,548)
-	(13,593)
-	(764,796)
-	(22,365)
<u>\$ 146,781</u>	<u>\$ 786,035</u>

\$ 7,544	\$ 59,125
-	(60,296)
-	22,080
-	228
-	2,236
<u>\$ 7,544</u>	<u>\$ 23,373</u>

\$ 154,325	\$ 531,381
-	2,833,081
-	(1,778,844)
-	(11,357)
-	(742,716)
-	(22,137)
<u>\$ 154,325</u>	<u>\$ 809,408</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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 469,433	\$ 460,968	\$ 460,968	\$ (8,465)
Miscellaneous income	1,125	-	-	(1,125)
Total operating revenue	<u>470,558</u>	<u>460,968</u>	<u>460,968</u>	<u>(9,590)</u>
Operating expenses				
Administration				
Personnel services	29,453	28,421	28,421	(1,032)
Employee benefits	12,011	13,608	13,608	1,597
Materials and services	14,711	15,500	15,500	789
Total administration	<u>56,175</u>	<u>57,529</u>	<u>57,529</u>	<u>1,354</u>
Operating				
Personnel services	27,658	49,696	49,696	22,038
Employee benefits	17,295	29,730	29,730	12,435
Materials and services	42,918	58,422	58,422	15,504
Capital outlay	463	700	700	237
Debt service	70,155	71,160	71,160	1,005
Motor pool	20,000	20,000	20,000	-
Total operating	<u>178,489</u>	<u>229,708</u>	<u>229,708</u>	<u>51,219</u>
Total operating expenses	<u>234,664</u>	<u>287,237</u>	<u>287,237</u>	<u>52,573</u>
Operating income (loss)	<u>235,894</u>	<u>173,731</u>	<u>173,731</u>	<u>(62,163)</u>
Nonoperating revenues				
Interest earned	46	107	107	61
Total nonoperating revenues	<u>46</u>	<u>107</u>	<u>107</u>	<u>61</u>
Increase (decrease) in fund balance before transfers	235,940	173,838	173,838	(62,102)
Transfers				
Transfers out	(209,188)	(209,487)	(209,487)	(299)
Increase (decrease) in fund balance	26,752	(35,649)	(35,649)	(62,401)
Fund balance at beginning of year	36,963	35,649	35,649	(1,314)
Fund balance at end of year	<u>\$ 63,715</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (63,715)</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, 2013

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Miscellaneous income	\$ 601	\$ -	\$ -	\$ (601)
Total operating revenue	601	0	0	(601)
Operating expenses				
Administration				
Personnel services	16,720	16,600	16,600	(120)
Employee benefits	6,150	6,518	6,518	368
Materials and services	3,668	6,420	6,420	2,752
Total administration	26,538	29,538	29,538	3,000
Operating				
Personnel services	72,954	77,100	77,100	4,146
Employee benefits	45,026	44,954	44,954	(72)
Materials and services	67,842	86,478	86,478	18,636
Capital outlay	463	700	700	237
Contingency	-	5,000	5,000	5,000
Motor pool	20,000	20,000	20,000	-
Total operating	206,285	234,232	234,232	27,947
Total operating expenses	232,823	263,770	263,770	30,947
Operating income (loss)	(232,222)	(263,770)	(263,770)	(31,548)
Nonoperating revenues				
Intergovernmental revenues	56,545	56,545	56,545	-
Interest earned	182	71	71	(111)
Total nonoperating revenues	56,727	56,616	56,616	(111)
Increase (decrease) in fund balance before transfers	(175,495)	(207,154)	(207,154)	(31,659)
Transfers				
Transfers in	189,302	189,302	189,302	-
Transfers out	(5,422)	(5,721)	(5,721)	(299)
Increase (decrease) in fund balance	8,385	(23,573)	(23,573)	(31,958)
Fund balance at beginning of year	30,837	23,573	23,573	(7,264)
Fund balance at end of year	\$ 39,222	\$ 0	\$ 0	\$ (39,222)

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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
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	-	223,343	223,343	223,343
Total operating	0	273,343	273,343	273,343
Total operating expenses	0	273,343	273,343	273,343
Operating income (loss)	0	(273,343)	(273,343)	(273,343)
Nonoperating revenues				
Intergovernmental revenues	3,450	3,450	3,450	-
Interest earned	1,444	773	773	(671)
Total nonoperating revenues	4,894	4,223	4,223	(671)
Increase (decrease) in fund balance before transfers	4,894	(269,120)	(269,120)	(274,014)
Transfers				
Transfers in	11,550	11,550	11,550	-
Increase (decrease) in fund balance	16,444	(257,570)	(257,570)	(274,014)
Fund balance at beginning of year	257,675	257,570	257,570	(105)
Fund balance at end of year	\$ 274,119	\$ 0	\$ 0	\$ (274,119)

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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Miscellaneous income	\$ 4,637	\$ -	\$ -	\$ (4,637)
Total operating revenue	4,637	0	0	(4,637)
Operating expenses				
Operating				
Capital outlay	-	137,651	137,651	137,651
Total operating	0	137,651	137,651	137,651
Total operating expenses	0	137,651	137,651	137,651
Operating income (loss)	4,637	(137,651)	(137,651)	(142,288)
Nonoperating revenues				
Interest earned	750	405	405	(345)
Total nonoperating revenues	750	405	405	(345)
Increase (decrease) in fund balance before transfers	5,387	(137,246)	(137,246)	(142,633)
Transfers				
Transfers in	2,157	2,157	2,157	-
Increase (decrease) in fund balance	7,544	(135,089)	(135,089)	(142,633)
Fund balance at beginning of year	146,781	135,089	135,089	(11,692)
Fund balance at end of year	\$ 154,325	\$ 0	\$ 0	\$ (154,325)

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2013
ASSETS			
Current assets			
Cash with depositories	\$ 214,772	\$ 65,818	\$ 280,590
Accounts receivable	840	-	840
Total current assets	<u>215,612</u>	<u>65,818</u>	<u>281,430</u>
Noncurrent assets			
Equipment and vehicles	732,721	-	732,721
Less accumulated depreciation	<u>(577,002)</u>	<u>-</u>	<u>(577,002)</u>
Equipment and vehicles - net	<u>155,719</u>	<u>0</u>	<u>155,719</u>
Total assets	<u>371,331</u>	<u>65,818</u>	<u>437,149</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,476	-	1,476
Accrued liabilities	207	1,250	1,457
Accrued compensated absences	<u>1,539</u>	<u>-</u>	<u>1,539</u>
Total liabilities	<u>3,222</u>	<u>1,250</u>	<u>4,472</u>
NET POSITION			
Invested in capital assets	155,719	-	155,719
Unrestricted	<u>212,390</u>	<u>64,568</u>	<u>276,958</u>
Total net position	<u>\$ 368,109</u>	<u>\$ 64,568</u>	<u>\$ 432,677</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, 2013

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2013
Operating revenues			
Interfund charges	\$ 112,450	\$ 10,600	\$ 123,050
Miscellaneous income	20,472	-	20,472
Total operating revenues	<u>132,922</u>	<u>10,600</u>	<u>143,522</u>
Operating expenses			
Operating			
Personnel services	12,858	16,200	29,058
Supplies, repairs, and services	28,461	-	28,461
Capital outlay	4,907	-	4,907
Depreciation	17,932	-	17,932
Total operating	<u>64,158</u>	<u>16,200</u>	<u>80,358</u>
Public safety			
Supplies, repairs, and services	34,931	-	34,931
Depreciation	25,192	-	25,192
Total public safety	<u>60,123</u>	<u>0</u>	<u>60,123</u>
Total operating expenses	<u>124,281</u>	<u>16,200</u>	<u>140,481</u>
Operating income (loss)	<u>8,641</u>	<u>(5,600)</u>	<u>3,041</u>
Nonoperating revenues			
Interest earned	1,065	405	1,470
Total nonoperating revenues	<u>1,065</u>	<u>405</u>	<u>1,470</u>
Change in net position	9,706	(5,195)	4,511
Net position at beginning of year	358,403	69,763	428,166
Net position at end of year	<u>\$ 368,109</u>	<u>\$ 64,568</u>	<u>\$ 432,677</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINED SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended
June 30, 2013

	<u>26</u> Motor Pool	<u>33</u> Unpaid Compensation	<u>Totals</u> June 30, 2013
Cash flows from operating activities			
Cash received from customers	\$ 132,781	\$ 10,600	\$ 143,381
Cash paid to employees	(12,626)	(17,036)	(29,662)
Cash paid to suppliers	(68,096)	-	(68,096)
Net cash provided (used) by operating activities	<u>52,059</u>	<u>(6,436)</u>	<u>45,623</u>
Cash flows from capital activities			
Purchases of capital assets	<u>(21,000)</u>	<u>-</u>	<u>(21,000)</u>
Net cash provided (used) by capital and related financing activities	<u>(21,000)</u>	<u>0</u>	<u>(21,000)</u>
Cash flows from investing activities			
Interest on investments	<u>1,065</u>	<u>405</u>	<u>1,470</u>
Net cash from investing activities	<u>1,065</u>	<u>405</u>	<u>1,470</u>
Net increase (decrease) in cash	32,124	(6,031)	26,093
Cash and cash equivalents at beginning of year	<u>182,648</u>	<u>71,849</u>	<u>254,497</u>
Cash and cash equivalents at end of year	<u><u>\$ 214,772</u></u>	<u><u>\$ 65,818</u></u>	<u><u>\$ 280,590</u></u>
Reconciliation of operating income (loss)			
to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 8,641</u>	<u>\$ (5,600)</u>	<u>\$ 3,041</u>
Adjustments to reconcile operating income (loss)			
to net cash provided by operating activities			
Depreciation expense	43,124	-	43,124
(Increase) or decrease in			
Accounts receivable	(141)	-	(141)
Increase or (decrease) in			
Accounts payable	203	-	203
Accrued liabilities	(183)	(836)	(1,019)
Accrued compensated absences	415	-	415
Total adjustments	<u>43,418</u>	<u>(836)</u>	<u>42,582</u>
Net cash provided by operating activities	<u><u>\$ 52,059</u></u>	<u><u>\$ (6,436)</u></u>	<u><u>\$ 45,623</u></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, 2013

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2013
Reconciliation of beginning fund balance to beginning net position			
Beginning 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)
Beginning net position	<u>\$ 358,403</u>	<u>\$ 69,763</u>	<u>\$ 428,166</u>
Reconciliation of change in fund balance to increase in net position			
Change in fund balance - budget basis	\$ 32,245	\$ (5,195)	\$ 27,050
Add equipment purchased and capitalized	21,000	-	21,000
Change in accrued compensated absences	(415)	-	(415)
Less depreciation expense	(43,124)	-	(43,124)
Increase (decrease) in net position	<u>\$ 9,706</u>	<u>\$ (5,195)</u>	<u>\$ 4,511</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 213,929	\$ 64,568	\$ 278,497
Add capital assets	732,721	-	732,721
Less accumulated depreciation on capital assets	(577,002)	-	(577,002)
Less accrued compensated absences	(1,539)	-	(1,539)
Ending net position	<u>\$ 368,109</u>	<u>\$ 64,568</u>	<u>\$ 432,677</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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Interfund charges	\$ 112,450	\$ 112,450	\$ 112,450	\$ -
Miscellaneous income	2,472	5,800	5,800	3,328
Total operating revenue	114,922	118,250	118,250	3,328
Operating expenses				
Motor pool				
Personnel services	8,006	16,550	16,550	8,544
Employee benefits	4,437	9,862	9,862	5,425
Materials and services	28,461	63,250	63,250	34,789
Capital outlay	4,907	130,337	130,337	125,430
Total motor pool	45,811	219,999	219,999	174,188
Police				
Materials and services	25,330	28,565	28,565	3,235
Total police	25,330	28,565	28,565	3,235
Fire				
Materials and services	12,601	18,325	18,325	5,724
Capital outlay	-	22,280	22,280	22,280
Total fire	12,601	40,605	40,605	28,004
Total operating expenses	83,742	289,169	289,169	205,427
Operating income (loss)	31,180	(170,919)	(170,919)	(202,099)
Nonoperating revenues				
Interest earned	1,065	542	542	(523)
Total nonoperating revenues	1,065	542	542	(523)
Increase (decrease) in fund balance	32,245	(170,377)	(170,377)	(202,622)
Fund balance at beginning of year	181,684	170,377	170,377	(11,307)
Fund balance at end of year	\$ 213,929	\$ 0	\$ 0	\$ (213,929)

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, 2013

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Interfund charges	\$ 10,600	\$ 11,024	\$ 11,024	\$ 424
Total operating revenues	10,600	11,024	11,024	424
Operating expenses				
Personnel services	12,439	59,500	59,500	47,061
Employee benefits	3,761	27,171	27,171	23,410
Total operating expenses	16,200	86,671	86,671	70,471
Operating income (loss)	(5,600)	(75,647)	(75,647)	(70,047)
Nonoperating revenues				
Interest earned	405	226	226	(179)
Total nonoperating revenues	405	226	226	(179)
Increase (decrease) in fund balance	(5,195)	(75,421)	(75,421)	(70,226)
Fund balance at beginning of year	69,763	75,421	75,421	5,658
Fund balance at end of year	<u>\$ 64,568</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (64,568)</u>

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, 2013

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental	\$ 34,982	\$ 26,750	\$ 26,750	\$ (8,232)
Interest income	165	58	58	(107)
Other revenue	5,040	-	-	(5,040)
Total revenues	40,187	26,808	26,808	(13,379)
Expenditures				
Materials and services	32,585	46,051	46,051	13,466
Total expenditures	32,585	46,051	46,051	13,466
Excess of revenues over (under) expenditures and net change in fund balance	7,602	(19,243)	(19,243)	(26,845)
Fund balance at beginning of year	27,483	19,243	19,243	(8,240)
Fund balance at end of year	<u>\$ 35,085</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (35,085)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF TRANSACTIONS WITH COUNTY TREASURER
For the year ended
June 30, 2013

	<u>General Fund</u>	<u>Water Fund</u>	<u>Total</u>
Treasurer's receipts			
Tax collections			
Current year	\$ 254,267	\$ -	\$ 254,267
Prior years	18,568	7	18,575
Payment in lieu of taxes - Or Dept of Fish and Wildlife	185	-	185
Interest	<u>141</u>	<u>15</u>	<u>156</u>
Total receipts	<u>273,161</u>	<u>22</u>	<u>273,183</u>
Treasurer's disbursements			
Turnovers to city	<u>273,161</u>	<u>22</u>	<u>273,183</u>
Excess of receipts over (under) disbursements	0	0	0
Treasurer's balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Treasurer's balance at end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF PROPERTY TAX TRANSACTIONS
For the year ended
June 30, 2013

	Uncollected Taxes at July 1, 2012	New Assessment	(Abatement) and Adjustments	Rebates Allowed	Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes at June 30, 2013
<u>General Fund</u>								
2012-13		\$ 277,435	\$ (3)	\$ (6,152)	\$ 374	\$ 254,092	\$ 254,466	\$ 17,188
2011-12	18,159	-	(20)	-	993	7,930	8,923	10,209
2010-11	10,533	-	(3)	-	1,008	3,396	4,404	7,134
2009-10	7,012	-	(1)	-	1,155	2,505	3,660	4,506
2008-09	3,345	-	(1)	-	1,136	1,961	3,097	1,383
2007-08	942	-	-	-	244	309	553	633
2006-07	436	-	-	-	15	17	32	419
2005-06	284	-	(2)	-	3	3	6	279
2004-05	346	-	(2)	-	5	4	9	340
2003-04	310	-	(45)	-	7	5	11	260
2002-03	338	-	(2)	-	83	52	135	284
2001-02	311	-	(1)	-	2	1	3	309
2000-01	247	-	(2)	-	2	1	3	244
1999-00	287	-	(1)	-	3	1	4	285
1998-99	175	-	(4)	-	3	1	4	170
1997-98	176	-	(3)	-	3	1	4	172
1996-97	196	-	-	-	4	2	6	194
1995-96	182	-	(1)	-	4	2	6	179
1994-95	259	-	-	-	3	2	5	257
1993-94	108	-	-	-	4	1	5	107
1992-93	599	-	-	-	5	1	6	598
1991-92	580	-	(1)	-	6	1	7	578
1990-91	181	-	(1)	-	9	2	11	178
1989-90	254	-	(2)	-	2	2	12	250
1988-89	260	-	(1)	-	-	-	2	259
1987-88	201	-	(1)	-	-	-	-	200
1986-87	210	-	(36)	-	-	-	-	174
1985-86	284	-	(155)	-	-	-	-	129
1984-85	546	-	(244)	-	-	-	-	302
Total	46,761	277,435	(532)	(6,152)	5,073	270,292	275,374	47,220
<u>Water Fund</u>								
1999-00	16	-	-	-	-	-	-	16
1998-99	37	-	-	-	1	-	1	37
1997-98	86	-	-	-	1	1	2	85
1996-97	72	-	-	-	1	1	2	71
1995-96	54	-	-	-	1	-	1	54
1994-95	124	-	-	-	2	1	3	123
1993-94	56	-	-	-	2	1	3	55
1992-93	283	-	-	-	2	1	3	282
1991-92	256	-	-	-	2	1	3	255
1990-91	55	-	-	-	2	1	3	54
1989-90	34	-	-	-	1	-	1	34
1988-89	50	-	-	-	-	-	-	50
1987-88	11	-	-	-	-	-	-	11
1986-87	35	-	(6)	-	-	-	-	29
1985-86	50	-	(27)	-	-	-	-	23
1984-85	133	-	(60)	-	-	-	-	73
Total	1,352	0	(93)	0	15	7	22	1,252
Total	\$ 48,113	\$ 277,435	\$ (625)	\$ (6,152)	\$ 5,088	\$ 270,299	\$ 275,396	\$ 48,472

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, 2013, and have issued our report thereon dated November 6, 2013. 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 88.

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



Kent J. Bailey, a Principal

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

Name of Municipal Corporation City of John Day

Address 450 East Main Street, John Day, OR 97845

Period Covered by Audit Report: From July 1, 2012 to June 30, 2013

Total Revenues and/or Receipts - (Government-wide + Fiduciary Funds)		<u>\$ 2,224,325</u>
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		<u><u>\$ 2,224,325</u></u>
 Total Expenditures and/or Disbursements - (Government-wide + Fiduciary Funds)		<u>\$ 2,429,823</u>
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		<u><u>\$ 2,429,823</u></u>

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)
	\$ 50,000	\$ 20	
\$ 50,000	150,000	40	...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.
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	
(Net Expenditures and/or Disbursements)			

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

For Use by Division of Audits

Account Code _____ Firm Code _____ Filing Fee _____

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S 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*

November 6, 2013

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City John Day, Oregon as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of John Day, Oregon's basic financial statements, and have issued our report thereon dated November 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of John Day, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of John Day, Oregon's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether comprise City of John Day, Oregon's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Guyer & Associates", is written over a light yellow rectangular background.

Guyer & Associates
Certified Public Accountants
A Professional Corporation

Baker City, Oregon
November 6, 2013