

CITY OF JOHN DAY, OREGON

**INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2014





CITY OF JOHN DAY, OREGON  
**CITY COUNCIL AND OFFICIALS**  
June 30, 2014

<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, 2014

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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, each major fund, and the aggregate remaining fund information of City of John Day, Oregon, as of and for the year ended June 30, 2014, 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, 2013 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, and the aggregate remaining fund information of the City of John Day, Oregon, as of June 30, 2014, 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 43 through 47 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 management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the 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 budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of John Day, Oregon'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.

## ***Reports on Other Legal and Regulatory Requirements***

### ***Other Reporting Required by Government Auditing Standards***

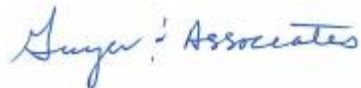
In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014, on our consideration of the City of John Day, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant 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 the City of John Day, Oregon's internal control over financial reporting and compliance.

*Other Reporting Required by Oregon Minimum Standards*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 17, 2014, on our consideration of the City of John Day, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Guyer & Associates  
Certified Public Accountants  
A Professional Corporation  
Baker City, Oregon  
November 17, 2014

By



Kent J. Bailey, Principal

CITY OF JOHN DAY  
Grant County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2014

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**

Following are the financial highlights of the City for the fiscal year ended June 30, 2014.

- ◆ The assets of the City exceeded its liabilities at the close of the fiscal year by \$5,381,451 (net position). Of this amount, \$1,454,968 is unrestricted and may be used to meet the City's ongoing obligations and pay for day to day operations.
- ◆ The total net position increased \$76,162 during the year, and the majority of this increase is due an increase in federal forest fees from Grant County and increased profits from City utilities.
- ◆ Governmental funds reported combined ending fund balances at year-end of \$362,473, an increase of \$25,851 as compared to last year.
- ◆ The General Fund's unassigned fund balance at the end of the current year was \$175,867, or approximately 32.7% of total General Fund expenditures and transfers.

## **REPORT LAYOUT**

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

- ◆ **Management's Discussion and Analysis.** This section of the report provides financial highlights, overview and economic factors affecting the City.
- ◆ **Basic Financial Statements.** Includes Statement of Net Position, Statement of Activities, fund financial statements and Notes to Basic Financial Statements. Statements of Net Position and Activities focus on an entity-wide presentation using the accrual basis of accounting. They are designed to be business-like in that all activities are consolidated into a total for the City.
  - The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the City owns, the liabilities it owes, and the difference called net position.
  - The Statement of Activities focuses on gross and net costs of City programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
  - Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The City's major governmental funds are presented in their own. Budgetary comparison schedules are presented for the General Fund, the Street Fund and the 911 Fund.

CITY OF JOHN DAY  
Grant County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2014

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Table 1  
Condensed Statement of Net Position  
June 30, 2014

	Governmental	Business-type	Total	
	Activities	Activities	June 30, 2014	June 30, 2013
<b>Assets</b>				
Current and other assets	\$ 510,574	\$ 1,229,766	\$ 1,740,340	\$ 1,550,405
Capital assets, net of accumulated depreciation	2,303,615	3,942,707	6,246,322	6,520,255
<b>Total assets</b>	<b>2,814,189</b>	<b>5,172,473</b>	<b>7,986,662</b>	<b>8,070,660</b>
<b>Liabilities</b>				
Current liabilities	64,481	222,984	287,465	229,898
Long-term liabilities	88,889	2,228,857	2,317,746	2,535,473
<b>Total liabilities</b>	<b>153,370</b>	<b>2,451,841</b>	<b>2,605,211</b>	<b>2,765,371</b>
<b>Net position</b>				
Net investment in capital assets	2,205,638	1,527,146	3,732,784	3,863,540
Restricted	186,606	7,093	193,699	202,273
Unrestricted	268,575	1,186,393	1,454,968	1,239,476
<b>Total net position</b>	<b>\$ 2,660,819</b>	<b>\$ 2,720,632</b>	<b>\$ 5,381,451</b>	<b>\$ 5,305,289</b>

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

**Governmental Activities:**

- ◆ The City continues to spend reserves in governmental activities to maintain the present level of services. General cost cutting efforts are made when appropriate. In March 2014 the City entered into an Inter-governmental Agreement for Law Enforcement Services with the City of Prairie City to provide police services. The agreement calls for an annual amount not to exceed \$100,000.
- ◆ 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.

CITY OF JOHN DAY  
Grant County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2014

**Business-type Activities:**

- ♦ The net position 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.

Table 2  
Condensed Statement of Changes in Net Position  
For the Year Ended June 30, 2014

	Governmental Activities	Business-type Activities	Total	
			June 30, 2014	June 30, 2013
Revenues				
Program revenues				
Charges for services	\$ 369,170	\$ 1,144,267	\$ 1,513,437	\$ 1,468,621
Operating grants	472,046	-	472,046	375,643
General revenues				
Property taxes	276,879	-	276,879	273,213
Interest	6,725	-	6,725	3,833
Other revenue	85,961	(6,482)	79,479	62,828
Total revenue	<u>1,210,781</u>	<u>1,137,785</u>	<u>2,348,566</u>	<u>2,184,138</u>
Expenses				
General government	160,365	-	160,365	161,563
Streets	247,280	-	247,280	233,872
Public safety	856,889	-	856,889	936,341
Utilities	-	1,007,870	1,007,870	1,065,462
Total expenses	<u>1,264,534</u>	<u>1,007,870</u>	<u>2,272,404</u>	<u>2,397,238</u>
Change in net position	<u>\$ (53,753)</u>	<u>\$ 129,915</u>	<u>\$ 76,162</u>	<u>\$ (213,100)</u>

**FUND ANALYSIS**

**General Fund**

The General Fund expenditures exceeded revenues by just over \$32,000 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 typically a substantial gap between the cost of streets and what the City receives. However, this year the City received \$78,781 in federal forest fees, as well as, \$99,709 in State Highway fund revenues; while total operating costs were \$133,751, as a result fund balance increased \$24,442.

CITY OF JOHN DAY  
Grant County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2014

**911 Fund**

The fund balance of the 911 Fund decreased by almost \$31,000 in the current year. This is primarily due to expenses in excess of revenues.

**Water Fund**

The Water Fund's net position increased \$47,307 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 \$67,790 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, 2014

<b>Governmental Funds</b>	General Fund	Street Fund	911 Fund
Beginning fund balance	\$ 143,370	\$ 126,213	\$ 67,039
Add revenues	570,635	180,053	327,688
Less expenditures	(519,832)	(154,951)	(394,830)
Add (less) transfers	(18,306)	(660)	36,054
Change in fund balance	32,497	24,442	(31,088)
Ending fund balance	<u>\$ 175,867</u>	<u>\$ 150,655</u>	<u>\$ 35,951</u>
 <b>Proprietary Funds</b>	 Water Fund	 Sewer Fund	
Beginning net position	\$ 1,592,860	\$ 809,408	
Add revenues	600,802	554,072	
Less expenditures	(547,853)	(474,836)	
Add (less) transfers	(5,642)	(11,446)	
Change in net position	47,307	67,790	
Ending net position	<u>\$ 1,640,167</u>	<u>\$ 877,198</u>	

CITY OF JOHN DAY  
Grant County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2014

**GENERAL FUND BUDGET ANALYSIS**

Table 4  
General Fund Significant Budget Variations  
For the year ended June 30, 2014

	Final Budget	Actual	Difference
<b>Revenues</b>			
Intergovernmental Revenues	\$ 1,861,576	\$ 76,482	\$ 1,785,094
<b>Expenditures</b>			
Fire	1,924,877	86,683	1,838,194

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, 2014

	Governmental Activities	Business-type Activities	June 30, 2014 Total	June 30, 2013 Total
Land	\$ 190,017	\$ 185,937	\$ 375,954	\$ 375,954
Construction in progress	73,003	-	73,003	60,247
Buildings	177,811	90,517	268,328	291,410
Streets/utility system	1,617,907	3,518,808	5,136,715	5,320,090
Equipment	244,877	147,445	392,322	472,554
Total capital assets	<u>\$ 2,303,615</u>	<u>\$ 3,942,707</u>	<u>\$ 6,246,322</u>	<u>\$ 6,520,255</u>

For the year ended June 30, 2014, the City had the following major capital acquisitions during the year:

1997 Ford Van, donated	\$ 6,000
2003 Chevrolet Tahoe, donated	\$14,000
1999 Vac-Con truck repair	\$20,261
New Fire Hall CIP	\$12,756

CITY OF JOHN DAY  
Grant County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2014

**LONG-TERM DEBT ACTIVITY**

Table 6  
Outstanding Debt  
June 30, 2014

	Governmental Activities	Business-type Activities	June 30, 2014 Total	June 30, 2013 Total
Water system improvement loan	\$ -	\$ 775,467	\$ 775,467	\$ 827,852
Airport industrial park loan		1,570,825	1,570,825	1,650,481
Fire station property purchase agreement	97,977	-	97,977	106,666
Accrued compensated absences	42,447	25,944	68,391	71,205
Total outstanding debt	<u>\$ 140,424</u>	<u>\$ 2,372,236</u>	<u>\$ 2,512,660</u>	<u>\$ 2,656,204</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 \$52,385. 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 \$79,656. 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 \$8,689. See Notes 4 and 7 for more information on this loan.

**ECONOMIC FACTORS:**

Grant County had an estimated June 2014 jobless rate of 8.7 percent, down from the previous year 10.4 percent. The unemployment rate declined due to a decrease in the number of unemployed residents. June's labor force estimates show 2,983 employed and 286 unemployed local residents.

As of May 2014, the local unemployment rate had shown over-the year improvement for 19 consecutive months in Grant County.

Chronically high unemployment has been a fact of life in Grant County. The county's annual jobless rate has been above 10 percent every year since 2008. The State's annual average unemployment rate peaked at 11.1 percent in 2009 but has been subsiding ever since. By contrast, Grant County's 2009 unemployment rate was 13.4 percent and it was still 13.4 percent in 2012. While the jobless rate finally began to decline in 2013, this may be due to a smaller number of people in the labor force seeking jobs.

CITY OF JOHN DAY  
Grant County, Oregon  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2014

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, 2014, franchise fees of \$110,326 and property taxes of \$282,711 provided 68.88 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 2014-15. The City changed 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 went into effect in 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 began in September 2014.

The City of John Day and the John Day Rural Fire Protection District intend to jointly build and finance a new fire station. The total project cost is approximately \$1.8 million. In order to finance the project the City intends to issue a general obligation (GO) bond in the amount of \$655,000 and the Rural Fire District in the amount of \$550,000, each of which were authorized at the May 20, 2014 primary election. The City and the Rural District will continue to work with Public Affairs Research Consultants (PARC Resources) to apply for and obtain grant funds for the training room.

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

## **FINANCIAL CONTACT**

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



## BASIC FINANCIAL STATEMENTS

CITY OF JOHN DAY  
Grant County, Oregon  
**STATEMENT OF NET POSITION**  
June 30, 2014  
(With Comparative Totals for 2013)

	Governmental Activities	Business-type Activities
<b>ASSETS</b>		
Cash and investments	\$ 579,133	\$ 925,794
Receivables		
Property taxes	41,388	1,127
Other	81,394	92,836
Prepaid expenses	11,926	6,742
Internal balances	(203,267)	203,267
Capital assets (net of accumulated depreciation)		
Construction in progress	73,003	-
Land	190,017	185,937
Buildings and infrastructure	1,795,718	3,609,325
Equipment	244,877	147,445
Total capital assets	<u>2,303,615</u>	<u>3,942,707</u>
Total assets	<u>2,814,189</u>	<u>5,172,473</u>
<b>LIABILITIES</b>		
Accounts payable	7,715	1,065
Accrued liabilities	5,231	2,627
Deposits payable	-	6,644
Accrued interest payable	-	69,269
Accrued compensated absences	42,447	25,944
Loans payable		
Due within one year	9,088	117,435
Due in more than one year	88,889	2,228,857
Total liabilities	<u>153,370</u>	<u>2,451,841</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,205,638	1,527,146
Restricted for streets	150,655	-
Restricted for public safety - 911	35,951	-
Restricted for joint sewer	-	7,093
Unrestricted	268,575	1,186,393
Total net position	<u>\$ 2,660,819</u>	<u>\$ 2,720,632</u>

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

Total	
June 30, 2014	June 30, 2013
\$ 1,504,927	\$ 1,310,465
42,515	48,347
174,230	188,392
18,668	3,201
-	-
73,003	60,247
375,954	375,954
5,405,043	5,611,499
392,322	472,555
6,246,322	6,520,255
7,986,662	8,070,660
8,780	16,048
7,858	15,103
6,644	6,300
69,269	71,717
68,391	71,205
126,523	120,730
2,317,746	2,464,268
2,605,211	2,765,371
3,732,784	3,863,540
150,655	126,213
35,951	67,039
7,093	9,021
1,454,968	1,239,476
<u>\$ 5,381,451</u>	<u>\$ 5,305,289</u>

CITY OF JOHN DAY  
Grant County, Oregon  
**STATEMENT OF ACTIVITIES**  
For the Year Ended  
June 30, 2014  
(With Comparative Totals for 2013)

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ (160,365)	\$ 173,313	\$ -	\$ -
Police	(353,179)	6,602	15,539	-
Fire	(120,628)	27,696	7,351	-
Emergency services	(383,082)	72,171	252,666	-
Streets	(247,280)	89,388	196,490	-
Total governmental activities	<u>\$ (1,264,534)</u>	<u>\$ 369,170</u>	<u>\$ 472,046</u>	<u>\$ 0</u>
Business-type activities				
Water	\$ (528,588)	\$ 596,430	\$ -	\$ -
Sewer	(479,282)	547,837	-	-
Total business-type activities	<u>\$ (1,007,870)</u>	<u>\$ 1,144,267</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, 2014	June 30, 2013
\$ 12,948	\$ -	\$ 12,948	\$ 11,709
(331,038)	-	(331,038)	(390,503)
(85,581)	-	(85,581)	(106,879)
(58,245)	-	(58,245)	(76,304)
38,598	-	38,598	(37,213)
(423,318)	0	(423,318)	(599,190)
-	67,842	67,842	23,675
-	68,555	68,555	22,541
0	136,397	136,397	46,216
276,879	-	276,879	273,213
42,197	-	42,197	40,907
1,000	-	1,000	-
6,725	3,882	10,607	7,588
25,676	6,724	32,400	18,166
352,477	10,606	363,083	339,874
17,088	(17,088)	-	-
369,565	(6,482)	363,083	339,874
(53,753)	129,915	76,162	(213,100)
2,714,572	2,590,717	5,305,289	5,518,389
<u>\$ 2,660,819</u>	<u>\$ 2,720,632</u>	<u>\$ 5,381,451</u>	<u>\$ 5,305,289</u>

CITY OF JOHN DAY  
Grant County, Oregon  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2014  
(With Comparative Totals for 2013)

	01 General Fund	06 Street Fund	32 911 Fund
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 116,419	\$ 143,105	\$ 34,746
Receivables			
Taxes	41,388	-	-
Other	63,325	13,231	-
Prepaid expenses	6,489	907	4,162
Total assets	<u>\$ 227,621</u>	<u>\$ 157,243</u>	<u>\$ 38,908</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Current liabilities			
Accounts payable	\$ 3,094	\$ 769	\$ 583
Accrued liabilities	1,866	428	2,374
Total liabilities	<u>4,960</u>	<u>1,197</u>	<u>2,957</u>
Deferred inflows of resources			
Unavailable property tax revenue	41,388	5,391	-
Unavailable other revenue	5,406	-	-
Total deferred inflows of resources	<u>46,794</u>	<u>5,391</u>	<u>0</u>
Fund balances			
Restricted for streets	-	150,655	-
Restricted for public safety - 911	-	-	35,951
Unassigned	175,867	-	-
Total fund balances	<u>175,867</u>	<u>150,655</u>	<u>35,951</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 227,621</u>	<u>\$ 157,243</u>	<u>\$ 38,908</u>

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

Total	
June 30, 2014	June 30, 2013
\$ 294,270	\$ 280,556
41,388	47,220
76,556	77,233
11,558	1,989
<u>\$ 423,772</u>	<u>\$ 406,998</u>

\$ 4,446	\$ 8,485
4,668	9,202
<u>9,114</u>	<u>17,687</u>

46,779	47,220
5,406	5,469
<u>52,185</u>	<u>52,689</u>

150,655	126,213
35,951	67,039
175,867	143,370
<u>362,473</u>	<u>336,622</u>
<u>\$ 423,772</u>	<u>\$ 406,998</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, 2014

<b>Total Fund Balances</b>		\$ 362,473
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 4,347,550	
Accumulated depreciation	<u>(2,043,935)</u>	2,303,615
A portion of the city's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		46,794
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.		5,391
The accrued interest on the city's local improvement district assessments is not all collected in the year assessed and therefore are not reported as revenue in the governmental funds.		3,874
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.		(42,447)
Long-term debts not payable in the current year are not reported as governmental fund liabilities.		(97,977)
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.		282,364
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.		(203,268)
<b>Total Net Position</b>		<u><u>\$ 2,660,819</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, 2014  
(With Comparative Totals for 2013)

	01 General Fund	06 Street Fund	32 911 Fund
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues			
Taxes	\$ 282,711	\$ -	\$ -
Intergovernmental revenues	76,482	178,490	324,838
User fees	9,950	80	-
Licenses and fees	170,099	-	-
Fines and forfeitures	5,197	-	-
Interest earned	549	673	217
Miscellaneous income	25,647	810	2,633
Total revenues	<u>570,635</u>	<u>180,053</u>	<u>327,688</u>
Expenditures			
Current			
General government	73,067	-	-
Public safety	418,799	-	394,830
Highways and streets	-	154,951	-
Debt service			
Principal	8,689	-	-
Interest	4,622	-	-
Capital outlay	14,655	-	-
Total expenditures	<u>519,832</u>	<u>154,951</u>	<u>394,830</u>
Excess of revenues over (under) expenditures	<u>50,803</u>	<u>25,102</u>	<u>(67,142)</u>
Other financing sources (uses)			
Operating transfers	(18,306)	(660)	36,054
Total other financing sources (uses)	<u>(18,306)</u>	<u>(660)</u>	<u>36,054</u>
Net changes in fund balances	32,497	24,442	(31,088)
Fund balance at beginning of year	143,370	126,213	67,039
Fund balance at end of year - by category			
Restricted	-	150,655	35,951
Unassigned	175,867	-	-
Fund balance at end of year - total	<u><u>\$ 175,867</u></u>	<u><u>\$ 150,655</u></u>	<u><u>\$ 35,951</u></u>

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

Totals	
June 30, 2014	June 30, 2013
\$ 282,711	\$ 272,829
579,810	478,548
10,030	10,254
170,099	169,032
5,197	4,423
1,439	2,363
29,090	22,583
<u>1,078,376</u>	<u>960,032</u>
73,067	60,634
813,629	878,051
154,951	146,858
8,689	8,543
4,622	4,768
14,655	26,306
<u>1,069,613</u>	<u>1,125,160</u>
<u>8,763</u>	<u>(165,128)</u>
<u>17,088</u>	<u>17,634</u>
<u>17,088</u>	<u>17,634</u>
25,851	(147,494)
336,622	484,116
186,606	193,252
175,867	143,370
<u>\$ 362,473</u>	<u>\$ 336,622</u>

CITY OF JOHN DAY  
Grant County, Oregon  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**  
For the Year Ended  
June 30, 2014

<b>Net Change in Fund Balance</b>		\$ 25,851
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	\$ 12,756	
Less current year depreciation	<u>(136,515)</u>	(123,759)
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		8,689
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.		
		3,107
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.		
		43,808
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.		
		(14,818)
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.		
		(5,832)
Property lien receivables 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 liens are recognized as revenue when the lien is placed.		
		5,405
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.		
		(78)
Sidewalk LID accrued interest receivable is recognized as revenue in the year received in the governmental funds. In the Statement of Activities interest income is recognized when earned.		
		3,874
<b>Change in Net Position</b>		<u><u>\$ (53,753)</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, 2014

	Agency Funds <u>June 30,</u> <u>2014</u>
<b>ASSETS</b>	
Cash and investments	\$ 25,786
Accounts receivable	<u>5,246</u>
Total assets	<u>31,032</u>
 <b>LIABILITIES</b>	
Accounts payable	1,425
Due to other organizations	<u>29,607</u>
Total liabilities	<u>31,032</u>
 <b>NET POSITION</b>	
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, 2014  
(With Comparative Totals for 2013)

	Water Fund	Sewer Fund
<b>ASSETS</b>		
Current assets		
Unrestricted		
Cash with depositories	\$ 338,135	\$ 587,659
Water and sewer accounts receivable	57,119	40,848
Less allowance for doubtful accounts	(2,897)	(2,403)
Accounts receivable	161	8
Prepaid expenses	2,471	4,271
Total current assets	<u>394,989</u>	<u>630,383</u>
Restricted assets		
Taxes receivable	1,252	-
Allowance for uncollectibles	(125)	-
Total restricted assets	<u>1,127</u>	<u>0</u>
Property, plant, and equipment	5,290,710	2,833,081
Less accumulated depreciation	<u>(2,341,991)</u>	<u>(1,839,093)</u>
Property, plant, and equipment - net	<u>2,948,719</u>	<u>993,988</u>
Total assets	<u>3,344,835</u>	<u>1,624,371</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	129	936
Accrued liabilities	1,176	1,451
Accrued compensated absences	9,390	16,554
Current portion of long-term debt	84,290	33,145
Accrued interest	47,908	21,361
Customer deposits	6,644	-
Total current liabilities	<u>149,537</u>	<u>73,447</u>
Long-term liabilities		
Loan payable - special public works fund	<u>1,555,131</u>	<u>673,726</u>
Total long-term liabilities	<u>1,555,131</u>	<u>673,726</u>
Total liabilities	<u>1,704,668</u>	<u>747,173</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,261,390	265,756
Restricted for Canyon City contract	-	7,093
Unrestricted	<u>378,777</u>	<u>604,349</u>
Total net position	<u>\$ 1,640,167</u>	<u>\$ 877,198</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, 2014	June 30, 2013	
\$ 925,794	\$ 749,319	\$ 284,865
97,967	115,249	-
(5,300)	(4,739)	-
169	(190)	962
6,742	1,212	368
<u>1,025,372</u>	<u>860,851</u>	<u>286,195</u>
1,252	1,252	-
(125)	(125)	-
<u>1,127</u>	<u>1,127</u>	<u>0</u>
8,123,791	8,123,791	772,982
(4,181,084)	(3,990,649)	(613,866)
<u>3,942,707</u>	<u>4,133,142</u>	<u>159,116</u>
<u>4,969,206</u>	<u>4,995,120</u>	<u>445,311</u>
1,065	6,088	3,268
2,627	4,444	563
25,944	25,971	1,859
117,435	112,041	-
69,269	71,717	-
6,644	6,300	-
<u>222,984</u>	<u>226,561</u>	<u>5,690</u>
<u>2,228,857</u>	<u>2,366,291</u>	<u>-</u>
<u>2,228,857</u>	<u>2,366,291</u>	<u>0</u>
<u>2,451,841</u>	<u>2,592,852</u>	<u>5,690</u>
1,527,146	1,583,093	159,116
7,093	9,021	-
<u>983,126</u>	<u>810,154</u>	<u>280,505</u>
<u>2,517,365</u>	<u>\$ 2,402,268</u>	<u>\$ 439,621</u>
<u>203,267</u>		
<u>\$ 2,720,632</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, 2014  
(With Comparative Totals for 2013)

	Water Fund	Sewer Fund
Operating revenues		
User fees	\$ 594,590	\$ 483,048
Interfund charges	-	-
Miscellaneous income	4,793	3,772
Total operating revenues	<u>599,383</u>	<u>486,820</u>
Operating expenses		
Personal services	187,333	210,138
Supplies, repairs, and services	115,815	127,910
Capital outlay	-	31
Depreciation	130,186	60,249
Motor pool interfund charges	30,000	40,000
Total operating expenses	<u>463,334</u>	<u>438,328</u>
Operating income (loss)	<u>136,049</u>	<u>48,492</u>
Nonoperating revenues (expenses)		
Taxes	-	-
Intergovernmental revenues	-	64,789
Interest earned	1,419	2,463
Interest expense	(84,519)	(36,508)
Total nonoperating revenues (expenses)	<u>(83,100)</u>	<u>30,744</u>
Income (loss) before transfers	52,949	79,236
Transfers	<u>(5,642)</u>	<u>(11,446)</u>
Net income (loss) / Increase (decrease) in net position	47,307	67,790
Net position at beginning of year	<u>1,592,860</u>	<u>809,408</u>
Net position at end of year	<u><u>\$ 1,640,167</u></u>	<u><u>\$ 877,198</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, 2014	June 30, 2013	
\$ 1,077,638	\$ 1,047,129	\$ -
-	-	158,059
8,565	6,678	20,654
<u>1,086,203</u>	<u>1,053,807</u>	<u>178,713</u>
397,471	434,867	68,719
243,725	251,047	64,739
31	3,009	4,527
190,435	191,442	36,864
70,000	70,000	-
<u>901,662</u>	<u>950,365</u>	<u>174,849</u>
<u>184,541</u>	<u>103,442</u>	<u>3,864</u>
-	(75)	-
64,789	59,995	1,669
3,882	3,754	1,411
<u>(121,027)</u>	<u>(125,510)</u>	<u>-</u>
<u>(52,356)</u>	<u>(61,836)</u>	<u>3,080</u>
132,185	41,606	6,944
<u>(17,088)</u>	<u>(17,633)</u>	<u>-</u>
115,097	23,973	6,944
<u>2,402,268</u>	<u>2,378,295</u>	<u>432,677</u>
<u>\$ 2,517,365</u>	<u>\$ 2,402,268</u>	<u>\$ 439,621</u>
\$ 115,097		
<u>14,818</u>		
<u>\$ 129,915</u>		

CITY OF JOHN DAY  
Grant County, Oregon  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended  
June 30, 2014  
(With Comparative Totals for 2013)

	Water Fund	Sewer Fund
Cash flows from operating activities		
Cash received from customers	\$ 606,423	\$ 497,608
Cash paid to employees	(193,648)	(200,466)
Cash paid to suppliers	(150,365)	(179,143)
Net cash provided (used) by operating activities	262,410	117,999
Cash flows from capital activities		
Acquisition of capital assets	-	-
Grants received	-	-
Reimbursement received - Canyon City	-	64,789
Interest expense	(86,191)	(37,285)
Principal debt payments	(96,196)	(35,845)
Net cash provided (used) by capital and related financing activities	(182,387)	(8,341)
Cash flows from non-capital financing activities		
Taxes received	-	-
Interfund transfers	(5,642)	(11,446)
Net cash provided (used) by non-capital financing activities	(5,642)	(11,446)
Cash flows from investing activities		
Interest on investments	1,419	2,463
Net cash provided (used) by investing activities	1,419	2,463
Net increase (decrease) in cash	75,800	100,675
Cash and cash equivalents at beginning of year	262,335	486,984
Cash and cash equivalents at end of year	<u>\$ 338,135</u>	<u>\$ 587,659</u>
Reconciliation of operating income (loss)		
to net cash provided (used) by operating activities		
Net operating income (loss)	<u>\$ 136,049</u>	<u>\$ 48,492</u>
Adjustments to reconcile operating income (loss)		
expenses to net cash provided by operating activities		
Depreciation expense	130,186	60,249
Donation of capital assets	-	-
(Increase) or decrease in		
Accounts receivable	6,696	10,788
Taxes receivable	-	-
Prepaid expenses	(1,865)	(3,665)
Increase or (decrease) in		
Accounts payable	(2,685)	(2,338)
Accrued liabilities	(1,091)	(725)
Accrued compensated absences	(5,224)	5,198
Customer deposits	344	-
Total adjustments	126,361	69,507
Net cash provided (used) by operating activities	<u>\$ 262,410</u>	<u>\$ 117,999</u>

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

Totals		Governmental Activities Internal Service Funds
June 30, 2014	June 30, 2013	
\$ 1,104,031	\$ 1,025,774	\$ 160,223
(394,114)	(440,649)	(69,293)
(329,508)	(318,135)	(67,474)
380,409	266,990	23,456
-	-	(22,261)
-	-	1,669
64,789	59,995	-
(123,476)	(128,678)	-
(132,041)	(108,396)	-
(190,728)	(177,079)	(20,592)
-	13	-
(17,088)	(17,633)	-
(17,088)	(17,620)	0
3,882	3,754	1,411
3,882	3,754	1,411
176,475	76,045	4,275
749,319	673,274	280,590
\$ 925,794	\$ 749,319	\$ 284,865
\$ 184,541	\$ 103,442	\$ 3,864
190,435	191,441	36,864
-	-	(18,000)
17,484	(29,784)	(122)
-	1,127	-
(5,530)	(316)	(368)
(5,023)	4,000	1,792
(1,816)	(4,233)	(894)
(26)	689	320
344	624	-
195,868	163,548	19,592
\$ 380,409	\$ 266,990	\$ 23,456

CITY OF JOHN DAY  
Grant County, Oregon  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2014

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.

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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

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levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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



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either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

**K. Prior Period Comparative Data**

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

**L. Recently Adopted Accounting Standards**

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported As Assets and Liabilities* (GASB 65). GASB 65 clarifies the use of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement requires certain items which were previously reported as assets and liabilities to be reported as deferred outflows of resources, deferred inflows of resources and as revenues or expenditures. The adoption of GASB 65 did not have a significant effect on the City's financial statements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections -2012-An Amendment of GASB Statements No. 10 and No. 62* (GASB66). GASB 66 resolves conflicting guidance from previously issued pronouncements. The adoption of GASB 66 did not have a significant effect on the City's financial statements.

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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](http://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, 2013 is 10.42% of payroll covered under the plan for Tier 1/Tier 2 employees. The Tier 1/Tier 2 (T1/T2) rate is divided into two components: a normal cost rate and a UAL (or surplus) amortization rate. The normal cost rate continues to be applied only to T1/T2 payroll. However, the UAL amortization rate of negative 1.51% 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 6.27%.

The following rates are in effect until June 30, 2015:

- T1/T2 payroll – 8.91% (PERS normal cost: 10.42% plus PERS UAL: -1.51%)
- OPSRP payroll – 4.76% (OPSRP rate: 6.27% plus PERS UAL: -1.51%)
- OPSRP police and fire – 7.49% (OPSRP rate: 9.00% plus PERS UAL: -1.51%)

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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, 2012	\$ 106,301	100%	\$ -
June 30, 2013	96,154	100%	-
June 30, 2014	102,997	100%	-

**Note 3. Deposits and Investments**

At June 30, 2014 the carrying amount of the City's deposits was \$370,311 and the bank balance was \$421,755. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's web site. Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The city was in compliance with the ORS requirement.

The balances in excess of the FDIC insurance are considered exposed to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2014 \$171,755 of the City's bank balance was exposed to custodial credit risk as follows:

Uninsured and collateralized under the provisions of ORS 295	<u>\$171,755</u>
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As of June 30, 2014 the City had \$1,160,402 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, 2014:

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	Payable at June 30, 2013	Addition	Reduction	Payable at June 30, 2014	Due in One Year
Special Public Works Fund Loan Payable - Water System Improvements	\$ 827,852	\$ -	\$ 52,385	\$ 775,467	\$ 43,780
Special Public Works Fund Loan Payable - Airport Industrial Park	1,650,481	-	79,656	1,570,825	73,655
Stella Lang Purchase Agreement	106,666	-	8,689	97,977	9,088
Accrued Compensated Absences	71,204	85,462	88,275	68,391	-
Totals	<u>\$ 2,656,203</u>	<u>\$ 85,462</u>	<u>\$ 229,005</u>	<u>\$ 2,512,660</u>	<u>\$ 126,523</u>

Interest expense of \$125,648 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, 2014, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2015	\$ 82,553	\$ 38,773	\$ 43,780
2016	82,553	36,584	45,969
2017	82,553	34,286	48,267
2018	82,553	31,873	50,680
2019	82,553	29,339	53,214
2020-2024	412,765	104,020	308,745
2025-2027	247,659	22,847	224,812
Total	<u>\$ 1,073,189</u>	<u>\$ 297,722</u>	<u>\$ 775,467</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, 2014 was \$46,436. As of June 30, 2014, future payments are as follows:

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Fiscal Year Ending June 30,	Total	Interest	Principal
2015	\$ 152,510	\$ 78,855	\$ 73,655
2016	152,510	75,158	77,352
2017	152,510	71,275	81,235
2018	152,510	67,197	85,313
2019	152,510	62,914	89,596
2020-2024	762,550	242,415	520,135
2025-2029	741,619	98,080	643,539
Total	<u>\$ 2,266,719</u>	<u>\$ 695,894</u>	<u>\$ 1,570,825</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, 2014. As of June 30, 2014, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
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	13,311	2,435	10,876
2020-2023	53,244	5,077	48,167
Total	<u>\$ 119,799</u>	<u>\$ 21,822</u>	<u>\$ 97,977</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, 2014, were \$2,771. As of June 30, 2014, the City had future minimum payments under operating leases as follows:

Fiscal Year Ending June 30,	Total Future Minimum Lease Payments	Operating Leases
2015	\$ 590	\$ 590
2016	590	590
2017	294	294
Total	<u>\$ 1,474</u>	<u>\$ 1,474</u>

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**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, 2014:

	Governmental	Business
Property taxes	\$ 41,388	\$ 1,127
User fees	-	92,667
Other	81,394	169
Total	<u>\$ 122,782</u>	<u>\$ 93,963</u>

**Note 11. Capital Assets**

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

Governmental Activities	Balance July 01, 2013	Additions	Deletions	Balance June 30, 2014
<b>Capital Assets</b>				
<i>Assets not being depreciated</i>				
Land	\$ 190,017	\$ -	\$ -	\$ 190,017
Construction in progress	60,247	12,756	-	73,003
<i>Assets being depreciated</i>				
Buildings	549,768	-	-	549,768
Street improvements	2,033,390	-	-	2,033,390
Equipment	1,461,111	40,261	-	1,501,372
Total assets being depreciated	<u>4,044,269</u>	<u>40,261</u>	<u>0</u>	<u>4,084,530</u>
Total capital assets	<u>4,294,533</u>	<u>53,017</u>	<u>0</u>	<u>4,347,550</u>
<b>Accumulated Depreciation</b>				
Buildings	362,739	9,218	-	371,957
Street improvements	359,956	55,527	-	415,483
Equipment	1,184,725	71,770	-	1,256,495
Total depreciation	<u>1,907,420</u>	<u>136,515</u>	<u>0</u>	<u>2,043,935</u>
Governmental activities capital assets - net	<u>\$ 2,387,113</u>	<u>\$ (83,498)</u>	<u>\$ 0</u>	<u>\$ 2,303,615</u>

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

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Business Activities	Balance July 01, 2013	Additions	Deletions	Balance June 30, 2014
<b>Capital Assets</b>				
<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	<u>7,937,854</u>	<u>0</u>	<u>0</u>	<u>7,937,854</u>
Total capital assets	<u>8,123,791</u>	<u>0</u>	<u>0</u>	<u>8,123,791</u>
<b>Accumulated Depreciation</b>				
Buildings	458,518	13,864	-	472,382
Utility systems	2,767,533	127,848	-	2,895,381
Equipment	764,598	48,723	-	813,321
Total depreciation	<u>3,990,649</u>	<u>190,435</u>	<u>0</u>	<u>4,181,084</u>
Business activities capital assets - net	<u>\$ 4,133,142</u>	<u>\$ (190,435)</u>	<u>\$ 0</u>	<u>\$ 3,942,707</u>

Depreciation was charged to the following functions:

Function	Governmental Activities	Business Activities
General operations	\$ 18,225	\$ -
Fire	42,252	-
Police	12,811	-
Streets	56,267	-
Emergency services	6,960	-
Water	-	130,186
Sewer	-	60,249
Total depreciation	<u>\$ 136,515</u>	<u>\$ 190,435</u>

**Note 12. Commitments and Contingencies**

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

**Note 13. Interfund Transfers**

Transfers between funds provide support for various City programs in accordance with budgetary authorizations. Multiple fund transfers to the 911 Fund are to support the operations of the 911 dispatcher. Water and Sewer Fund transfers to the General Fund are to support the Police Department and its work on behalf of the utility funds. Interfund transfers for fiscal year ended June 30, 2014 consisted of the following:

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Transfers Out	Transfers In	
	General	911
Governmental funds		
General Fund	\$ -	\$ 33,219
Street Fund	-	660
Business-type funds		
Water Fund	4,971	671
Sewer Fund	9,942	1,504
Total	<u>\$ 14,913</u>	<u>\$ 36,054</u>



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, 2014

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 282,711	\$ 262,081	\$ 262,081	\$ (20,630)
Intergovernmental revenues	76,482	1,861,576	1,861,576	1,785,094
User fees	9,950	9,900	9,900	(50)
Licenses and fees	170,099	165,046	165,046	(5,053)
Fines and forfeitures	5,197	3,500	3,500	(1,697)
Interest earned	549	372	372	(177)
Miscellaneous income	25,647	18,024	18,024	(7,623)
Total revenue	570,635	2,320,499	2,320,499	1,749,864
Expenditures				
Administration	73,067	73,918	73,918	851
Police	346,771	414,909	414,909	68,138
Fire	86,683	1,924,877	1,924,877	1,838,194
Debt service	13,311	13,315	13,315	4
Contingency	-	2,001	2,001	2,001
Total expenditures	519,832	2,429,020	2,429,020	1,909,188
Excess of revenues over (under) expenditures	50,803	(108,521)	(108,521)	(159,324)
Other financing sources (uses)				
Transfers in	14,913	17,578	17,578	2,665
Transfers out	(33,219)	(33,219)	(33,219)	-
Total other sources (uses)	(18,306)	(15,641)	(15,641)	2,665
Excess of revenues and other sources over (under) expenditures and other uses	32,497	(124,162)	(124,162)	(156,659)
Fund balance at beginning of year	143,370	124,162	124,162	(19,208)
Fund balance at end of year	\$ 175,867	\$ 0	\$ 0	\$ (175,867)

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, 2014

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 178,490	\$ 148,067	\$ 148,067	\$ (30,423)
User fees	80	-	-	(80)
Interest earned	673	388	388	(285)
Miscellaneous income	810	50	50	(760)
Total revenue	<u>180,053</u>	<u>148,505</u>	<u>148,505</u>	<u>(31,548)</u>
Expenditures				
Personnel services	94,985	96,011	96,011	1,026
Materials and services	44,966	71,180	71,180	26,214
Capital outlay	-	55,000	55,000	55,000
Motor pool	15,000	15,000	15,000	-
Contingency	-	40,000	40,000	40,000
Total expenditures	<u>154,951</u>	<u>277,191</u>	<u>277,191</u>	<u>122,240</u>
Excess of revenues over (under) expenditures	<u>25,102</u>	<u>(128,686)</u>	<u>(128,686)</u>	<u>(153,788)</u>
Other financing sources (uses)				
Transfers out	<u>(660)</u>	<u>(660)</u>	<u>(660)</u>	<u>-</u>
Total other sources (uses)	<u>(660)</u>	<u>(660)</u>	<u>(660)</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>24,442</u>	<u>(129,346)</u>	<u>(129,346)</u>	<u>(153,788)</u>
Fund balance at beginning of year	<u>126,213</u>	<u>129,346</u>	<u>129,346</u>	<u>3,133</u>
Fund balance at end of year	<u>\$ 150,655</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (150,655)</u>

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

CITY OF JOHN DAY  
Grant County, Oregon  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**911 FUND - 32**  
For the year ended  
June 30, 2014

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 324,838	\$ 330,254	\$ 330,254	\$ 5,416
Interest earned	217	183	183	(34)
Miscellaneous income	2,633	2,450	2,450	(183)
Total revenue	327,688	332,887	332,887	5,199
Expenditures				
Personnel services	354,981	379,494	379,494	24,513
Materials and services	39,849	49,491	49,491	9,642
Capital outlay	-	1,000	1,000	1,000
Total expenditures	394,830	429,985	429,985	35,155
Excess of revenues over (under) expenditures	(67,142)	(97,098)	(97,098)	(29,956)
Other financing sources (uses)				
Transfers in	36,054	36,054	36,054	-
Total other sources (uses)	36,054	36,054	36,054	0
Excess of revenues and other sources over (under) expenditures and other uses	(31,088)	(61,044)	(61,044)	(29,956)
Fund balance at beginning of year	67,039	61,044	61,044	(5,995)
Fund balance at end of year	\$ 35,951	\$ 0	\$ 0	\$ (35,951)

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, 2014

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 city did not modify the original budget for the year ended June 30, 2014.

During the year ended June 30, 2014, 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, 2014

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 282,711	\$ 262,081	\$ 262,081	\$ (20,630)
Intergovernmental revenues	76,482	1,861,576	1,861,576	1,785,094
User fees	9,950	9,900	9,900	(50)
Licenses and fees	170,099	165,046	165,046	(5,053)
Fines and forfeitures	5,197	3,500	3,500	(1,697)
Interest earned	549	372	372	(177)
Miscellaneous income	25,647	18,024	18,024	(7,623)
Total revenue	570,635	2,320,499	2,320,499	1,749,864
Expenditures				
Administration				
Personnel services	11,157	11,521	11,521	364
Employee benefits	4,692	5,115	5,115	423
Materials and services	57,218	57,282	57,282	64
Total administration	73,067	73,918	73,918	851
Police				
Personnel services	183,777	218,350	218,350	34,573
Employee benefits	115,388	133,203	133,203	17,815
Materials and services	25,707	37,356	37,356	11,649
Capital outlay	1,899	6,000	6,000	4,101
Motor pool - police	20,000	20,000	20,000	-
Total police	346,771	414,909	414,909	68,138
Fire				
Personnel services	19,066	18,980	18,980	(86)
Employee benefits	7,293	9,490	9,490	2,197
Materials and services	35,568	63,759	63,759	28,191
Capital outlay	12,756	1,820,648	1,820,648	1,807,892
Motor pool - fire	12,000	12,000	12,000	-
Total fire	86,683	1,924,877	1,924,877	1,838,194
Debt service	13,311	13,315	13,315	4
Contingency	-	2,001	2,001	2,001
Total expenditures	519,832	2,429,020	2,429,020	1,909,188
Excess of revenues over (under) expenditures	50,803	(108,521)	(108,521)	(159,324)

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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, 2014

	<u>Actual</u>	<u>Budget</u>		<u>(Over) Under</u>
		<u>Original</u>	<u>Final</u>	<u>Budget</u>
Other financing sources (uses)				
Transfers in	\$ 14,913	\$ 17,578	\$ 17,578	\$ 2,665
Transfers out	<u>(33,219)</u>	<u>(33,219)</u>	<u>(33,219)</u>	<u>-</u>
Total other sources (uses)	<u>(18,306)</u>	<u>(15,641)</u>	<u>(15,641)</u>	<u>2,665</u>
Excess of revenues and other sources over (under) expenditures and other uses	32,497	(124,162)	(124,162)	(156,659)
Fund balance at beginning of year	<u>143,370</u>	<u>124,162</u>	<u>124,162</u>	<u>(19,208)</u>
Fund balance at end of year	<u><u>\$ 175,867</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (175,867)</u></u>

CITY OF JOHN DAY  
Grant County, Oregon  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STREET FUND - 06**  
For the year ended  
June 30, 2014

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 178,490	\$ 148,067	\$ 148,067	\$ (30,423)
User fees	80	-	-	(80)
Interest earned	673	388	388	(285)
Miscellaneous income	810	50	50	(760)
Total revenue	180,053	148,505	148,505	(31,548)
Expenditures				
Administration				
Personnel services	10,218	10,771	10,771	553
Employee benefits	3,957	4,515	4,515	558
Materials and services	7,025	8,290	8,290	1,265
Total administration	21,200	23,576	23,576	2,376
Operating				
Personnel services	48,973	53,063	53,063	4,090
Employee benefits	31,837	27,662	27,662	(4,175)
Materials and services	37,941	62,890	62,890	24,949
Capital outlay	-	55,000	55,000	55,000
Motor pool	15,000	15,000	15,000	-
Contingency	-	40,000	40,000	40,000
Total operating	133,751	253,615	253,615	119,864
Total expenditures	154,951	277,191	277,191	122,240
Excess of revenues over (under) expenditures	25,102	(128,686)	(128,686)	(153,788)
Other financing sources (uses)				
Transfers out	(660)	(660)	(660)	-
Total other sources (uses)	(660)	(660)	(660)	0
Excess of revenues and other sources over (under) expenditures and other uses	24,442	(129,346)	(129,346)	(153,788)
Fund balance at beginning of year	126,213	129,346	129,346	3,133
Fund balance at end of year	\$ 150,655	\$ 0	\$ 0	\$ (150,655)

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, 2014

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 324,838	\$ 330,254	\$ 330,254	\$ 5,416
Interest earned	217	183	183	(34)
Miscellaneous income	2,633	2,450	2,450	(183)
Total revenue	327,688	332,887	332,887	5,199
Expenditures				
Administration				
Personnel services	15,980	16,571	16,571	591
Employee benefits	6,872	7,465	7,465	593
Materials and services	7,786	8,054	8,054	268
Total administration	30,638	32,090	32,090	1,452
Operating				
Personnel services	222,888	235,817	235,817	12,929
Employee benefits	109,241	119,641	119,641	10,400
Materials and services	32,063	41,437	41,437	9,374
Capital outlay	-	1,000	1,000	1,000
Motor pool	-	-	-	-
Total operating	364,192	397,895	397,895	33,703
Total expenditures	394,830	429,985	429,985	35,155
Excess of revenues over (under) expenditures	(67,142)	(97,098)	(97,098)	(29,956)
Other financing sources (uses)				
Transfers in	36,054	36,054	36,054	-
Total other sources (uses)	36,054	36,054	36,054	0
Excess of revenues and other sources over (under) expenditures and other uses	(31,088)	(61,044)	(61,044)	(29,956)
Fund balance at beginning of year	67,039	61,044	61,044	(5,995)
Fund balance at end of year	\$ 35,951	\$ 0	\$ 0	\$ (35,951)

CITY OF JOHN DAY  
Grant County, Oregon  
**COMBINING SCHEDULE OF NET POSITION**  
**WATER FUND**  
June 30, 2014

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2014
<b>ASSETS</b>			
Current assets			
Unrestricted			
Cash with depositories	\$ 29,554	\$ 308,581	\$ 338,135
Water and sewer accounts receivable	57,119	-	57,119
Less allowance for doubtful accounts	(2,897)	-	(2,897)
Accounts receivable	161	-	161
Prepaid expenses	2,471	-	2,471
Total current assets	<u>86,408</u>	<u>308,581</u>	<u>394,989</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	(2,341,991)	-	(2,341,991)
Property, plant, and equipment - net	<u>2,948,719</u>	<u>0</u>	<u>2,948,719</u>
Total assets	<u>3,036,254</u>	<u>308,581</u>	<u>3,344,835</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	129	-	129
Accrued liabilities	1,176	-	1,176
Accrued compensated absences	9,390	-	9,390
Current portion of long term debt	84,290	-	84,290
Accrued interest	47,908	-	47,908
Customer deposits	6,644	-	6,644
Total current liabilities	<u>149,537</u>	<u>0</u>	<u>149,537</u>
Long-term liabilities			
Loan payable - special public works fund	1,555,131	-	1,555,131
Total long-term liabilities	<u>1,555,131</u>	<u>0</u>	<u>1,555,131</u>
Total liabilities	<u>1,704,668</u>	<u>0</u>	<u>1,704,668</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,261,390	-	1,261,390
Unrestricted	70,196	308,581	378,777
Total net position	<u>\$ 1,331,586</u>	<u>\$ 308,581</u>	<u>\$ 1,640,167</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, 2014

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2014
Operating revenues			
User fees	\$ 594,590	\$ -	\$ 594,590
Miscellaneous income	2,952	1,841	4,793
Total operating revenues	<u>597,542</u>	<u>1,841</u>	<u>599,383</u>
Operating expenses			
Administration			
Personal services	52,066	-	52,066
Supplies, repairs, and services	14,843	-	14,843
Utility operation			
Personal services	135,267	-	135,267
Supplies, repairs, and services	100,972	-	100,972
Depreciation	130,186	-	130,186
Motor pool interfund charges	30,000	-	30,000
Total operating expenses	<u>463,334</u>	<u>0</u>	<u>463,334</u>
Operating income (loss)	<u>134,208</u>	<u>1,841</u>	<u>136,049</u>
Nonoperating revenues (expenses)			
Interest earned	154	1,265	1,419
Interest expense	(84,519)	-	(84,519)
Total nonoperating revenues (expenses)	<u>(84,365)</u>	<u>1,265</u>	<u>(83,100)</u>
Income (loss) before transfers	49,843	3,106	52,949
Transfers	<u>(75,342)</u>	<u>69,700</u>	<u>(5,642)</u>
Net income (loss) / Increase (decrease) in net position	(25,499)	72,806	47,307
Net position at beginning of year	1,357,085	235,775	1,592,860
Net position at end of year	<u><u>\$ 1,331,586</u></u>	<u><u>\$ 308,581</u></u>	<u><u>\$ 1,640,167</u></u>

CITY OF JOHN DAY  
Grant County, Oregon  
**COMBINING SCHEDULE OF CASH FLOWS**  
**WATER FUND**  
For the year ended  
June 30, 2014

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2014
Cash flows from operating activities			
Cash received from customers	\$ 604,582	\$ 1,841	\$ 606,423
Cash paid to employees	(193,648)	-	(193,648)
Cash paid to suppliers	(150,365)	-	(150,365)
Net cash provided (used) by operating activities	<u>260,569</u>	<u>1,841</u>	<u>262,410</u>
Cash flows from capital activities			
Interest expense	(86,191)	-	(86,191)
Principal debt payments	(96,196)	-	(96,196)
Net cash provided (used) by capital activities	<u>(182,387)</u>	<u>0</u>	<u>(182,387)</u>
Cash flows from non-capital financing activities			
Taxes received	-	-	-
Interfund transfers	(75,342)	69,700	(5,642)
Net cash provided (used) by non-capital financing activities	<u>(75,342)</u>	<u>69,700</u>	<u>(5,642)</u>
Cash flows from investing activities			
Interest on investments	154	1,265	1,419
Net cash provided (used) by investing activities	<u>154</u>	<u>1,265</u>	<u>1,419</u>
Net increase (decrease) in cash	2,994	72,806	75,800
Cash and cash equivalents at beginning of year	26,560	235,775	262,335
Cash and cash equivalents at end of year	<u>\$ 29,554</u>	<u>\$ 308,581</u>	<u>\$ 338,135</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 134,208</u>	<u>\$ 1,841</u>	<u>\$ 136,049</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	130,186	-	130,186
(Increase) or decrease in			
Accounts receivable	6,696	-	6,696
Taxes receivable	-	-	-
Prepaid expenses	(1,865)	-	(1,865)
Increase or (decrease) in			
Accounts payable	(2,685)	-	(2,685)
Accrued liabilities	(1,091)	-	(1,091)
Accrued compensated absences	(5,224)	-	(5,224)
Customer deposits	344	-	344
Total adjustments	<u>126,361</u>	<u>0</u>	<u>126,361</u>
Net cash provided by operating activities	<u>\$ 260,569</u>	<u>\$ 1,841</u>	<u>\$ 262,410</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, 2014

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2014
<b>Reconciliation of beginning fund balance to beginning net position</b>			
Beginning 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)
Beginning net position	<u>\$ 1,357,085</u>	<u>\$ 235,775</u>	<u>\$ 1,592,860</u>
<b>Reconciliation of change in fund balance to change in net position</b>			
Change in fund balance - budget basis	\$ 3,220	\$ 72,806	\$ 76,026
Less depreciation expense on fixed assets	(130,186)	-	(130,186)
Loan principal payments	96,196	-	96,196
Loan interest allocation	(1,625)	-	(1,625)
Change in accrued interest expense	1,672	-	1,672
Change in property taxes receivable	-	-	-
Change in accrued compensated absences	5,224	-	5,224
Increase (decrease) in net position	<u>\$ (25,499)</u>	<u>\$ 72,806</u>	<u>\$ 47,307</u>
<b>Reconciliation of ending fund balance to ending net position</b>			
Ending fund balance - budget basis	\$ 80,083	\$ 308,581	\$ 388,664
Add net property taxes receivable	1,127	-	1,127
Add fixed assets	5,290,710	-	5,290,710
Less accumulated depreciation on fixed assets	(2,341,991)	-	(2,341,991)
Less accrued compensated absences	(9,390)	-	(9,390)
Less loan payable	(1,641,045)	-	(1,641,045)
Less accrued interest payable	(47,908)	-	(47,908)
Ending net position	<u>\$ 1,331,586</u>	<u>\$ 308,581</u>	<u>\$ 1,640,167</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, 2014

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
User fees	\$ 594,590	\$ 579,588	\$ 579,588	\$ (15,002)
Miscellaneous income	2,952	-	-	(2,952)
Total operating revenue	<u>597,542</u>	<u>579,588</u>	<u>579,588</u>	<u>(17,954)</u>
Operating expenses				
Administration				
Personnel services	35,890	35,371	35,371	(519)
Employee benefits	16,481	17,012	17,012	531
Materials and services	14,843	15,980	15,980	1,137
Total administration	<u>67,214</u>	<u>68,363</u>	<u>68,363</u>	<u>1,149</u>
Operating				
Personnel services	86,928	88,447	88,447	1,519
Employee benefits	53,258	56,099	56,099	2,841
Materials and services	100,972	121,712	121,712	20,740
Capital outlay	-	1,000	1,000	1,000
Debt service	180,762	180,775	180,775	13
Motor pool	30,000	30,000	30,000	-
Total operating	<u>451,920</u>	<u>488,033</u>	<u>488,033</u>	<u>36,113</u>
Total operating expenses	<u>519,134</u>	<u>556,396</u>	<u>556,396</u>	<u>37,262</u>
Operating income (loss)	<u>78,408</u>	<u>23,192</u>	<u>23,192</u>	<u>(55,216)</u>
Nonoperating revenues				
Interest earned	154	159	159	5
Total nonoperating revenues	<u>154</u>	<u>159</u>	<u>159</u>	<u>5</u>
Increase (decrease) in fund balance before transfers	78,562	23,351	23,351	(55,211)
Transfers				
Transfers out	(75,342)	(76,230)	(76,230)	(888)
Increase (decrease) in fund balance	3,220	(52,879)	(52,879)	(56,099)
Fund balance at beginning of year	76,863	52,879	52,879	(23,984)
Fund balance at end of year	<u>\$ 80,083</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (80,083)</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, 2014

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Miscellaneous income	\$ 1,841	\$ -	\$ -	\$ (1,841)
Total operating revenue	1,841	0	0	(1,841)
Operating expenses				
Operating				
Capital outlay	-	298,057	298,057	298,057
Total operating	0	298,057	298,057	298,057
Total operating expenses	0	298,057	298,057	298,057
Operating income (loss)	1,841	(298,057)	(298,057)	(299,898)
Nonoperating revenues				
Interest earned	1,265	683	683	(582)
Total nonoperating revenues	1,265	683	683	(582)
Increase (decrease) in fund balance before transfers	3,106	(297,374)	(297,374)	(300,480)
Transfers				
Transfers in	69,700	69,700	69,700	-
Increase (decrease) in fund balance	72,806	(227,674)	(227,674)	(300,480)
Fund balance at beginning of year	235,775	227,674	227,674	(8,101)
Fund balance at end of year	\$ 308,581	\$ 0	\$ 0	\$ (308,581)

CITY OF JOHN DAY  
Grant County, Oregon  
**COMBINING SCHEDULE OF NET POSITION**  
**SEWER FUND**  
June 30, 2014

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 28,646	\$ 84,781	\$ 290,152
Water and sewer accounts receivable	40,799	(260)	309
Less allowance for doubtful accounts	(2,403)	-	-
Accounts receivable	8	-	-
Prepaid expenses	2,126	2,145	-
Total current assets	<u>69,176</u>	<u>86,666</u>	<u>290,461</u>
Noncurrent assets			
Property, plant, and equipment	2,833,081	-	-
Less accumulated depreciation	<u>(1,839,093)</u>	<u>-</u>	<u>-</u>
Property, plant, and equipment - net	<u>993,988</u>	<u>0</u>	<u>0</u>
Total assets	<u>1,063,164</u>	<u>86,666</u>	<u>290,461</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	194	742	-
Accrued liabilities	782	669	-
Accrued compensated absences	6,801	9,753	-
Current portion of long term debt	33,145	-	-
Accrued interest	21,361	-	-
Total current liabilities	<u>62,283</u>	<u>11,164</u>	<u>0</u>
Long-term liabilities			
Loan payable - special public works fund	<u>673,726</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>673,726</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>736,009</u>	<u>11,164</u>	<u>0</u>
<b>NET POSITION</b>			
Net investment in capital assets	265,756	-	-
Restricted for Canyon City contract	-	7,093	-
Unrestricted	<u>61,399</u>	<u>68,409</u>	<u>290,461</u>
Total net position	<u>\$ 327,155</u>	<u>\$ 75,502</u>	<u>\$ 290,461</u>

28	
Sewer Collection	Totals
Replacement	June 30,
Fund	2014
<u>\$ 184,080</u>	<u>\$ 587,659</u>
-	40,848
-	(2,403)
-	8
-	4,271
<u>184,080</u>	<u>630,383</u>
-	2,833,081
-	(1,839,093)
<u>0</u>	<u>993,988</u>
<u>184,080</u>	<u>1,624,371</u>
-	936
-	1,451
-	16,554
-	33,145
-	21,361
<u>0</u>	<u>73,447</u>
-	673,726
<u>0</u>	<u>673,726</u>
<u>0</u>	<u>747,173</u>
-	265,756
-	7,093
<u>184,080</u>	<u>604,349</u>
<u>\$ 184,080</u>	<u>\$ 877,198</u>

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, 2014

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Operating revenues			
User fees	\$ 483,048	\$ -	\$ -
Miscellaneous income	3,112	660	-
Total operating revenues	<u>486,160</u>	<u>660</u>	<u>0</u>
Operating expenses			
Administration			
Personal services	43,355	22,965	-
Supplies, repairs, and services	11,351	5,376	-
Utility operation			
Personal services	58,282	85,536	-
Supplies, repairs, and services	45,295	65,888	-
Capital outlay	-	-	-
Depreciation	60,249	-	-
Motor pool interfund charges	20,000	20,000	-
Total operating expenses	<u>238,532</u>	<u>199,765</u>	<u>0</u>
Operating income (loss)	<u>247,628</u>	<u>(199,105)</u>	<u>0</u>
Nonoperating revenues (expenses)			
Intergovernmental revenues	-	61,073	3,716
Interest earned	82	291	1,342
Interest expense	(36,508)	-	-
Total nonoperating revenues (expenses)	<u>(36,426)</u>	<u>61,364</u>	<u>5,058</u>
Income (loss) before transfers	211,202	(137,741)	5,058
Transfers	<u>(231,614)</u>	<u>179,846</u>	<u>11,284</u>
Net income (loss) / Increase (decrease) in net position	(20,412)	42,105	16,342
Net position at beginning of year	<u>347,567</u>	<u>33,397</u>	<u>274,119</u>
Net position at end of year	<u><u>\$ 327,155</u></u>	<u><u>\$ 75,502</u></u>	<u><u>\$ 290,461</u></u>

28 Sewer Collection Replacement Fund	Totals June 30, 2014
\$ -	\$ 483,048
-	3,772
0	486,820
-	66,320
-	16,727
-	143,818
-	111,183
31	31
-	60,249
-	40,000
31	438,328
(31)	48,492
-	64,789
748	2,463
-	(36,508)
748	30,744
717	79,236
29,038	(11,446)
29,755	67,790
154,325	809,408
\$ 184,080	\$ 877,198

CITY OF JOHN DAY  
Grant County, Oregon  
**COMBINING SCHEDULE OF CASH FLOWS**  
**SEWER FUND**  
For the year ended  
June 30, 2014

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Cash flows from operating activities			
Cash received from customers	\$ 494,816	\$ 970	\$ (309)
Cash paid to employees	(99,202)	(101,264)	-
Cash paid to suppliers	(79,862)	(99,250)	-
Net cash provided (used) by operating activities	<u>315,752</u>	<u>(199,544)</u>	<u>(309)</u>
Cash flows from capital activities			
Reimbursement received - Canyon City	-	61,073	3,716
Interest expense	(37,285)	-	-
Principal debt payments	(35,845)	-	-
Net cash provided (used) by capital activities	<u>(73,130)</u>	<u>61,073</u>	<u>3,716</u>
Cash flows from non-capital financing activities			
Interfund transfers	(231,614)	179,846	11,284
Net cash provided (used) by non-capital financing activities	<u>(231,614)</u>	<u>179,846</u>	<u>11,284</u>
Cash flows from investing activities			
Interest on investments	82	291	1,342
Net cash provided (used) by investing activities	<u>82</u>	<u>291</u>	<u>1,342</u>
Net increase (decrease) in cash	11,090	41,666	16,033
Cash and cash equivalents at beginning of year	17,556	43,115	274,119
Cash and cash equivalents at end of year	<u>\$ 28,646</u>	<u>\$ 84,781</u>	<u>\$ 290,152</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 247,628</u>	<u>\$ (199,105)</u>	<u>\$ -</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	60,249	-	-
(Increase) or decrease in			
Accounts receivable	8,656	310	(309)
Prepaid expenses	(1,520)	(2,145)	-
Increase or (decrease) in			
Accounts payable	(426)	(1,912)	-
Accrued liabilities	(105)	(620)	-
Accrued compensated absences	1,270	3,928	-
Total adjustments	<u>68,124</u>	<u>(439)</u>	<u>(309)</u>
Net cash provided (used) by operating activities	<u>\$ 315,752</u>	<u>\$ (199,544)</u>	<u>\$ (309)</u>

28 Sewer Collection Replacement Fund	Totals June 30, 2014
\$ 2,131	\$ 497,608
-	(200,466)
(31)	(179,143)
<u>2,100</u>	<u>117,999</u>
-	64,789
-	(37,285)
-	(35,845)
<u>0</u>	<u>(8,341)</u>
29,038	(11,446)
<u>29,038</u>	<u>(11,446)</u>
748	2,463
<u>748</u>	<u>2,463</u>
31,886	100,675
152,194	486,984
<u>\$ 184,080</u>	<u>\$ 587,659</u>
<u>\$ (31)</u>	<u>\$ 48,492</u>
-	60,249
2,131	10,788
-	(3,665)
-	(2,338)
-	(725)
-	5,198
<u>2,131</u>	<u>69,507</u>
<u>\$ 2,100</u>	<u>\$ 117,999</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, 2014

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
<b>Reconciliation of beginning fund balance to beginning net position</b>			
Beginning 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)	-	-
Beginning net position	<u>\$ 347,567</u>	<u>\$ 33,397</u>	<u>\$ 274,119</u>
<b>Reconciliation of change in fund balance to change in net position</b>			
Change in fund balance - budget basis	\$ 2,860	\$ 46,033	\$ 16,342
Less depreciation expense on capital assets	(60,249)	-	-
Loan principal payments	37,470	-	-
Change in accrued interest expense	776	-	-
Change in accrued compensated absences	(1,269)	(3,928)	-
Increase (decrease) in net position	<u>\$ (20,412)</u>	<u>\$ 42,105</u>	<u>\$ 16,342</u>
<b>Reconciliation of ending fund balance to ending net position</b>			
Ending fund balance - budget basis	\$ 66,575	\$ 85,255	\$ 290,461
Add fixed assets	2,833,081	-	-
Less accumulated depreciation on capital assets	(1,839,093)	-	-
Less accrued compensated absences	(6,801)	(9,753)	-
Less loan payable	(705,246)	-	-
Less accrued interest payable	(21,361)	-	-
Ending net position	<u>\$ 327,155</u>	<u>\$ 75,502</u>	<u>\$ 290,461</u>



28	
Sewer Collection	Totals
Replacement	June 30,
Fund	2014
\$ 154,325	\$ 531,381
-	2,833,081
-	(1,778,844)
-	(11,357)
-	(742,716)
-	(22,137)
<u>\$ 154,325</u>	<u>\$ 809,408</u>

\$ 29,755	\$ 94,990
-	(60,249)
-	37,470
-	776
-	(5,197)
<u>\$ 29,755</u>	<u>\$ 67,790</u>

\$ 184,080	\$ 626,371
-	2,833,081
-	(1,839,093)
-	(16,554)
-	(705,246)
-	(21,361)
<u>\$ 184,080</u>	<u>\$ 877,198</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, 2014

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
User fees	\$ 483,048	\$ 478,128	\$ 478,128	\$ (4,920)
Miscellaneous income	3,112	-	-	(3,112)
Total operating revenue	<u>486,160</u>	<u>478,128</u>	<u>478,128</u>	<u>(8,032)</u>
Operating expenses				
Administration				
Personnel services	29,556	29,121	29,121	(435)
Employee benefits	13,922	14,430	14,430	508
Materials and services	11,351	13,658	13,658	2,307
Total administration	<u>54,829</u>	<u>57,209</u>	<u>57,209</u>	<u>2,380</u>
Operating				
Personnel services	35,369	43,196	43,196	7,827
Employee benefits	21,520	27,737	27,737	6,217
Materials and services	45,295	57,349	57,349	12,054
Capital outlay	-	6,000	6,000	6,000
Debt service	74,755	74,760	74,760	5
Motor pool	20,000	20,000	20,000	-
Contingency	-	10,000	10,000	10,000
Total operating	<u>196,939</u>	<u>239,042</u>	<u>239,042</u>	<u>42,103</u>
Total operating expenses	<u>251,768</u>	<u>296,251</u>	<u>296,251</u>	<u>44,483</u>
Operating income (loss)	<u>234,392</u>	<u>181,877</u>	<u>181,877</u>	<u>(52,515)</u>
Nonoperating revenues				
Interest earned	82	151	151	69
Total nonoperating revenues	<u>82</u>	<u>151</u>	<u>151</u>	<u>69</u>
Increase (decrease) in fund balance before transfers	234,474	182,028	182,028	(52,446)
Transfers				
Transfers out	(231,614)	(232,502)	(232,502)	(888)
Increase (decrease) in fund balance	2,860	(50,474)	(50,474)	(53,334)
Fund balance at beginning of year	63,715	50,474	50,474	(13,241)
Fund balance at end of year	<u>\$ 66,575</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (66,575)</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, 2014

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Miscellaneous income	\$ 660	\$ -	\$ -	\$ (660)
Total operating revenue	660	0	0	(660)
Operating expenses				
Administration				
Personnel services	16,549	16,725	16,725	176
Employee benefits	6,697	7,147	7,147	450
Materials and services	5,377	6,742	6,742	1,365
Total administration	28,623	30,614	30,614	1,991
Operating				
Personnel services	48,922	76,750	76,750	27,828
Employee benefits	32,404	50,624	50,624	18,220
Materials and services	65,888	84,090	84,090	18,202
Capital outlay	-	6,000	6,000	6,000
Contingency	-	5,000	5,000	5,000
Motor pool	20,000	20,000	20,000	-
Total operating	167,214	242,464	242,464	75,250
Total operating expenses	195,837	273,078	273,078	77,241
Operating income (loss)	(195,177)	(273,078)	(273,078)	(77,901)
Nonoperating revenues				
Intergovernmental revenues	61,073	61,073	61,073	-
Interest earned	291	99	99	(192)
Total nonoperating revenues	61,364	61,172	61,172	(192)
Increase (decrease) in fund balance before transfers	(133,813)	(211,906)	(211,906)	(78,093)
Transfers				
Transfers in	185,488	185,488	185,488	-
Transfers out	(5,642)	(6,531)	(6,531)	(889)
Increase (decrease) in fund balance	46,033	(32,949)	(32,949)	(78,982)
Fund balance at beginning of year	39,222	32,949	32,949	(6,273)
Fund balance at end of year	\$ 85,255	\$ 0	\$ 0	\$ (85,255)

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, 2014

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total operating revenue	0	0	0	0
Operating expenses				
Operating				
Materials and services	-	50,000	50,000	50,000
Capital outlay	-	239,998	239,998	239,998
Total operating	0	289,998	289,998	289,998
Total operating expenses	0	289,998	289,998	289,998
Operating income (loss)	0	(289,998)	(289,998)	(289,998)
Nonoperating revenues				
Intergovernmental revenues	3,716	3,716	3,716	-
Interest earned	1,342	823	823	(519)
Total nonoperating revenues	5,058	4,539	4,539	(519)
Increase (decrease) in fund balance before transfers	5,058	(285,459)	(285,459)	(290,517)
Transfers				
Transfers in	11,284	11,284	11,284	-
Increase (decrease) in fund balance	16,342	(274,175)	(274,175)	(290,517)
Fund balance at beginning of year	274,119	274,175	274,175	56
Fund balance at end of year	\$ 290,461	\$ 0	\$ 0	\$ (290,461)

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, 2014

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Miscellaneous income	\$ -	\$ 1,775	\$ 1,775	\$ 1,775
Total operating revenue	0	1,775	1,775	1,775
Operating expenses				
Operating				
Capital outlay	31	179,902	179,902	179,871
Total operating	31	179,902	179,902	179,871
Total operating expenses	31	179,902	179,902	179,871
Operating income (loss)	(31)	(178,127)	(178,127)	(178,096)
Nonoperating revenues				
Interest earned	748	446	446	(302)
Total nonoperating revenues	748	446	446	(302)
Increase (decrease) in fund balance before transfers	717	(177,681)	(177,681)	(178,398)
Transfers				
Transfers in	29,038	29,038	29,038	-
Increase (decrease) in fund balance	29,755	(148,643)	(148,643)	(178,398)
Fund balance at beginning of year	154,325	148,643	148,643	(5,682)
Fund balance at end of year	\$ 184,080	\$ 0	\$ 0	\$ (184,080)

CITY OF JOHN DAY  
Grant County, Oregon  
**COMBINING SCHEDULE OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
June 30, 2014

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2014
<b>ASSETS</b>			
Current assets			
Cash with depositories	\$ 228,038	\$ 56,827	\$ 284,865
Accounts receivable	962	-	962
Prepaid expenses	368	-	368
Total current assets	<u>229,368</u>	<u>56,827</u>	<u>286,195</u>
Noncurrent assets			
Equipment and vehicles	772,982	-	772,982
Less accumulated depreciation	<u>(613,866)</u>	<u>-</u>	<u>(613,866)</u>
Equipment and vehicles - net	<u>159,116</u>	<u>0</u>	<u>159,116</u>
Total assets	<u>388,484</u>	<u>56,827</u>	<u>445,311</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	3,268	-	3,268
Accrued liabilities	275	288	563
Accrued compensated absences	<u>1,859</u>	<u>-</u>	<u>1,859</u>
Total liabilities	<u>5,402</u>	<u>288</u>	<u>5,690</u>
<b>NET POSITION</b>			
Invested in capital assets	159,116	-	159,116
Unrestricted	<u>223,966</u>	<u>56,539</u>	<u>280,505</u>
Total net position	<u>\$ 383,082</u>	<u>\$ 56,539</u>	<u>\$ 439,621</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, 2014

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2014
Operating revenues			
Interfund charges	\$ 117,000	\$ 41,059	\$ 158,059
Miscellaneous income	20,654	-	20,654
Total operating revenues	<u>137,654</u>	<u>41,059</u>	<u>178,713</u>
Operating expenses			
Operating			
Personnel services	19,292	49,427	68,719
Supplies, repairs, and services	27,882	-	27,882
Capital outlay	4,527	-	4,527
Depreciation	10,804	-	10,804
Total operating	<u>62,505</u>	<u>49,427</u>	<u>111,932</u>
Public safety			
Supplies, repairs, and services	36,857	-	36,857
Depreciation	26,060	-	26,060
Total public safety	<u>62,917</u>	<u>0</u>	<u>62,917</u>
Total operating expenses	<u>125,422</u>	<u>49,427</u>	<u>174,849</u>
Operating income (loss)	<u>12,232</u>	<u>(8,368)</u>	<u>3,864</u>
Nonoperating revenues			
Interest earned	1,072	339	1,411
Total nonoperating revenues	<u>2,741</u>	<u>339</u>	<u>3,080</u>
Change in net position	14,973	(8,029)	6,944
Net position at beginning of year	368,109	64,568	432,677
Net position at end of year	<u>\$ 383,082</u>	<u>\$ 56,539</u>	<u>\$ 439,621</u>

CITY OF JOHN DAY  
Grant County, Oregon  
**COMBINED SCHEDULE OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the year ended  
June 30, 2014

	26 <u>Motor Pool</u>	33 <u>Unpaid Compensation</u>	Totals <u>June 30, 2014</u>
Cash flows from operating activities			
Cash received from customers	119,164	\$ 41,059	\$ 160,223
Cash paid to employees	(18,904)	(50,389)	(69,293)
Cash paid to suppliers	(67,474)	-	(67,474)
Net cash provided (used) by operating activities	<u>32,786</u>	<u>(9,330)</u>	<u>23,456</u>
Cash flows from capital activities			
Purchases of capital assets	(22,261)	-	(22,261)
Grants received	1,669	-	1,669
Net cash provided (used) by capital and related financing activities	<u>(20,592)</u>	<u>0</u>	<u>(20,592)</u>
Cash flows from investing activities			
Interest on investments	1,072	339	1,411
Net cash from investing activities	<u>1,072</u>	<u>339</u>	<u>1,411</u>
Net increase (decrease) in cash	13,266	(8,991)	4,275
Cash and cash equivalents at beginning of year	<u>214,772</u>	<u>65,818</u>	<u>280,590</u>
Cash and cash equivalents at end of year	<u><u>\$ 228,038</u></u>	<u><u>\$ 56,827</u></u>	<u><u>\$ 284,865</u></u>
Reconciliation of operating income (loss)			
to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 12,232</u>	<u>\$ (8,368)</u>	<u>\$ 3,864</u>
Adjustments to reconcile operating income (loss)			
to net cash provided by operating activities			
Depreciation expense	36,864	-	36,864
Donation of capital assets	(18,000)	-	(18,000)
(Increase) or decrease in			
Accounts receivable	(122)	-	(122)
Prepaid expenses	(368)	-	(368)
Increase or (decrease) in			
Accounts payable	1,792	-	1,792
Accrued liabilities	68	(962)	(894)
Accrued compensated absences	320	-	320
Total adjustments	<u>20,554</u>	<u>(962)</u>	<u>19,592</u>
Net cash provided by operating activities	<u><u>\$ 32,786</u></u>	<u><u>\$ (9,330)</u></u>	<u><u>\$ 23,456</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, 2014

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2014
<b>Reconciliation of beginning fund balance to beginning net position</b>			
Beginning 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)
Beginning net position	<u>\$ 368,109</u>	<u>\$ 64,568</u>	<u>\$ 432,677</u>
<b>Reconciliation of change in fund balance to increase in net position</b>			
Change in fund balance - budget basis	\$ 11,895	\$ (8,029)	\$ 3,866
Add equipment purchased and capitalized	22,261	-	22,261
Add equipment donated and capitalized	18,000	-	18,000
Change in accrued compensated absences	(319)	-	(319)
Less depreciation expense	(36,864)	-	(36,864)
Increase (decrease) in net position	<u>\$ 14,973</u>	<u>\$ (8,029)</u>	<u>\$ 6,944</u>
<b>Reconciliation of ending fund balance to ending net position</b>			
Ending fund balance - budget basis	\$ 225,824	\$ 56,539	\$ 282,363
Add capital assets	772,982	-	772,982
Less accumulated depreciation on capital assets	(613,866)	-	(613,866)
Less accrued compensated absences	(1,858)	-	(1,858)
Ending net position	<u>\$ 383,082</u>	<u>\$ 56,539</u>	<u>\$ 439,621</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, 2014

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Interfund charges	\$ 117,000	\$ 117,000	\$ 117,000	\$ -
Miscellaneous income	2,654	1,852	1,852	(802)
Total operating revenue	119,654	118,852	118,852	(802)
Operating expenses				
Motor pool				
Personnel services	12,109	20,000	20,000	7,891
Employee benefits	6,864	12,415	12,415	5,551
Materials and services	27,882	60,955	60,955	33,073
Capital outlay	24,788	190,387	190,387	165,599
Total motor pool	71,643	283,757	283,757	212,114
Police				
Materials and services	26,004	29,276	29,276	3,272
Total police	26,004	29,276	29,276	3,272
Fire				
Materials and services	12,853	17,938	17,938	5,085
Total fire	12,853	17,938	17,938	5,085
Total operating expenses	110,500	330,971	330,971	220,471
Operating income (loss)	9,154	(212,119)	(212,119)	(221,273)
Nonoperating revenues				
Intergovernmental revenues	1,669	-	-	(1,669)
Interest earned	1,072	634	634	(438)
Total nonoperating revenues	2,741	634	634	(2,107)
Increase (decrease) in fund balance	11,895	(211,485)	(211,485)	(223,380)
Fund balance at beginning of year	213,929	211,485	211,485	(2,444)
Fund balance at end of year	\$ 225,824	\$ 0	\$ 0	\$ (225,824)

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, 2014

	Actual	Budget Original	Final	(Over) Under Budget
Operating revenues				
Interfund charges	\$ 41,059	\$ 8,161	\$ 8,161	\$ (32,898)
Total operating revenues	<u>41,059</u>	<u>8,161</u>	<u>8,161</u>	<u>(32,898)</u>
Operating expenses				
Personnel services	35,059	52,752	52,752	17,693
Employee benefits	14,368	15,000	15,000	632
Total operating expenses	<u>49,427</u>	<u>67,752</u>	<u>67,752</u>	<u>18,325</u>
Operating income (loss)	<u>(8,368)</u>	<u>(59,591)</u>	<u>(59,591)</u>	<u>(51,223)</u>
Nonoperating revenues				
Interest earned	339	178	178	(161)
Total nonoperating revenues	<u>339</u>	<u>178</u>	<u>178</u>	<u>(161)</u>
Increase (decrease) in fund balance	(8,029)	(59,413)	(59,413)	(51,384)
Fund balance at beginning of year	64,568	59,413	59,413	(5,155)
Fund balance at end of year	<u>\$ 56,539</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (56,539)</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, 2014

	Actual	Budget		(Over) Under
		Original	Final	Budget
Revenues				
Intergovernmental	\$ 29,682	\$ 21,650	\$ 21,650	\$ (8,032)
Interest income	138	71	71	(67)
Other revenue	9,518	-	-	(9,518)
Total revenues	<u>39,338</u>	<u>21,721</u>	<u>21,721</u>	<u>(17,617)</u>
Expenditures				
Materials and services	<u>44,816</u>	<u>45,276</u>	<u>45,276</u>	<u>460</u>
Total expenditures	<u>44,816</u>	<u>45,276</u>	<u>45,276</u>	<u>460</u>
Excess of revenues over (under) expenditures and net change in fund balance	(5,478)	(23,555)	(23,555)	(18,077)
Fund balance at beginning of year	<u>35,085</u>	<u>23,555</u>	<u>23,555</u>	<u>(11,530)</u>
Fund balance at end of year	<u>\$ 29,607</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (29,607)</u>

CITY OF JOHN DAY  
Grant County, Oregon  
**SCHEDULE OF TRANSACTIONS WITH COUNTY TREASURER**  
For the year ended  
June 30, 2014

	<u>General Fund</u>	<u>Water Fund</u>	<u>Total</u>
Treasurer's receipts			
Tax collections, including interest			
Current year	\$ 258,170	\$ -	\$ 258,170
Prior years	<u>24,541</u>	<u>-</u>	<u>24,541</u>
Total tax collections, including interest	282,711	0	282,711
Payment in lieu of taxes - Or Dept of Fish and Wildlife	183	-	183
Interest	<u>73</u>	<u>-</u>	<u>73</u>
Total receipts	<u>282,967</u>	<u>0</u>	<u>282,967</u>
Treasurer's disbursements			
Turnovers to city	<u>282,967</u>	<u>-</u>	<u>282,967</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, 2014

	Uncollected Taxes at July 1, 2013	New Assessment	(Abatement) and Adjustments	Rebates Allowed	Net Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes at June 30, 2014
<b><u>General Fund</u></b>								
2013-14		\$ 279,725	\$ (223)	\$ (6,275)	\$ 191	\$ 257,979	\$ 258,170	\$ 15,248
2012-13	17,188	-	(5)	-	520	8,200	8,720	8,983
2011-12	10,209	-	1	-	687	4,451	5,138	5,759
2010-11	7,134	-	-	-	994	4,183	5,177	2,951
2009-10	4,506	-	1	-	984	3,375	4,359	1,132
2008-09	1,383	-	-	-	256	689	945	694
2007-08	633	-	-	-	28	61	89	572
2006-07	419	-	-	-	1	3	4	416
2005-06	279	-	-	-	14	20	34	259
2004-05	340	-	(24)	-	19	26	45	290
2003-04	260	-	(28)	-	-	-	-	232
2002-03	284	-	-	-	12	14	26	270
2001-02	309	-	-	-	2	2	4	307
2000-01	244	-	-	-	-	-	-	244
1999-00	285	-	-	-	-	-	-	285
1998-99	170	-	-	-	-	-	-	170
1997-98	172	-	(1)	-	-	-	-	171
1996-97	194	-	-	-	-	-	-	194
Prior years	3,211	-	-	-	-	-	-	3,211
Total	47,220	279,725	(279)	(6,275)	3,708	279,003	282,711	41,388
<b><u>Water Fund</u></b>								
1999-00	16	-	-	-	-	-	-	16
1998-99	37	-	-	-	-	-	-	37
1997-98	85	-	-	-	-	-	-	85
1996-97	71	-	-	-	-	-	-	71
1995-96	54	-	-	-	-	-	-	54
1994-95	123	-	-	-	-	-	-	123
1993-94	55	-	-	-	-	-	-	55
1992-93	282	-	-	-	-	-	-	282
1991-92	255	-	-	-	-	-	-	255
1990-91	54	-	-	-	-	-	-	54
1989-90	34	-	-	-	-	-	-	34
1988-89	50	-	-	-	-	-	-	50
1987-88	11	-	-	-	-	-	-	11
1986-87	29	-	-	-	-	-	-	29
1985-86	23	-	-	-	-	-	-	23
1984-85	73	-	-	-	-	-	-	73
Total	1,252	0	0	0	0	0	0	1,252
Total	\$ 48,472	\$ 279,725	\$ (279)	\$ (6,275)	\$ 3,708	\$ 279,003	\$ 282,711	\$ 42,640

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, 2014, and have issued our report thereon dated November 17, 2014. 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 86.



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

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

Guyer & Associates  
Certified Public Accountants  
A Professional Corporation

A handwritten signature in cursive script that reads "Kent Bailey".

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, 2013 to June 30, 2014

Total Revenues and/or Receipts - (Government-wide + Fiduciary Funds)		<u>\$ 2,387,904</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>\$ 2,387,904</u></u>
 Total Expenditures and/or Disbursements - (Government-wide + Fiduciary Funds)		<u>\$ 2,317,220</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>\$ 2,317,220</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	
<b>(Net Expenditures and/or Disbursements)</b>			

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 17, 2014

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, 2014, 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 17, 2014.

**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.

Guyer & Associates  
Certified Public Accountants  
A Professional Corporation

Baker City, Oregon  
November 17, 2014