

CITY OF JOHN DAY, OREGON

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2015



CITY OF JOHN DAY, OREGON
CITY COUNCIL AND OFFICIALS
June 30, 2015

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
Ron Lundbom	John Day	Mayor
Steve Schuette	John Day	Council President
Lisa Weigum	John Day	Councilor
Louis Provencher	John Day	Councilor
Paul Smith	John Day	Councilor
Donn Willey	John Day	Councilor
Greg Haberly	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 AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**
June 30, 2015

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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, 2015, 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. 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, 2015, 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.

Report on Summarized Comparative Information

We have previously audited City of John Day's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report November 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived, except for the following: as discussed in Note 16, In the application of GASB 68, the prior year summarized totals in the Statement of Net Position have been restated to reflect the accrued pension liability and net deferred outflow of pension costs. However, information is not available to appropriately restate the Statement of Activities. For further information refer to Note 16.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension disclosures, and budgetary comparison information on pages 4 through 10 and 56 through 60 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 schedules of pension disclosures and 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 schedule of pension disclosures and 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 schedules, budgetary comparison schedules, and other supplemental schedules on page 62 through 92 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.

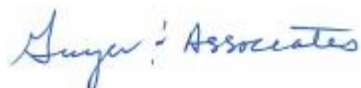
Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015, 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 25, 2015, 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 25, 2015

By



Kent J. Bailey, CPA

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

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, 2015.

- ◆ The assets of the City exceeded its liabilities at the close of the fiscal year by \$6,651,876 (net position). Of this amount, \$2,137,775 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 \$1,610,778 during the year, and the majority of this increase is due an Oregon Department of Transportation grant for a street project and from the net pension asset resulting from the implementation of GASB 68.
- ◆ Governmental funds reported combined ending fund balances at year-end of \$1,086,595, an increase of \$724,122 as compared to last year.
- ◆ The General Fund's unassigned fund balance at the end of the current year was \$135,376, or approximately 20.7% 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.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The City's major governmental funds are presented in their own. Budgetary comparison schedules are presented for the General Fund, the Street Fund and the 911 Fund.

- ◆ **Other Supplemental Information and Schedules.** Readers desiring additional information may find it in the combining and individual schedules of revenues, expenditures and changes in fund balance in this section of 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

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Assets						
Current and other assets	\$ 1,398,826	\$ 510,574	\$ 1,442,533	\$ 1,229,766	\$ 2,841,359	\$ 1,740,340
Capital assets, net of accumulated depreciation	3,463,011	2,303,615	3,777,929	3,942,707	7,240,940	6,246,322
Total assets	4,861,837	2,814,189	5,220,462	5,172,473	10,082,299	7,986,662
Deferred outflows of resources	33,340	35,084	17,956	16,117	51,296	51,201
Total assets and deferred outflows	4,895,177	2,849,273	5,238,418	5,188,590	10,133,595	8,037,863
Liabilities						
Current liabilities	115,273	64,481	225,118	222,984	340,391	287,465
Long-term liabilities	704,384	343,399	2,085,724	2,365,901	2,790,108	2,709,300
Total liabilities	819,657	407,880	2,310,842	2,588,885	3,130,499	2,996,765
Deferred inflows of resources	228,293	-	122,927	-	351,220	-
Total liabilities and deferred inflows	1,047,950	407,880	2,433,769	2,588,885	3,481,719	2,996,765
Net position						
Net investment in capital assets	2,712,023	2,205,638	1,503,000	1,527,146	4,215,023	3,732,784
Restricted	278,029	186,606	21,049	7,093	299,078	193,699
Unrestricted	857,175	49,149	1,280,600	1,065,466	2,137,775	1,114,615
Total net position	\$ 3,847,227	\$ 2,441,393	\$ 2,804,649	\$ 2,599,705	\$ 6,651,876	\$ 5,041,098

* As restated for GASB 68

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 issued \$655,000 in General Obligation (GO) Bonds for a new fire station. The GO Bonds were approved by citizens at the May 2014 election.
- ◆ The City contracts for law enforcement services with the City of Prairie City to provide police services.
- ◆ The City contracts with the District Attorney's office for Victims Assistance Grant (VAWA Grant).

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

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.

Table 2
Condensed Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 408,310	\$ 369,170	\$ 1,174,227	\$ 1,144,267	\$ 1,582,537	\$ 1,513,437
Operating grants	637,109	472,046	-	-	637,109	472,046
Capital grants	1,067,388	-	5,351	-	1,072,739	-
General revenues						
Property taxes	279,143	276,879	(12)	-	279,131	276,879
Interest	3,673	6,725	4,402	-	8,075	6,725
Other revenue	136,132	85,961	43,858	(6,482)	179,990	79,479
Total revenue	<u>2,531,755</u>	<u>1,210,781</u>	<u>1,227,826</u>	<u>1,137,785</u>	<u>3,759,581</u>	<u>2,348,566</u>
Expenses						
General government	114,832	160,365	-	-	114,832	160,365
Streets	234,314	247,280	-	-	234,314	247,280
Public safety	776,775	856,889	-	-	776,775	856,889
Utilities	-	-	1,022,882	1,007,870	1,022,882	1,007,870
Total expenses	<u>1,125,921</u>	<u>1,264,534</u>	<u>1,022,882</u>	<u>1,007,870</u>	<u>2,148,803</u>	<u>2,272,404</u>
Change in net position	<u>\$ 1,405,834</u>	<u>\$ (53,753)</u>	<u>\$ 204,944</u>	<u>\$ 129,915</u>	<u>\$ 1,610,778</u>	<u>\$ 76,162</u>

FUND ANALYSIS

General Fund

The General Fund revenues exceeded expenditures by just over \$4,000 for the year not taking into account grant and debt proceeds for the new fire hall. 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 \$221,447 in federal forest fees, as well as, \$100,779 in State Highway fund revenues; while total operating costs were \$246,487, as a result fund balance increased \$77,781.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

911 Fund

The fund balance of the 911 Fund increased by almost \$14,000 in the current year. This is primarily due to transfers from other funds.

Water Fund

The Water Fund's net position increased \$110,215 in the current year. \$15,708 of this increase was a prior period adjustment between the Water and Sewer Funds. 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 \$64,661 in the current year. This increase is \$15,708 less than it would have been had it not been for a prior period adjustment between the Water and Sewer Funds. 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, 2015

Governmental Funds	General Fund	Street Fund	911 Fund
Beginning fund balance	\$ 175,867	\$ 150,655	\$ 35,951
Add revenues	679,784	324,994	331,739
Less expenditures	(654,460)	(246,487)	(381,182)
Add (less) transfers	607,375	(726)	63,085
Change in fund balance	632,699	77,781	13,642
Ending fund balance	<u>\$ 808,566</u>	<u>\$ 228,436</u>	<u>\$ 49,593</u>
 Proprietary Funds		Water Fund	Sewer Fund
Beginning net position, as restated for GASB 68		\$ 1,581,560	\$ 814,878
Add revenues		629,597	578,229
Less expenditures		(549,301)	(475,927)
Add (less) transfers		(5,789)	(21,933)
Change in net position		74,507	80,369
Prior period adjustment		15,708	(15,708)
Ending net position		<u>\$ 1,671,775</u>	<u>\$ 879,539</u>

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

GENERAL FUND BUDGET ANALYSIS

Table 4
General Fund Significant Budget Variations
For the year ended June 30, 2015

	Final Budget	Actual	Difference
Revenues			
Intergovernmental Revenues	\$ 170,007	\$ 128,239	\$ 41,768
Micellaneous income	500	1,845	(1,345)
Expenditures			
Fire	1,918,188	211,093	1,707,095
Other financing sources			
Debt proceeds	1,800,000	652,190	1,147,810

Intergovernmental revenues include pass through income from the state such as liquor taxes, grants and contract payments from the John Day Rural Fire District.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 190,017	\$ 190,017	\$ 185,937	\$ 185,937	\$ 375,954	\$ 375,954
Construction in progress	1,327,840	73,003	5,084	-	1,332,924	73,003
Buildings	177,132	177,811	76,654	90,517	253,786	268,328
Streets/utility system	1,562,381	1,617,907	3,391,222	3,518,808	4,953,603	5,136,715
Equipment	205,641	244,877	99,032	147,445	304,673	392,322
Total capital assets	<u>\$ 3,463,011</u>	<u>\$ 2,303,615</u>	<u>\$ 3,757,929</u>	<u>\$ 3,942,707</u>	<u>\$ 7,220,940</u>	<u>\$ 6,246,322</u>

For the year ended June 30, 2015, the City had the following major capital acquisitions during the year:

Sand shed	\$8,529
Sander truck	\$6,023
2001 Dodge Pickup	\$5,807
1999 Ford Pickup	\$7,577

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

2004 Chevrolet Pickup	\$4,837
2004 Chevrolet Pickup	\$5,361
Street project CIP	\$1,118,911
New Fire Hall CIP	\$135,926
Water Plan CIP	\$5,084

LONG-TERM DEBT ACTIVITY

Table 6
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Water system improvement loan	\$ -	\$ -	\$ 722,820	\$ 775,467	\$ 722,820	\$ 775,467
Airport industrial park loan	-	-	1,487,170	1,570,825	1,487,170	1,570,825
Lang purchase agreement	88,962	97,977	-	-	88,962	97,977
Fire station bonds	655,000	-	-	-	655,000	-
Accrued compensated absences	44,431	42,447	23,132	25,944	67,563	68,391
Total outstanding debt	<u>\$ 788,393</u>	<u>\$ 140,424</u>	<u>\$ 2,233,122</u>	<u>\$ 2,372,236</u>	<u>\$ 3,021,515</u>	<u>\$ 2,512,660</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 \$52,647. 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 \$83,655. 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 \$9,015. See Notes 4 and 7 for more information on this loan.

The City issued bonds in the amount of \$655,000 on February 18, 2015 to finance a new fire station located at 316 S. Canyon Blvd. Total cost of the building is estimated to be approximately \$1,500,000 and will be partially funded by \$550,000 in bonds issued by the John Day Rural Fire Protection District. Principal payments are to be made beginning June 1, 2016.

ECONOMIC FACTORS:

During the preparation of the budget for the next fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City Council and Budget Committee. Like all cities in Oregon, the City is operating under Measure 50, the ad valorem tax limitation measure approved by voters on May 20, 1997. This measure rolled back assessed values to 1995-96 levels and limited increased property tax revenues to a maximum of three percent, with permitted allowances for increasing valuations based on new construction. No substantive changes to the basic provisions of Measure 50 have been enacted during subsequent Oregon Legislative session.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The following are the major assumptions used in developing the budget for fiscal year 2015-16.

1. Interest rates are not likely to move upward.
2. We projected revenues for the coming year and balancing those projections with anticipated department expenditures, taking into account factors such as historic trends, current economic indicators, and demand for service, impacts of decisions made at the regional, state and federal levels, staffing needs, contractual obligations and increased cost of materials and supplies.
3. The City Council authorized annual water and sewer rate increases; rate increases are reviewed by the City Council and are implemented in January each year.

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, 2015
(With Comparative Totals for 2014)

	Governmental Activities	Business-type Activities
ASSETS		
Cash and investments	\$ 1,413,994	\$ 1,045,528
Receivables		
Property taxes	38,693	1,115
Other	63,142	101,797
Prepaid expenses	1,480	1,690
Internal balances	(233,335)	233,335
Net pension asset	114,852	59,068
Capital assets (net of accumulated depreciation)		
Construction in progress	1,327,840	-
Land	190,017	205,937
Buildings and infrastructure	1,739,513	3,467,876
Equipment	205,641	104,116
Total capital assets	<u>3,463,011</u>	<u>3,777,929</u>
Total assets	<u>4,861,837</u>	<u>5,220,462</u>
DEFERRED OUTFLOWS OF RESOURCES		
Current year PERS contributions	<u>33,340</u>	<u>17,956</u>
Total assets and deferred outflows of resources	<u>4,895,177</u>	<u>5,238,418</u>
LIABILITIES		
Accounts payable	18,987	4,074
Accrued liabilities	5,251	2,275
Deposits payable	-	6,432
Accrued interest payable	7,026	64,939
Accrued compensated absences	44,431	23,132
Net pension liability	-	-
Loans payable		
Due within one year	39,578	124,266
Due in more than one year	<u>704,384</u>	<u>2,085,724</u>
Total liabilities	<u>819,657</u>	<u>2,310,842</u>
DEFERRED INFLOWS OF RESOURCES		
Change in pension proportion	10,157	5,469
Net difference PERS investment	<u>218,136</u>	<u>117,458</u>
Total deferred inflows of resources	<u>228,293</u>	<u>122,927</u>
Total liabilities and deferred inflows of resources	<u>1,047,950</u>	<u>2,433,769</u>
NET POSITION		
Net investment in capital assets	2,712,023	1,503,000
Restricted for streets	228,436	-
Restricted for public safety - 911	49,593	-
Restricted for joint sewer	-	21,049
Unrestricted	<u>857,175</u>	<u>1,280,600</u>
Total net position	<u>\$ 3,847,227</u>	<u>\$ 2,804,649</u>

* As restated for GASB 68

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

Total	
June 30, 2015	June 30, 2014
<u>\$ 2,459,522</u>	<u>\$ 1,504,927</u>
39,808	42,515
164,939	174,230
3,170	18,668
-	-
173,920	-
1,327,840	73,003
395,954	375,954
5,207,389	5,405,043
309,757	392,322
<u>7,240,940</u>	<u>6,246,322</u>
<u>10,082,299</u>	<u>7,986,662</u>
51,296	51,201
<u>10,133,595</u>	<u>8,037,863</u>
23,061	8,780
7,526	7,858
6,432	6,644
71,965	69,269
67,563	68,391
-	391,554
163,844	126,523
<u>2,790,108</u>	<u>2,317,746</u>
<u>3,130,499</u>	<u>2,996,765</u>
15,626	-
335,594	-
<u>351,220</u>	<u>0</u>
<u>3,481,719</u>	<u>2,996,765</u>
4,215,023	3,732,784
228,436	150,655
49,593	35,951
21,049	7,093
2,137,775	1,114,615
<u>\$ 6,651,876</u>	<u>\$ 5,041,098</u> *

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2015
(With Comparative Totals for 2014)

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ (114,832)	\$ 189,553	\$ -	\$ -
Police	(327,424)	13,163	65,901	1,000
Fire	(124,872)	27,279	-	21,000
Emergency services	(324,479)	80,106	248,982	-
Streets	(234,314)	98,209	322,226	1,045,388
Total governmental activities	<u>\$ (1,125,921)</u>	<u>\$ 408,310</u>	<u>\$ 637,109</u>	<u>\$ 1,067,388</u>
Business-type activities				
Water	\$ (522,425)	\$ 626,642	\$ -	\$ -
Sewer	(472,736)	547,585	-	5,351
Total business-type activities	<u>\$ (995,161)</u>	<u>\$ 1,174,227</u>	<u>\$ 0</u>	<u>\$ 5,351</u>

General revenues

Property taxes, levied for general purposes

Intergovernmental payments

Grants and awards

Interest income

Miscellaneous

Total general revenues

Loss on sale of capital assets

Transfers

Total general revenues, special items, and transfers

Changes in net position

Net position - beginning

Cummulative effect of GASB 68 restatement

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, 2015	June 30, 2014
\$ 74,721	\$ -	\$ 74,721	\$ 12,948
(247,360)	-	(247,360)	(331,038)
(76,593)	-	(76,593)	(85,581)
4,609	-	4,609	(58,245)
1,231,509	-	1,231,509	38,598
986,886	0	986,886	(423,318)
-	104,217	104,217	67,842
-	80,200	80,200	68,555
0	184,417	184,417	136,397
279,143	(12)	279,131	276,879
43,684	-	43,684	42,197
-	-	-	1,000
3,673	4,402	8,075	10,607
64,821	43,858	108,679	32,400
391,321	48,248	439,569	363,083
(94)	-	(94)	-
27,721	(27,721)	-	-
418,948	20,527	439,475	363,083
1,405,834	204,944	1,610,778	76,162
2,441,393	2,599,705	5,041,098	5,305,289
-	-	-	(340,353)
<u>\$ 3,847,227</u>	<u>\$ 2,804,649</u>	<u>\$ 6,651,876</u>	<u>\$ 5,041,098</u>

CITY OF JOHN DAY
Grant County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015
(With Comparative Totals for 2014)

ASSETS	01 General Fund	06 Street Fund	32 911 Fund
Current assets			
Cash and investments	\$ 786,046	\$ 222,234	\$ 50,768
Receivables			
Taxes	38,693	-	-
Other	42,692	15,292	1,602
Prepaid expenses	1,480	0	-
Total assets	<u>\$ 868,911</u>	<u>\$ 237,526</u>	<u>\$ 52,370</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Current liabilities			
Accounts payable	\$ 14,290	\$ 3,384	\$ 574
Accrued liabilities	1,956	397	2,203
Total liabilities	<u>16,246</u>	<u>3,781</u>	<u>2,777</u>
Deferred inflows of resources			
Unavailable property tax revenue	38,693	5,309	-
Unavailable other revenue	5,406	-	-
Total deferred inflows of resources	<u>44,099</u>	<u>5,309</u>	<u>0</u>
Fund balances			
Restricted for streets	-	228,436	-
Restricted for fire hall	673,190	-	-
Restricted for public safety - 911	-	-	49,593
Unassigned	135,376	-	-
Total fund balances	<u>808,566</u>	<u>228,436</u>	<u>49,593</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 868,911</u>	<u>\$ 237,526</u>	<u>\$ 52,370</u>

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

Total	
June 30, 2015	June 30, 2014
\$ 1,059,048	\$ 294,270
38,693	41,388
59,586	76,556
1,480	11,558
<u>\$ 1,158,807</u>	<u>\$ 423,772</u>

\$ 18,248	\$ 4,446
4,556	4,668
<u>22,804</u>	<u>9,114</u>

44,002	46,779
5,406	5,406
<u>49,408</u>	<u>52,185</u>

228,436	150,655
673,190	-
49,593	35,951
135,376	175,867
<u>1,086,595</u>	<u>362,473</u>
<u>\$ 1,158,807</u>	<u>\$ 423,772</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, 2015

Total Fund Balances		\$ 1,086,595
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 5,603,436	
Accumulated depreciation	<u>(2,140,425)</u>	3,463,011
A portion of the city's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		44,002
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.		5,406
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.		2,836
Net pension asset is not a financial resource and therefore is not reported in the governmental funds.		114,852
Current year PERS contributions are deferred outflows of resources that will be recognized as an expense in the subsequent period.		33,340
The city's proportionate share of differences between employer contributions and proportionate share of contributions that will be amortized over the next 5 years.		(10,157)
The city's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next 5 years.		(218,136)
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.		(44,431)
Long-term debts not payable in the current year are not reported as governmental fund liabilities.		(743,962)
The accrued interest on the city's governmental activities long-term debt is not payable in the current year and therefore are not reported as governmental fund liability.		(7,026)
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.		354,232
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.		<u>(233,335)</u>
Total Net Position		<u><u>\$ 3,847,227</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, 2015
(With Comparative Totals for 2014)

	01 General Fund	06 Street Fund	32 911 Fund
Revenues			
Taxes	\$ 281,838	\$ -	\$ -
Intergovernmental revenues	128,239	322,226	329,086
User fees	9,625	10	-
Licenses and fees	171,913	-	-
Fines and forfeitures	5,963	-	-
Interest earned	1,845	1,136	203
Miscellaneous income	80,361	1,622	2,450
Total revenues	<u>679,784</u>	<u>324,994</u>	<u>331,739</u>
Expenditures			
Current			
General government	68,399	-	-
Public safety	429,552	-	377,580
Highways and streets	-	188,223	-
Debt service			
Principal	9,093	-	-
Interest	4,218	-	-
Capital outlay	143,198	58,264	3,602
Total expenditures	<u>654,460</u>	<u>246,487</u>	<u>381,182</u>
Excess of revenues over (under) expenditures	<u>25,324</u>	<u>78,507</u>	<u>(49,443)</u>
Other financing sources (uses)			
Debt proceeds	652,190	-	-
Operating transfers	(44,815)	(726)	63,085
Total other financing sources (uses)	<u>607,375</u>	<u>(726)</u>	<u>63,085</u>
Net changes in fund balances	632,699	77,781	13,642
Fund balance at beginning of year	175,867	150,655	35,951
Fund balance at end of year - by category			
Restricted	673,190	228,436	49,593
Unassigned	135,376	-	-
Fund balance at end of year - total	<u>\$ 808,566</u>	<u>\$ 228,436</u>	<u>\$ 49,593</u>

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

Totals	
June 30, 2015	June 30, 2014
\$ 281,838	\$ 282,711
779,551	579,810
9,635	10,030
171,913	170,099
5,963	5,197
3,184	1,439
84,433	29,090
<u>1,336,517</u>	<u>1,078,376</u>
68,399	73,067
807,132	813,629
188,223	154,951
9,093	8,689
4,218	4,622
205,064	14,655
<u>1,282,129</u>	<u>1,069,613</u>
<u>54,388</u>	<u>8,763</u>
652,190	-
17,544	17,088
<u>669,734</u>	<u>17,088</u>
724,122	25,851
362,473	336,622
951,219	186,606
135,376	175,867
<u>\$ 1,086,595</u>	<u>\$ 362,473</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, 2015

Net Change in Fund Balance		\$ 724,122
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	\$ 228,155	
Contribution of capital assets by State of Oregon	1,045,388	
Less current year depreciation	<u>(142,958)</u>	1,130,585
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 proceeds		(655,000)
Change in accrued interest payable		(7,026)
Loan principal payments		9,015
Current year PERS contributions are deferred outflows of resources that will be recognized as an expense in the subsequent period.		
		33,340
Changes in net pension liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the government funds.		
		95,288
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.		
		(2,523)
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.		
		111,918
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.		
		(30,068)
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.		
		(2,695)

Continued on next page

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, 2015

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.

\$ (82)

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.

(1,040)

Change in Net Position

\$ 1,405,834

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

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CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Agency Funds <u>June 30,</u> <u>2015</u>
ASSETS	
Cash and investments	\$ 26,706
Accounts receivable	<u>7,576</u>
Total assets	<u>34,282</u>
 LIABILITIES	
Accounts payable	7,376
Due to other organizations	<u>26,906</u>
Total liabilities	<u>34,282</u>
 NET POSITION	
Total net position	<u><u>\$ 0</u></u>

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

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015
(With Comparative Totals for 2014)

	Water Fund	Sewer Fund
ASSETS		
Current assets		
Cash with depositories	\$ 400,917	\$ 644,611
Water and sewer accounts receivable	61,307	44,807
Less allowance for doubtful accounts	(3,016)	(2,465)
Taxes receivable	1,240	-
Less allowance for uncollectibles	(125)	-
Accounts receivable	464	700
Prepaid expenses	845	845
Total current assets	<u>461,632</u>	<u>688,498</u>
Noncurrent assets		
Net pension asset	<u>28,819</u>	<u>30,249</u>
Property, plant, and equipment	5,315,794	2,833,081
Less accumulated depreciation	<u>(2,471,713)</u>	<u>(1,899,233)</u>
Property, plant, and equipment - net	<u>2,844,081</u>	<u>933,848</u>
Total assets	<u>3,334,532</u>	<u>1,652,595</u>
DEFERRED OUTFLOWS OF RESOURCES		
Current year PERS contributions	<u>8,609</u>	<u>9,347</u>
Total deferred outflows of resources	<u>8,609</u>	<u>9,347</u>
Total assets and deferred outflows of resources	<u>3,343,141</u>	<u>1,661,942</u>
LIABILITIES		
Current liabilities		
Accounts payable	2,660	1,414
Accrued liabilities	981	1,294
Accrued compensated absences	10,883	12,249
Current portion of long-term debt	88,453	35,813
Accrued interest	44,811	20,128
Customer deposits	<u>6,432</u>	<u>-</u>
Total current liabilities	<u>154,220</u>	<u>70,898</u>
Long-term liabilities		
Loan payable - special public works fund	1,437,439	648,285
Net pension liability	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>1,437,439</u>	<u>648,285</u>
Total liabilities	<u>1,591,659</u>	<u>719,183</u>

Continued on next page

Totals		Governmental Activities Internal Service Funds
June 30, 2015	June 30, 2014	
\$ 1,045,528	\$ 925,794	\$ 354,946
106,114	97,967	-
(5,481)	(5,300)	-
1,240	1,252	-
(125)	(125)	-
1,164	169	721
1,690	6,742	-
<u>1,150,130</u>	<u>1,026,499</u>	<u>355,667</u>
<u>59,068</u>	<u>-</u>	<u>9,368</u>
8,148,875	8,123,791	765,501
<u>(4,370,946)</u>	<u>(4,181,084)</u>	<u>(614,928)</u>
<u>3,777,929</u>	<u>3,942,707</u>	<u>150,573</u>
<u>4,987,127</u>	<u>4,969,206</u>	<u>515,608</u>
<u>17,956</u>	<u>16,117</u>	<u>2,544</u>
<u>17,956</u>	<u>16,117</u>	<u>2,544</u>
<u>5,005,083</u>	<u>4,985,323</u>	<u>518,152</u>
4,074	1,065	739
2,275	2,627	696
23,132	25,944	1,317
124,266	117,435	-
64,939	69,269	-
6,432	6,644	-
<u>225,118</u>	<u>222,984</u>	<u>2,752</u>
2,085,724	2,228,857	-
<u>-</u>	<u>137,044</u>	<u>-</u>
<u>2,085,724</u>	<u>2,365,901</u>	<u>0</u>
<u>2,310,842</u>	<u>2,588,885</u>	<u>2,752</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015
(With Comparative Totals for 2014)

	Water Fund	Sewer Fund
DEFERRED INFLOWS OF RESOURCES		
Change in pension proportion	\$ 2,656	\$ 2,813
Net difference PERS investment	<u>57,051</u>	<u>60,407</u>
Total deferred inflows of resources	<u>59,707</u>	<u>63,220</u>
Total liabilities and deferred inflows of resources	<u>1,651,366</u>	<u>782,403</u>
NET POSITION		
Net investment in capital assets	1,273,378	229,622
Restricted for Canyon City contract	-	21,049
Unrestricted	<u>418,397</u>	<u>628,868</u>
Total net position	<u>\$ 1,691,775</u>	<u>\$ 879,539</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Net position of business-type activities		

* As restated for GASB 68

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

Totals		Governmental Activities Internal Service Funds
June 30, 2015	June 30, 2014	
\$ 5,469	\$ -	\$ 782
117,458	-	16,778
122,927	0	17,560
2,433,769	2,588,885	20,312
1,503,000	1,527,146	150,573
21,049	7,093	-
1,047,265	862,199	347,267
2,571,314	<u>\$ 2,396,438</u> *	<u>\$ 497,840</u>
233,335		
<u>\$ 2,804,649</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, 2015
(With Comparative Totals for 2014)

	Water Fund	Sewer Fund
Operating revenues		
User fees	\$ 622,904	\$ 495,425
Interfund charges	-	-
Miscellaneous income	5,023	25,248
Total operating revenues	<u>627,927</u>	<u>520,673</u>
Operating expenses		
Personal services	175,881	190,426
Supplies, repairs, and services	135,441	145,320
Capital outlay	-	-
Depreciation	129,722	60,140
Motor pool interfund charges	30,000	45,000
Total operating expenses	<u>471,044</u>	<u>440,886</u>
Operating income (loss)	<u>156,883</u>	<u>79,787</u>
Nonoperating revenues (expenses)		
Taxes	(12)	-
Intergovernmental revenues	-	54,836
Interest earned	1,682	2,720
Donations	20,000	-
Interest expense	(78,257)	(35,041)
Total nonoperating revenues (expenses)	<u>(56,587)</u>	<u>22,515</u>
Income (loss) before transfers	100,296	102,302
Transfers	<u>(5,789)</u>	<u>(11,756)</u>
Net income (loss) / Increase (decrease) in net position	94,507	90,546
Transfer of capital assets	-	(10,177)
Increase (decrease) in net assets	94,507	80,369
Prior period adjustment	15,708	(15,708)
Net position at beginning of year	1,581,560	814,878
Cummulative effect of GASB 68 restatement	-	-
Net position at end of year	<u>\$ 1,691,775</u>	<u>\$ 879,539</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, 2015	June 30, 2014	
\$ 1,118,329	\$ 1,077,638	\$ -
-	-	204,343
30,271	8,565	4,670
<u>1,148,600</u>	<u>1,086,203</u>	<u>209,013</u>
366,307	397,471	47,283
280,761	243,725	58,446
-	31	-
189,862	190,435	47,531
75,000	70,000	-
<u>911,930</u>	<u>901,662</u>	<u>153,260</u>
<u>236,670</u>	<u>184,541</u>	<u>55,753</u>
(12)	-	-
54,836	64,789	7,200
4,402	3,882	1,528
20,000	-	(94)
<u>(113,298)</u>	<u>(121,027)</u>	<u>-</u>
<u>(34,072)</u>	<u>(52,356)</u>	<u>8,634</u>
202,598	132,185	64,387
<u>(17,545)</u>	<u>(17,088)</u>	<u>-</u>
185,053	115,097	64,387
<u>(10,177)</u>	<u>-</u>	<u>10,177</u>
174,876	115,097	74,564
-	-	-
2,396,438	2,402,268	439,621
-	(120,927)	(16,345)
<u>\$ 2,571,314</u>	<u>\$ 2,396,438</u>	<u>\$ 497,840</u>
\$ 174,876		
<u>30,068</u>		
<u>\$ 204,944</u>		

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2015
(With Comparative Totals for 2014)

	Water Fund	Sewer Fund
Cash flows from operating activities		
Cash received from customers	\$ 623,344	\$ 516,084
Cash paid to employees	(210,912)	(237,889)
Cash paid to suppliers	(161,284)	(182,111)
Net cash provided (used) by operating activities	<u>251,148</u>	<u>96,084</u>
Cash flows from capital activities		
Acquisition of capital assets	(5,084)	-
Transfer to capital assets	-	(10,177)
Intergovernmental grant	-	2,676
Proceeds from sale of fixed assets	-	52,160
Reimbursement received - Canyon City	-	52,160
Interest expense	(65,646)	(51,982)
Principal debt payments	(113,529)	(22,773)
Net cash provided (used) by capital and related financing activities	<u>(184,259)</u>	<u>(30,096)</u>
Cash flows from non-capital financing activities		
Interfund transfers	(5,789)	(11,756)
Net cash provided (used) by non-capital financing activities	<u>(5,789)</u>	<u>(11,756)</u>
Cash flows from investing activities		
Interest on investments	1,682	2,720
Net cash provided (used) by investing activities	<u>1,682</u>	<u>2,720</u>
Net increase (decrease) in cash	62,782	56,952
Cash and cash equivalents at beginning of year	338,135	587,659
Cash and cash equivalents at end of year	<u>\$ 400,917</u>	<u>\$ 644,611</u>

Continued on next page

Totals		Governmental Activities Internal Service Funds
June 30, 2015	June 30, 2014	
\$ 1,139,428	\$ 1,104,031	\$ 209,622
(448,801)	(394,114)	(58,389)
(343,395)	(329,508)	(60,975)
<u>347,232</u>	<u>380,409</u>	<u>90,258</u>
(5,084)	-	(39,782)
(10,177)	-	10,177
2,676	-	7,200
		700
52,160	64,789	-
(117,628)	(123,476)	-
(136,302)	(132,041)	-
<u>(214,355)</u>	<u>(190,728)</u>	<u>(21,705)</u>
(17,545)	(17,088)	-
<u>(17,545)</u>	<u>(17,088)</u>	<u>0</u>
4,402	3,882	1,528
<u>4,402</u>	<u>3,882</u>	<u>1,528</u>
119,734	176,475	70,081
925,794	749,319	284,865
<u>\$ 1,045,528</u>	<u>\$ 925,794</u>	<u>\$ 354,946</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2015
(With Comparative Totals for 2014)

	Water Fund	Sewer Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Net operating income (loss)	<u>\$ 156,883</u>	<u>\$ 79,787</u>
Adjustments to reconcile operating income (loss) expenses to net cash provided by operating activities		
Depreciation expense	129,722	60,140
(Increase) or decrease in		
Accounts receivable	(4,372)	(4,589)
Prepaid expenses	1,626	3,426
Net pension liability/asset	(95,384)	(100,729)
Deferred outflow of resources	(652)	(1,188)
Increase or (decrease) in		
Accounts payable	2,531	478
Accrued liabilities	(195)	(157)
Deferred inflows of resources	59,708	63,221
Accrued compensated absences	1,493	(4,305)
Customer deposits	(212)	-
Total adjustments	<u>94,265</u>	<u>16,297</u>
Net cash provided (used) by operating activities	<u><u>\$ 251,148</u></u>	<u><u>\$ 96,084</u></u>

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

Totals		Governmental Activities Internal Service Funds
June 30, 2015	June 30, 2014	
<u>\$ 236,670</u>	<u>\$ 184,541</u>	<u>\$ 55,753</u>
189,862	190,435	47,531
(8,961)	17,484	242
5,052	(5,530)	368
(196,113)	-	(28,946)
(1,840)	-	688
3,009	(5,023)	(2,529)
(352)	(1,816)	133
122,929	-	17,561
(2,812)	(26)	(543)
(212)	344	-
<u>110,562</u>	<u>195,868</u>	<u>34,505</u>
<u>\$ 347,232</u>	<u>\$ 380,409</u>	<u>\$ 90,258</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

Note 1. Significant Accounting Policies

The City of John Day, Oregon operates under a council-manager form of government. The council is composed of six persons elected bi-annually to serve terms of four years. The mayor is elected to serve a term of four years. All other officers and employees of the City are appointed by the council. The City provides the following services in accordance with its charter, public safety (police and fire), highway and streets, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

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

A. The Reporting Entity

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

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

B. Basis of Presentation

Government-wide Financial Statements

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. 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.

J. 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.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

K. Fund Balance

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

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

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

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

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

L. 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, 2014, from which the summarized information was derived, except for the following, as discussed in Note 16. In the implementation of GASB 68, the prior year summarized totals in the Statement of Net Position have been restated to reflect the net pension liability and deferred outflow of resources. However, information is not available to appropriately restate the Statement of Activities.

M. Recently Adopted Accounting Standards

In June 2012, the GASB issued Statement No. 68, *Accounting and Reporting for Pensions* (GASB 68). GASB 68 establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. This statement requires the employer's statement of

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

net position include the employer's proportionate share of the retirement system's overall unfunded liability (net pension liability). The statement also requires the employer's pension expense be reported as the change in the proportionate share of the net pension liability.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. See note 16 for additional information on the implementation of these statements.

Note 2. Pension Plan

Name of pension plan

The Oregon Public Employees Retirement System consists of a single cost-sharing multiple employer defined benefit pension plan.

Description of benefit terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

A. PERS Pension Chapter 238 (Tier One/Tier Two Retirement Benefit).

1. Pension Benefits

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members on or after August 29, 2003

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

2. Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- member was employed by a PERS employer at the time of death,
- member died within 120 days after termination of PERS-covered employment,

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

- member died as a result of injury sustained while employed in a PERS-covered job, or
- member was on an official leave of absence from a PERS-covered job at the time of death.

3. Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

4. Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

B. OPSRP Pension Program (OPSRP DB)

1. Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

- Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for a police and fire member is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

2. Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

3. Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

4. Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum unfunded actuarial liability payments to establish side accounts, and their rates have been reduced. Employer contributions for the year ended June 30, 2015 were \$51,296, excluding amounts to fund employer specific liabilities.

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Actuarial Valuations

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

Actuarial Methods and Assumptions

Valuation date	December 31, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll; Tier One/Tier Two UAL (20 year) and OPSRP pension UAL (16 year) amortization periods are closed.
Equivalent single amortization period	20 years
Asset valuation method	Market value of assets
Actuarial assumption:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the system net pension liability (asset)	\$ 368,301	\$ (173,920)	\$ (632,512)

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported an asset of \$173,920 for its proportionate share of the net pension liability/asset. The net pension liability/asset was measured as of June 30, 2014, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability/asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the City's proportion was .00767280 percent.

For the year ended June 30, 2015, the City recognized pension expense (benefit) of negative \$119,293. Pension expense includes the City's proportionate share of system pension expense (benefit), adjusted for amortization of deferred amounts, of negative \$163,051 and employee contributions picked up by the City of \$43,758.

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ 335,596
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	15,626
Total (prior to post-measurement-date contributions	-	351,222
Contributions subsequent to the measurement date	51,296	NA
Net deferred outflow/(inflow) of resources		<u>\$ 299,926</u>

\$51,296 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

<u>Fiscal year</u>	<u>Deferred outflow or (inflow) of Resources</u>
2016	\$ (87,296)
2017	(87,296)
2018	(87,296)
2019	(87,296)
2020	<u>(2,038)</u>
Total	<u><u>\$ (351,222)</u></u>

Changes in Plan Provisions Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and employer's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (dollars in millions). Estimates have been rounded to the nearest \$10 million.

<u>Net pension liability (asset)</u>	<u>June 30, 2014 Measurement Date</u>	
	<u>Prior to Moro</u>	<u>After Moro (estimated)</u>
Total pension liability (in millions)	\$ 63,134.8	\$ 68,050.0
Fiduciary net position (in millions)	<u>65,401.5</u>	<u>65,400.0</u>
Net pension liability (asset) (in millions)	<u><u>\$ (2,266.7)</u></u>	<u><u>\$ 2,650.0</u></u>
City's proportionate share	0.00767280%	0.00767280%
City's net pension liability	<u><u>\$ (173,920)</u></u>	<u><u>\$ 203,329</u></u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

Note 3. Deposits and Investments

At June 30, 2015 the carrying amount of the City's deposits was \$139,232 and the bank balance was \$212,722. 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, 2015 none of the City's bank balance was exposed to custodial credit risk.

As of June 30, 2015 the City had \$2,320,290 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, 2015:

	Payable at June 30, 2014	Addition	Reduction	Payable at June 30, 2015	Due in One Year
Special Public Works Fund Loan Payable - Water System Improvements	\$ 775,467	\$ -	\$ 52,647	\$ 722,820	\$ 46,412
Special Public Works Fund Loan Payable - Airport Industrial Park	1,570,825	-	83,655	1,487,170	77,854
Stella Lang Purchase Agreement	97,977	-	9,015	88,962	9,578
Fire Hall Bonds Payable	-	655,000	-	655,000	30,000
Accrued Compensated Absences	68,391	97,508	98,336	67,563	-
Totals	<u>\$ 2,512,660</u>	<u>\$ 752,508</u>	<u>\$ 243,653</u>	<u>\$ 3,021,515</u>	<u>\$ 163,844</u>

Interest expense of \$124,542 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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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, 2015, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2016	\$ 82,553	\$ 36,141	\$ 46,412
2017	82,553	33,820	48,733
2018	82,553	31,384	51,169
2019	82,553	28,825	53,728
2020	82,553	26,139	56,414
2021-2025	412,765	85,456	327,309
2026-2027	149,182	10,127	139,055
Total	<u>\$ 974,712</u>	<u>\$ 251,892</u>	<u>\$ 722,820</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 (54% Water Fund, 46% 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, 2015 was \$43,757. As of June 30, 2015, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2016	\$ 152,510	\$ 74,656	\$ 77,854
2017	152,510	70,748	81,762
2018	152,510	66,643	85,867
2019	152,510	62,333	90,177
2020	152,510	57,806	94,704
2021-2025	762,550	212,761	549,789
2026-2029	569,259	62,242	507,017
Total	<u>\$ 2,094,359</u>	<u>\$ 607,189</u>	<u>\$ 1,487,170</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 being used for a new fire hall. Terms of the loan are 180 monthly payments of \$1,109.24 on the 1st of each month including interest of 4.50

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

percent through June 1, 2023. There was no accrued interest at June 30, 2015. As of June 30, 2015, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2016	\$ 13,311	\$ 3,733	\$ 9,578
2017	13,311	3,349	9,962
2018	13,311	2,932	10,379
2019	13,311	2,435	10,876
2020	13,311	1,935	11,376
2021-2023	53,244	3,142	36,791
Total	<u>\$ 119,799</u>	<u>\$ 17,526</u>	<u>\$ 88,962</u>

Note 8. Fire Hall Bonds

The city issued bonds in the amount of \$655,000 on February 18, 2015 to finance a new fire hall located at 316 South Canyon Blvd in John Day, Oregon. The cost of the building is estimated to be approximately \$1,500,000 which will be partially funded by \$550,000 in bonds issued by the John Day Rural Fire Protection District. At June 30, 2015 the city was pursuing grants to cover the balance. Subsequent to June 30, 2015 the city was notified they were successful in their application for a \$200,000 grant from Meyer Memorial Trust. Additional grant funding has been requested from grantors. The bonds have an interest rate of 3.07%. Interest payments are to be made semiannually on June 1 and December 1. Principal payments are to be made beginning June 1, 2016 and will continue through June 30, 2030. As of June 30, 2015, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2016	\$ 55,862	\$ 25,862	\$ 30,000
2017	56,188	19,188	37,000
2018	56,052	18,052	38,000
2019	55,885	16,885	39,000
2020	55,688	15,688	40,000
2021-2025	277,312	59,312	218,000
2026-2030	276,762	23,762	253,000
Total	<u>\$ 833,748</u>	<u>\$ 178,748</u>	<u>\$ 655,000</u>

Note 9. General Fund Lease Obligations

The City leases certain property and equipment from others. Leased property not having elements of ownership is classified as an operating lease. Operating lease payments are recorded as expenditures when payable. Operating leases include: a Pitney Bowes postage machine requiring 20 quarterly payments of \$147.42 through October 2017. Total expenditures on such leases for the fiscal year ended June 30, 2015, were \$590. As of June 30, 2015, the City had future minimum payments under operating leases as follows:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

Fiscal Year Ending June 30,	Total Future Minimum Lease Payments	Operating Leases
2016	\$ 590	\$ 590
2017	295	295
Total	<u>\$ 885</u>	<u>\$ 885</u>

Note 10. Risk Management

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

Note 11. Receivables

Receivables are presented net of allowances for uncollectible accounts. Receivables are comprised of the following as of June 30, 2015:

	Governmental	Business
Property taxes	\$ 38,693	\$ 1,115
User fees	-	101,797
Other	63,142	-
Total	<u>\$ 101,835</u>	<u>\$ 102,912</u>

Note 12. Capital Assets

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

Governmental Activities	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015
Capital Assets				
<i>Assets not being depreciated</i>				
Land	\$ 190,017	\$ -	\$ -	\$ 190,017
Construction in progress	73,003	1,254,837	-	1,327,840
<i>Assets being depreciated</i>				
Buildings	549,768	8,529	-	558,297
Street improvements	2,033,390	-	-	2,033,390
Equipment	1,501,372	39,782	47,262	1,493,892
Total assets being depreciated	<u>4,084,530</u>	<u>48,311</u>	<u>47,262</u>	<u>4,085,579</u>
Total capital assets	<u>4,347,550</u>	<u>1,303,148</u>	<u>47,262</u>	<u>5,603,436</u>
Accumulated Depreciation				
Buildings	371,957	9,208	-	381,165
Street improvements	415,483	55,526	-	471,009
Equipment	1,256,495	78,224	46,468	1,288,251
Total depreciation	<u>2,043,935</u>	<u>142,958</u>	<u>46,468</u>	<u>2,140,425</u>
Governmental activities capital assets - net	<u>\$ 2,303,615</u>	<u>\$ 1,160,190</u>	<u>\$ 794</u>	<u>\$ 3,463,011</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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

Business Activities	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015
Capital Assets				
<i>Assets not being depreciated:</i>				
Land	\$ 185,937	\$ 20,000	\$ -	\$ 205,937
Construction in progress	-	5,084	-	5,084
<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>25,084</u>	<u>0</u>	<u>8,148,875</u>
Accumulated Depreciation				
Buildings	472,382	13,863	-	486,245
Utility systems	2,895,381	127,586	-	3,022,967
Equipment	813,321	48,413	-	861,734
Total depreciation	<u>4,181,084</u>	<u>189,862</u>	<u>0</u>	<u>4,370,946</u>
Business activities capital assets - net	<u>\$ 3,942,707</u>	<u>\$ (164,778)</u>	<u>\$ 0</u>	<u>\$ 3,777,929</u>

Depreciation was charged to the following functions:

Function	Governmental Activities	Business Activities
General operations	\$ 26,013	\$ -
Fire	39,686	-
Police	15,260	-
Streets	56,100	-
Emergency services	5,899	-
Water	-	129,722
Sewer	-	60,140
Total depreciation	<u>\$ 142,958</u>	<u>\$ 189,862</u>

Note 13. Commitments and Contingencies

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

Note 14. 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, 2015 consisted of the following:

Transfers Out	Transfers In	
	General	911
Governmental funds		
General Fund	\$ -	\$ 59,967
Street Fund	-	726
Business-type funds		
Water Fund	5,051	738
Sewer Fund	10,102	1,654
Total	<u>\$ 15,152</u>	<u>\$ 63,085</u>

Note 15. Prior Period Adjustment

The Statement of Revenues, Expenses, and Changes in Fund Net Position for Proprietary Funds includes a prior period adjustment between the Water and Sewer Funds. The adjustment restores the allocation of the Economic Development Note Payable to the original 54% Water Fund and 46% Sewer Fund.

Note 16. Restatement of Beginning Net Position

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. This statement provides guidance for accounting for net pension liabilities, including definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting the City are detailed below.

Net pension liability – Previous standards defined pension liabilities in terms of the Annually Required Contribution. Statement No. 68 defines the net pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position.

Deferred inflows of resources and deferred outflows of resources – Statement No. 68 includes recognition of deferred inflows and outflows of resources associated with the difference between projected and actual earnings on pension plan investments. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period.

Statement No. 68 is effective for financial statement periods beginning after June 15, 2014, with the effects of accounting change to be applied retroactively by restating the financial statements. Accordingly, the City has restated amounts of effected balances within the financial statements as of June 30, 2014. It should be noted that the prior period summarized information in the Statement of Net Position has been restated for the effect of the GASB 68 net pension liability and the related

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

deferred outflow of resources. This information is readily available in the PERS actuarial valuation. The government-wide Statement of Activities has not been restated due to the fact that information is not available to determine the portion of the unfunded pension liability that relates to that period, as distinguished from all prior periods in which GASB 68 was not in affect. In lieu of restatement, the cumulative effect of the booking of the net pension liability and the related deferred outflow of resources is presented as an adjustment to net position at the bottom of the Statement of Activities.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.00767280%	0.00767280%
City's proportionate share of the net pension liability (asset)	\$ (173,920)	\$ 391,554
City's covered-employee payroll	\$ 735,503	\$ 783,863
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-23.65%	49.95%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

SCHEDULE OF DISTRICT CONTRIBUTIONS
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 51,296	\$ 51,201
Contributions in relation to the contractually required contribution	<u>(51,296)</u>	<u>(51,201)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 735,503	\$ 783,863
Contributions as a percentage of covered-employee payroll	6.97%	6.53%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

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
GENERAL FUND - 01
For the year ended
June 30, 2015

	Actual	Budget		(Over) Under
		Original	Final	Budget
Revenues				
Taxes	\$ 281,838	\$ 319,123	\$ 319,123	\$ 37,285
Intergovernmental revenues	128,239	170,007	170,007	41,768
User fees	9,625	9,900	9,900	275
Licenses and fees	171,913	166,160	166,160	(5,753)
Fines and forfeitures	5,963	4,000	4,000	(1,963)
Interest earned	1,845	500	500	(1,345)
Miscellaneous income	80,361	12,230	12,230	(68,131)
Total revenue	679,784	681,920	681,920	2,136
Expenditures				
Administration	68,399	85,236	85,236	16,837
Police	361,657	437,667	437,667	76,010
Fire	211,093	1,918,188	1,918,188	1,707,095
Debt service	13,311	68,315	68,315	55,004
Contingency	-	71,808	71,808	71,808
Total expenditures	654,460	2,581,214	2,581,214	1,926,754
Excess of revenues over (under) expenditures	25,324	(1,899,294)	(1,899,294)	(1,924,618)
Other financing sources (uses)				
Debt proceeds	652,190	1,800,000	1,800,000	1,147,810
Transfers in	15,152	18,151	18,151	2,999
Transfers out	(59,967)	(59,967)	(59,967)	-
Total other sources (uses)	607,375	1,758,184	1,758,184	1,150,809
Excess of revenues and other sources over (under) expenditures and other uses	632,699	(141,110)	(141,110)	(773,809)
Fund balance at beginning of year	175,867	141,110	141,110	(34,757)
Fund balance at end of year	\$ 808,566	\$ 0	\$ 0	\$ (808,566)

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, 2015

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 322,226	\$ 88,060	\$ 309,507	\$ (12,719)
User fees	10	-	-	(10)
Interest earned	1,136	410	410	(726)
Miscellaneous income	1,622	50	50	(1,572)
Total revenue	324,994	88,520	309,967	(15,027)
Expenditures				
Personnel services	97,442	105,999	105,999	8,557
Materials and services	70,781	63,588	88,588	17,807
Capital outlay	58,264	35,000	110,000	51,736
Motor pool	20,000	20,000	20,000	-
Contingency	-	-	121,447	121,447
Total expenditures	246,487	224,587	446,034	199,547
Excess of revenues over (under) expenditures	78,507	(136,067)	(136,067)	(214,574)
Other financing sources (uses)				
Transfers out	(726)	(726)	(726)	-
Total other sources (uses)	(726)	(726)	(726)	0
Excess of revenues and other sources over (under) expenditures and other uses	77,781	(136,793)	(136,793)	(214,574)
Fund balance at beginning of year	150,655	136,793	136,793	(13,862)
Fund balance at end of year	\$ 228,436	\$ 0	\$ 0	\$ (228,436)

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, 2015

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 329,086	\$ 332,477	\$ 332,477	\$ 3,391
Interest earned	203	55	55	(148)
Miscellaneous income	2,450	4,651	4,651	2,201
Total revenue	331,739	337,183	337,183	5,444
Expenditures				
Personnel services	342,700	373,576	373,576	30,876
Materials and services	34,880	39,768	39,768	4,888
Capital outlay	3,602	5,402	5,402	1,800
Total expenditures	381,182	418,746	418,746	37,564
Excess of revenues over (under) expenditures	(49,443)	(81,563)	(81,563)	(32,120)
Other financing sources (uses)				
Transfers in	63,085	63,085	63,085	-
Total other sources (uses)	63,085	63,085	63,085	0
Excess of revenues and other sources over (under) expenditures and other uses	13,642	(18,478)	(18,478)	(32,120)
Fund balance at beginning of year	35,951	18,478	18,478	(17,473)
Fund balance at end of year	\$ 49,593	\$ 0	\$ 0	\$ (49,593)

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, 2015

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, 2015.

During the year ended June 30, 2015, 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.

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, 2015

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 281,838	\$ 319,123	\$ 319,123	\$ 37,285
Intergovernmental revenues	128,239	170,007	170,007	41,768
User fees	9,625	9,900	9,900	275
Licenses and fees	171,913	166,160	166,160	(5,753)
Fines and forfeitures	5,963	4,000	4,000	(1,963)
Interest earned	1,845	500	500	(1,345)
Miscellaneous income	80,361	12,230	12,230	(68,131)
Total revenue	679,784	681,920	681,920	2,136
Expenditures				
Administration				
Personnel services	13,193	13,938	13,938	745
Employee benefits	6,346	7,117	7,117	771
Materials and services	48,860	64,181	64,181	15,321
Total administration	68,399	85,236	85,236	16,837
Police				
Personnel services	194,616	221,990	221,990	27,374
Employee benefits	115,199	141,020	141,020	25,821
Materials and services	19,370	39,107	39,107	19,737
Capital outlay	6,922	10,000	10,000	3,078
Motor pool - police	25,550	25,550	25,550	-
Total police	361,657	437,667	437,667	76,010
Fire				
Personnel services	19,411	19,485	19,485	74
Employee benefits	6,240	11,110	11,110	4,870
Materials and services	37,166	64,733	64,733	27,567
Capital outlay	136,276	1,810,860	1,810,860	1,674,584
Motor pool - fire	12,000	12,000	12,000	-
Total fire	211,093	1,918,188	1,918,188	1,707,095
Debt service	13,311	68,315	68,315	55,004
Contingency	-	71,808	71,808	71,808
Total expenditures	654,460	2,581,214	2,581,214	1,926,754
Excess of revenues over (under) expenditures	25,324	(1,899,294)	(1,899,294)	(1,924,618)

(Continued on next page)

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - 01
For the year ended
June 30, 2015

	Actual	Budget Original	Final	(Over) Under Budget
Other financing sources (uses)				
Debt proceeds	\$ 652,190	\$ 1,800,000	\$ 1,800,000	\$ 1,147,810
Transfers in	15,152	18,151	18,151	2,999
Transfers out	(59,967)	(59,967)	(59,967)	-
Total other sources (uses)	<u>607,375</u>	<u>1,758,184</u>	<u>1,758,184</u>	<u>1,150,809</u>
Excess of revenues and other sources over (under) expenditures and other uses	632,699	(141,110)	(141,110)	(773,809)
Fund balance at beginning of year	<u>175,867</u>	<u>141,110</u>	<u>141,110</u>	<u>(34,757)</u>
Fund balance at end of year	<u><u>\$ 808,566</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (808,566)</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, 2015

	Actual	Budget		(Over) Under
		Original	Final	Budget
Revenues				
Intergovernmental revenues	\$ 322,226	\$ 88,060	\$ 309,507	\$ (12,719)
User fees	10	-	-	(10)
Interest earned	1,136	410	410	(726)
Miscellaneous income	1,622	50	50	(1,572)
Total revenue	324,994	88,520	309,967	(15,027)
Expenditures				
Administration				
Personnel services	10,511	11,238	11,238	727
Employee benefits	4,660	5,367	5,367	707
Materials and services	15,304	14,083	14,083	(1,221)
Total administration	30,475	30,688	30,688	213
Operating				
Personnel services	50,581	57,310	57,310	6,729
Employee benefits	31,690	32,084	32,084	394
Materials and services	55,477	49,505	74,505	19,028
Capital outlay	58,264	35,000	110,000	51,736
Motor pool	20,000	20,000	20,000	-
Contingency	-	-	121,447	121,447
Total operating	216,012	193,899	415,346	199,334
Total expenditures	246,487	224,587	446,034	199,547
Excess of revenues over (under) expenditures	78,507	(136,067)	(136,067)	(214,574)
Other financing sources (uses)				
Transfers out	(726)	(726)	(726)	-
Total other sources (uses)	(726)	(726)	(726)	0
Excess of revenues and other sources over (under) expenditures and other uses	77,781	(136,793)	(136,793)	(214,574)
Fund balance at beginning of year	150,655	136,793	136,793	(13,862)
Fund balance at end of year	\$ 228,436	\$ 0	\$ 0	\$ (228,436)

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, 2015

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 329,086	\$ 332,477	\$ 332,477	\$ 3,391
Interest earned	203	55	55	(148)
Miscellaneous income	2,450	4,651	4,651	2,201
Total revenue	331,739	337,183	337,183	5,444
Expenditures				
Operating				
Personnel services	228,734	243,698	243,698	14,964
Employee benefits	113,966	129,878	129,878	15,912
Materials and services	34,880	39,768	39,768	4,888
Capital outlay	3,602	5,402	5,402	1,800
Total operating	381,182	418,746	418,746	37,564
Total expenditures	381,182	418,746	418,746	37,564
Excess of revenues over (under) expenditures	(49,443)	(81,563)	(81,563)	(32,120)
Other financing sources (uses)				
Transfers in	63,085	63,085	63,085	-
Total other sources (uses)	63,085	63,085	63,085	0
Excess of revenues and other sources over (under) expenditures and other uses	13,642	(18,478)	(18,478)	(32,120)
Fund balance at beginning of year	35,951	18,478	18,478	(17,473)
Fund balance at end of year	\$ 49,593	\$ 0	\$ 0	\$ (49,593)

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
WATER FUND
June 30, 2015

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2015
ASSETS			
Current assets			
Unrestricted			
Cash with depositories	\$ 43,292	\$ 357,625	\$ 400,917
Water and sewer accounts receivable	60,665	642	61,307
Less allowance for doubtful accounts	(3,016)	-	(3,016)
Taxes receivable	1,240	-	1,240
Less allowance for uncollectible	(125)	-	(125)
Accounts receivable	464	-	464
Prepaid expenses	845	-	845
Total current assets	<u>103,365</u>	<u>358,267</u>	<u>461,632</u>
Noncurrent assets			
Net pension asset	<u>28,819</u>	<u>-</u>	<u>28,819</u>
Property, plant, and equipment	5,315,794	-	5,315,794
Less accumulated depreciation	(2,471,713)	-	(2,471,713)
Property, plant, and equipment - net	<u>2,844,081</u>	<u>0</u>	<u>2,844,081</u>
Total assets	<u>2,976,265</u>	<u>358,267</u>	<u>3,334,532</u>
DEFERRED OUTFLOWS OF RESOURCES			
Current year PERS contributions	<u>8,609</u>	<u>-</u>	<u>8,609</u>
Total assets and deferred outflows of resources	<u>2,984,874</u>	<u>358,267</u>	<u>3,343,141</u>
LIABILITIES			
Current liabilities			
Accounts payable	2,660	-	2,660
Accrued liabilities	981	-	981
Accrued compensated absences	10,883	-	10,883
Current portion of long term debt	88,453	-	88,453
Accrued interest	44,811	-	44,811
Customer deposits	6,432	-	6,432
Total current liabilities	<u>154,220</u>	<u>0</u>	<u>154,220</u>
Long-term liabilities			
Loan payable - special public works fund	<u>1,437,439</u>	<u>-</u>	<u>1,437,439</u>
Total liabilities	<u>1,591,659</u>	<u>0</u>	<u>1,591,659</u>
DEFERRED INFLOWS OF RESOURCES			
Change in pension proportion	2,656	-	2,656
Net difference PERS investment	57,051	-	57,051
Total deferred inflows of resources	<u>59,707</u>	<u>0</u>	<u>59,707</u>
Total liabilities and deferred inflows of resources	<u>1,651,366</u>	<u>0</u>	<u>1,651,366</u>
NET POSITION			
Net investment in capital assets	1,273,378	-	1,273,378
Unrestricted	60,130	358,267	418,397
Total net position	<u>\$ 1,333,508</u>	<u>\$ 358,267</u>	<u>\$ 1,691,775</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, 2015

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2015
Operating revenues			
User fees	\$ 622,904	\$ -	\$ 622,904
Miscellaneous income	1,285	3,738	5,023
Total operating revenues	<u>624,189</u>	<u>3,738</u>	<u>627,927</u>
Operating expenses			
Administration			
Personal services	51,460	-	51,460
Supplies, repairs, and services	11,105	-	11,105
Utility operation			
Personal services	124,421	-	124,421
Supplies, repairs, and services	124,336	-	124,336
Depreciation	129,722	-	129,722
Motor pool interfund charges	30,000	-	30,000
Total operating expenses	<u>471,044</u>	<u>0</u>	<u>471,044</u>
Operating income (loss)	<u>153,145</u>	<u>3,738</u>	<u>156,883</u>
Nonoperating revenues (expenses)			
Taxes	(12)	-	(12)
Interest earned	178	1,504	1,682
Donations	20,000	-	20,000
Interest expense	(78,257)	-	(78,257)
Total nonoperating revenues (expenses)	<u>(58,091)</u>	<u>1,504</u>	<u>(56,587)</u>
Income (loss) before transfers	95,054	5,242	100,296
Transfers	(50,233)	44,444	(5,789)
Increase (decrease) in net position	44,821	49,686	94,507
Prior period adjustment	15,708		15,708
Net position at beginning of year, as restated for GASB 68	<u>1,272,979</u>	<u>308,581</u>	<u>1,581,560</u>
Net position at end of year	<u><u>\$ 1,333,508</u></u>	<u><u>\$ 358,267</u></u>	<u><u>\$ 1,691,775</u></u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
WATER FUND
For the year ended
June 30, 2015

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2015
Cash flows from operating activities			
Cash received from customers	\$ 620,248	\$ 3,096	\$ 623,344
Cash paid to employees	(210,912)	-	(210,912)
Cash paid to suppliers	(161,284)	-	(161,284)
Net cash provided (used) by operating activities	<u>248,052</u>	<u>3,096</u>	<u>251,148</u>
Cash flows from capital activities			
Acquisition of capital assets	(5,084)	-	(5,084)
Interest expense	(65,646)	-	(65,646)
Principal debt payments	(113,529)	-	(113,529)
Net cash provided (used) by capital activities	<u>(184,259)</u>	<u>0</u>	<u>(184,259)</u>
Cash flows from non-capital financing activities			
Interfund transfers	(50,233)	44,444	(5,789)
Net cash provided (used) by non-capital financing activities	<u>(50,233)</u>	<u>44,444</u>	<u>(5,789)</u>
Cash flows from investing activities			
Interest on investments	178	1,504	1,682
Net cash provided (used) by investing activities	<u>178</u>	<u>1,504</u>	<u>1,682</u>
Net increase (decrease) in cash	13,738	49,044	62,782
Cash and cash equivalents at beginning of year	29,554	308,581	338,135
Cash and cash equivalents at end of year	<u>\$ 43,292</u>	<u>\$ 357,625</u>	<u>\$ 400,917</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 153,145</u>	<u>\$ 3,738</u>	<u>\$ 156,883</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	129,722	-	129,722
(Increase) or decrease in			
Accounts receivable	(3,730)	(642)	(4,372)
Prepaid expenses	1,626	-	1,626
Net pension liability/asset	(95,384)	-	(95,384)
Deferred outflow of resources	(652)	-	(652)
Increase or (decrease) in			
Accounts payable	2,531	-	2,531
Accrued liabilities	(195)	-	(195)
Deferred inflows of resources	59,708	-	59,708
Accrued compensated absences	1,493	-	1,493
Customer deposits	(212)	-	(212)
Total adjustments	<u>94,907</u>	<u>(642)</u>	<u>94,265</u>
Net cash provided by operating activities	<u>\$ 248,052</u>	<u>\$ 3,096</u>	<u>\$ 251,148</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, 2015

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2015
Reconciliation of beginning fund balance to beginning net position, as restated			
Beginning 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)
Add deferred outflow of resources	7,957	-	7,957
Less net pension liability	(66,564)	-	(66,564)
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)
Beginning net position, as restated for GASB 68	<u>\$ 1,272,979</u>	<u>\$ 308,581</u>	<u>\$ 1,581,560</u>
Reconciliation of change in fund balance to change in net position			
Change in fund balance - budget basis	\$ 13,718	\$ 49,686	\$ 63,404
Less depreciation expense on fixed assets	(129,722)	-	(129,722)
Loan principal payments	113,529	-	113,529
Change in pension expense	36,328	-	36,328
Prior period adjustment	(15,708)	-	(15,708)
Change in accrued interest expense	3,097	-	3,097
Change in property taxes receivable	(12)	-	(12)
Change in accrued compensated absences	(1,493)	-	(1,493)
Increase (decrease) in net position	<u>\$ 44,821</u>	<u>\$ 49,686</u>	<u>\$ 94,507</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 93,801	\$ 358,267	\$ 452,068
Add net property taxes receivable	1,115	-	1,115
Add fixed assets	5,315,794	-	5,315,794
Less accumulated depreciation on fixed assets	(2,471,713)	-	(2,471,713)
Add net pension asset	28,819	-	28,819
Add deferred outflow of resources	8,609	-	8,609
Less deferred inflow of resources	(59,707)	-	(59,707)
Less accrued compensated absences	(10,883)	-	(10,883)
Less loan payable	(1,525,892)	-	(1,525,892)
Less prior period interest allocation	(1,626)	-	(1,626)
Less accrued interest payable	(44,809)	-	(44,809)
Ending net position	<u>\$ 1,333,508</u>	<u>\$ 358,267</u>	<u>\$ 1,691,775</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, 2015

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 622,904	\$ 590,363	\$ 590,363	\$ (32,541)
Miscellaneous income	1,286	-	-	(1,286)
Total operating revenue	<u>624,190</u>	<u>590,363</u>	<u>590,363</u>	<u>(33,827)</u>
Operating expenses				
Administration				
Personnel services	40,678	42,948	42,948	2,270
Employee benefits	23,400	25,034	25,034	1,634
Materials and services	11,105	16,572	16,572	5,467
Total administration	<u>75,183</u>	<u>84,554</u>	<u>84,554</u>	<u>9,371</u>
Operating				
Personnel services	90,581	91,301	91,301	720
Employee benefits	56,058	61,010	61,010	4,952
Materials and services	124,336	128,790	121,790	(2,546)
Capital outlay	5,084	1,000	8,000	2,916
Debt service	179,175	179,180	179,180	5
Motor pool	30,000	30,000	30,000	-
Contingency	-	10,000	10,000	10,000
Total operating	<u>485,234</u>	<u>501,281</u>	<u>501,281</u>	<u>16,047</u>
Total operating expenses	<u>560,417</u>	<u>585,835</u>	<u>585,835</u>	<u>25,418</u>
Operating income (loss)	<u>63,773</u>	<u>4,528</u>	<u>4,528</u>	<u>(59,245)</u>
Nonoperating revenues				
Interest earned	178	140	140	(38)
Total nonoperating revenues	<u>178</u>	<u>140</u>	<u>140</u>	<u>(38)</u>
Increase (decrease) in fund balance before transfers	63,951	4,668	4,668	(59,283)
Transfers				
Transfers out	<u>(50,233)</u>	<u>(51,232)</u>	<u>(51,232)</u>	<u>(999)</u>
Increase (decrease) in fund balance	13,718	(46,564)	(46,564)	(60,282)
Fund balance at beginning of year	<u>80,083</u>	<u>46,564</u>	<u>46,564</u>	<u>(33,519)</u>
Fund balance at end of year	<u>\$ 93,801</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (93,801)</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, 2015

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Miscellaneous income	\$ 3,738	\$ -	\$ -	\$ (3,738)
Total operating revenue	3,738	0	0	(3,738)
Operating expenses				
Operating				
Materials and services	-	80,168	80,168	80,168
Capital outlay	-	271,890	271,890	271,890
Total operating	0	352,058	352,058	352,058
Total operating expenses	0	352,058	352,058	352,058
Operating income (loss)	3,738	(352,058)	(352,058)	(355,796)
Nonoperating revenues				
Interest earned	1,504	920	920	(584)
Total nonoperating revenues	1,504	920	920	(584)
Increase (decrease) in fund balance before transfers	5,242	(351,138)	(351,138)	(356,380)
Transfers				
Transfers in	44,444	44,444	44,444	-
Increase (decrease) in fund balance	49,686	(306,694)	(306,694)	(356,380)
Fund balance at beginning of year	308,581	306,694	306,694	(1,887)
Fund balance at end of year	\$ 358,267	\$ 0	\$ 0	\$ (358,267)

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
SEWER FUND
June 30, 2015

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
ASSETS			
Current assets			
Cash and cash equivalents	\$ 64,898	\$ 58,931	\$ 306,838
Water and sewer accounts receivable	44,757	50	-
Less allowance for doubtful accounts	(2,465)	-	-
Accounts receivable	700	-	-
Prepaid expenses	845	-	-
Total current assets	<u>108,735</u>	<u>58,981</u>	<u>306,838</u>
Noncurrent assets			
Net pension asset	<u>16,525</u>	<u>13,724</u>	<u>-</u>
Property, plant, and equipment	2,833,081	-	-
Less accumulated depreciation	<u>(1,899,233)</u>	<u>-</u>	<u>-</u>
Property, plant, and equipment - net	<u>933,848</u>	<u>0</u>	<u>0</u>
Total assets	<u>1,059,108</u>	<u>72,705</u>	<u>306,838</u>
DEFERRED OUTFLOWS OF RESOURCES			
Current year PERS contributions	<u>5,086</u>	<u>4,261</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>1,064,194</u>	<u>76,966</u>	<u>306,838</u>
LIABILITIES			
Current liabilities			
Accounts payable	194	1,220	-
Accrued liabilities	713	581	-
Accrued compensated absences	6,264	5,985	-
Current portion of long term debt	35,813	-	-
Accrued interest	<u>20,128</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>63,112</u>	<u>7,786</u>	<u>0</u>
Long-term liabilities			
Loan payable - special public works fund	<u>648,285</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>648,285</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>711,397</u>	<u>7,786</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES			
Change in pension proportion	1,563	1,250	-
Net difference PERS investment	<u>33,559</u>	<u>26,848</u>	<u>-</u>
Total deferred inflows of resources	<u>35,122</u>	<u>28,098</u>	<u>0</u>
Total liabilities and deferred inflows of resources	<u>746,519</u>	<u>35,884</u>	<u>0</u>
NET POSITION			
Net investment in capital assets	229,622	-	-
Restricted for Canyon City contract	-	21,049	-
Unrestricted	<u>88,053</u>	<u>20,033</u>	<u>306,838</u>
Total net position	<u>\$ 317,675</u>	<u>\$ 41,082</u>	<u>\$ 306,838</u>

28

Sewer Collection Replacement Fund	Totals June 30, 2015
\$ 213,944	\$ 644,611
-	44,807
-	(2,465)
-	700
-	845
<u>213,944</u>	<u>688,498</u>
-	30,249
-	2,833,081
-	(1,899,233)
<u>0</u>	<u>933,848</u>
<u>213,944</u>	<u>1,652,595</u>
-	9,347
<u>213,944</u>	<u>1,661,942</u>
-	1,414
-	1,294
-	12,249
-	35,813
-	20,128
<u>0</u>	<u>70,898</u>
-	648,285
<u>0</u>	<u>648,285</u>
<u>0</u>	<u>719,183</u>
-	2,813
-	60,407
<u>0</u>	<u>63,220</u>
<u>0</u>	<u>782,403</u>
-	229,622
-	21,049
<u>213,944</u>	<u>628,868</u>
<u>\$ 213,944</u>	<u>\$ 879,539</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, 2015

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Operating revenues			
User fees	\$ 495,425	\$ -	\$ -
Miscellaneous income	21,842	3,406	-
Total operating revenues	<u>517,267</u>	<u>3,406</u>	<u>0</u>
Operating expenses			
Administration			
Personal services	52,295	22,046	-
Supplies, repairs, and services	11,090	17,017	-
Utility operation			
Personal services	47,332	68,753	-
Supplies, repairs, and services	49,458	67,755	-
Depreciation	60,140	-	-
Motor pool interfund charges	25,000	20,000	-
Total operating expenses	<u>245,315</u>	<u>195,571</u>	<u>0</u>
Operating income (loss)	<u>271,952</u>	<u>(192,165)</u>	<u>0</u>
Nonoperating revenues (expenses)			
Intergovernmental revenues	2,676	48,444	3,716
Interest earned	169	308	1,365
Interest expense	(35,041)	-	-
Total nonoperating revenues (expenses)	<u>(32,196)</u>	<u>48,752</u>	<u>5,081</u>
Income (loss) before transfers	239,756	(143,413)	5,081
Transfers	<u>(193,538)</u>	<u>141,500</u>	<u>11,296</u>
Net income (loss)	46,218	(1,913)	16,377
Transfer of capital assets	<u>(5,088)</u>	<u>(5,089)</u>	<u>-</u>
Increase (decrease) in net position	41,130	(7,002)	16,377
Prior period adjustment	(15,708)	-	-
Net position at beginning of year	327,155	75,502	290,461
Cummulative effect of GASB 68 restatement	<u>(34,902)</u>	<u>(27,418)</u>	<u>-</u>
Net position at end of year	<u><u>\$ 317,675</u></u>	<u><u>\$ 41,082</u></u>	<u><u>\$ 306,838</u></u>

28	
Sewer Collection	Totals
Replacement	June 30,
Fund	2015
\$ -	\$ 495,425
-	25,248
0	520,673
-	74,341
-	28,107
-	116,085
-	117,213
-	60,140
-	45,000
0	440,886
0	79,787
-	54,836
878	2,720
-	(35,041)
878	22,515
878	102,302
28,986	(11,756)
29,864	90,546
-	(10,177)
29,864	80,369
-	(15,708)
184,080	877,198
-	(62,320)
\$ 213,944	\$ 879,539

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
SEWER FUND
For the year ended
June 30, 2015

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Cash flows from operating activities			
Cash received from customers	\$ 512,679	\$ 3,096	\$ 309
Cash paid to employees	(122,162)	(115,727)	-
Cash paid to suppliers	(83,729)	(98,382)	-
Net cash provided (used) by operating activities	<u>306,788</u>	<u>(211,013)</u>	<u>309</u>
Cash flows from capital activities			
Capital assets transferred to other funds	(5,088)	(5,089)	-
Intergovernmental grant	2,676	-	-
Reimbursement received - Canyon City	-	48,444	3,716
Interest expense	(51,982)	-	-
Principal debt payments	(22,773)	-	-
Net cash provided (used) by capital activities	<u>(77,167)</u>	<u>43,355</u>	<u>3,716</u>
Cash flows from non-capital financing activities			
Interfund transfers	(193,538)	141,500	11,296
Net cash provided (used) by non-capital financing activities	<u>(193,538)</u>	<u>141,500</u>	<u>11,296</u>
Cash flows from investing activities			
Interest on investments	169	308	1,365
Net cash provided (used) by investing activities	<u>169</u>	<u>308</u>	<u>1,365</u>
Net increase (decrease) in cash	36,252	(25,850)	16,686
Cash and cash equivalents at beginning of year	28,646	84,781	290,152
Cash and cash equivalents at end of year	<u>\$ 64,898</u>	<u>\$ 58,931</u>	<u>\$ 306,838</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 271,952</u>	<u>\$ (192,165)</u>	<u>\$ -</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	60,140	-	-
(Increase) or decrease in			
Accounts receivable	(4,588)	(310)	309
Prepaid expenses	1,281	2,145	-
Net pension liability/asset	(55,681)	(45,048)	-
Deferred outflow of resources	(833)	(355)	-
Increase or (decrease) in			
Accounts payable	-	478	-
Accrued liabilities	(69)	(88)	-
Deferred inflows of resources	35,123	28,098	-
Accrued compensated absences	(537)	(3,768)	-
Total adjustments	<u>34,836</u>	<u>(18,848)</u>	<u>309</u>
Net cash provided (used) by operating activities	<u>\$ 306,788</u>	<u>\$ (211,013)</u>	<u>\$ 309</u>

28		
Sewer Collection		Totals
Replacement		June 30,
Fund		2015
\$	-	\$ 516,084
	-	(237,889)
	-	(182,111)
	0	96,084
	-	(10,177)
	-	2,676
	-	52,160
	-	(51,982)
	-	(22,773)
	0	(30,096)
	28,986	(11,756)
	28,986	(11,756)
	878	2,720
	878	2,720
	29,864	56,952
	184,080	587,659
\$	213,944	\$ 644,611
\$	-	\$ 79,787
	-	60,140
	-	(4,589)
	-	3,426
	-	(100,729)
	-	(1,188)
	-	478
	-	(157)
	-	63,221
	-	(4,305)
	0	16,297
\$	0	\$ 96,084

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, 2015

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Reconciliation of beginning fund balance to beginning net position as restated			
Beginning 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)	-	-
Add deferred outflow of resources	4,253	3,906	-
Less net pension liability	(39,155)	(31,324)	-
Less accrued compensated absences	(6,801)	(9,753)	-
Less loan payable	(705,246)	-	-
Less accrued interest payable	(21,361)	-	-
Beginning net position, as restated for GASB 68	<u>\$ 292,253</u>	<u>\$ 48,084</u>	<u>\$ 290,461</u>
Reconciliation of change in fund balance to change in net position			
Change in fund balance - budget basis	\$ 39,627	\$ (28,075)	\$ 16,377
Less depreciation expense on capital assets	(60,140)	-	-
Add capital asset transferred from other funds	5,088	5,089	-
Loan principal payments	22,774	-	-
Change in pension expense	21,391	17,305	-
Prior period adjustment	15,708	-	-
Change in accrued interest expense	1,233	-	-
Change in accrued compensated absences	537	3,768	-
Increase (decrease) in net position	<u>\$ 46,218</u>	<u>\$ (1,913)</u>	<u>\$ 16,377</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 106,202	\$ 57,180	\$ 306,838
Add fixed assets	2,833,081	-	-
Less accumulated depreciation on capital assets	(1,899,233)	-	-
Add net pension asset	16,525	13,724	-
Add deferred outflow of resources	5,086	4,261	-
Less deferred inflow of resources	(35,122)	(28,098)	-
Less accrued compensated absences	(6,264)	(5,985)	-
Less loan payable	(684,098)	-	-
Add prior period interest allocation	1,626	-	-
Less accrued interest payable	(20,128)	-	-
Ending net position	<u>\$ 317,675</u>	<u>\$ 41,082</u>	<u>\$ 306,838</u>

28 Sewer Collection Replacement Fund	Totals June 30, 2015
\$ 184,080	\$ 626,371
-	2,833,081
-	(1,839,093)
-	8,159
-	(70,479)
-	(16,554)
-	(705,246)
-	(21,361)
<u>\$ 184,080</u>	<u>\$ 814,878</u>

\$ 29,864	\$ 57,793
-	(60,140)
-	10,177
-	22,774
-	38,696
-	15,708
-	1,233
-	4,305
<u>\$ 29,864</u>	<u>\$ 90,546</u>

\$ 213,944	\$ 684,164
-	2,833,081
-	(1,899,233)
-	30,249
-	9,347
-	(63,220)
-	(12,249)
-	(684,098)
-	1,626
-	(20,128)
<u>\$ 213,944</u>	<u>\$ 879,539</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, 2015

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 495,425	\$ 482,481	\$ 482,481	\$ (12,944)
Miscellaneous income	21,843	-	-	(21,843)
Total operating revenue	<u>517,268</u>	<u>482,481</u>	<u>482,481</u>	<u>(34,787)</u>
Operating expenses				
Administration				
Personnel services	40,678	42,948	42,948	2,270
Employee benefits	23,410	25,004	25,004	1,594
Materials and services	11,090	15,213	15,213	4,123
Total administration	<u>75,178</u>	<u>83,165</u>	<u>83,165</u>	<u>7,987</u>
Operating				
Personnel services	36,454	45,633	45,633	9,179
Employee benefits	21,014	30,601	30,601	9,587
Materials and services	49,458	58,163	58,163	8,705
Capital outlay	5,089	10,631	10,631	5,542
Debt service	74,755	74,760	74,760	5
Motor pool	25,000	25,000	25,000	-
Contingency	-	10,000	10,000	10,000
Total operating	<u>211,770</u>	<u>254,788</u>	<u>254,788</u>	<u>43,018</u>
Total operating expenses	<u>286,948</u>	<u>337,953</u>	<u>337,953</u>	<u>51,005</u>
Operating income (loss)	<u>230,320</u>	<u>144,528</u>	<u>144,528</u>	<u>(85,792)</u>
Nonoperating revenues				
Interest earned	169	142	142	(27)
Total nonoperating revenues	<u>2,845</u>	<u>2,773</u>	<u>2,773</u>	<u>(72)</u>
Increase (decrease) in fund balance before transfers	233,165	147,301	147,301	(85,864)
Transfers				
Transfers out	<u>(193,538)</u>	<u>(194,537)</u>	<u>(194,537)</u>	<u>(999)</u>
Increase (decrease) in fund balance	39,627	(47,236)	(47,236)	(86,863)
Fund balance at beginning of year	<u>66,575</u>	<u>47,236</u>	<u>47,236</u>	<u>(19,339)</u>
Fund balance at end of year	<u>\$ 106,202</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (106,202)</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, 2015

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Miscellaneous income	\$ 3,406	\$ 2,631	\$ 2,631	\$ (775)
Total operating revenue	3,406	2,631	2,631	(775)
Operating expenses				
Administration				
Personnel services	18,705	19,100	19,100	395
Employee benefits	8,976	9,214	9,214	238
Materials and services	17,018	15,030	15,030	(1,988)
Total administration	44,699	43,344	43,344	(1,355)
Operating				
Personnel services	52,296	56,548	56,548	4,252
Employee benefits	31,894	36,301	36,301	4,407
Materials and services	67,755	87,546	87,546	19,791
Capital outlay	5,089	10,631	10,631	5,542
Contingency	-	5,000	5,000	5,000
Motor pool	20,000	20,000	20,000	-
Total operating	177,034	216,026	216,026	38,992
Total operating expenses	221,733	259,370	259,370	37,637
Operating income (loss)	(218,327)	(256,739)	(256,739)	(38,412)
Nonoperating revenues				
Intergovernmental revenues	48,444	48,288	48,288	(156)
Interest earned	308	203	203	(105)
Total nonoperating revenues	48,752	48,491	48,491	(261)
Increase (decrease) in fund balance before transfers	(169,575)	(208,248)	(208,248)	(38,673)
Transfers				
Transfers in	147,289	147,289	147,289	-
Transfers out	(5,789)	(6,789)	(6,789)	(1,000)
Increase (decrease) in fund balance	(28,075)	(67,748)	(67,748)	(39,673)
Fund balance at beginning of year	85,255	67,748	67,748	(17,507)
Fund balance at end of year	\$ 57,180	\$ 0	\$ 0	\$ (57,180)

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, 2015

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total operating revenue	0	0	0	0
Operating expenses				
Operating				
Materials and services	-	50,000	50,000	50,000
Capital outlay	-	256,390	256,390	256,390
Total operating	0	306,390	306,390	306,390
Total operating expenses	0	306,390	306,390	306,390
Operating income (loss)	0	(306,390)	(306,390)	(306,390)
Nonoperating revenues				
Intergovernmental revenues	3,716	3,704	3,704	(12)
Interest earned	1,365	872	872	(493)
Total nonoperating revenues	5,081	4,576	4,576	(505)
Increase (decrease) in fund balance before transfers	5,081	(301,814)	(301,814)	(306,895)
Transfers				
Transfers in	11,296	11,296	11,296	-
Increase (decrease) in fund balance	16,377	(290,518)	(290,518)	(306,895)
Fund balance at beginning of year	290,461	290,518	290,518	57
Fund balance at end of year	\$ 306,838	\$ 0	\$ 0	\$ (306,838)

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, 2015

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total operating revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating expenses				
Operating				
Materials and services	-	53,000	53,000	53,000
Capital outlay	-	160,619	160,619	160,619
Total operating	<u>0</u>	<u>213,619</u>	<u>213,619</u>	<u>213,619</u>
Total operating expenses	<u>0</u>	<u>213,619</u>	<u>213,619</u>	<u>213,619</u>
Operating income (loss)	<u>0</u>	<u>(213,619)</u>	<u>(213,619)</u>	<u>(213,619)</u>
Nonoperating revenues				
Interest earned	<u>878</u>	<u>552</u>	<u>552</u>	<u>(326)</u>
Total nonoperating revenues	<u>878</u>	<u>552</u>	<u>552</u>	<u>(326)</u>
Increase (decrease) in fund balance before transfers	878	(213,067)	(213,067)	(213,945)
Transfers				
Transfers in	<u>28,986</u>	<u>28,986</u>	<u>28,986</u>	<u>-</u>
Increase (decrease) in fund balance	29,864	(184,081)	(184,081)	(213,945)
Fund balance at beginning of year	<u>184,080</u>	<u>184,081</u>	<u>184,081</u>	<u>1</u>
Fund balance at end of year	<u>\$ 213,944</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (213,944)</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2015
ASSETS			
Current assets			
Cash with depositories	\$ 255,200	\$ 99,746	\$ 354,946
Accounts receivable	721	-	721
Total current assets	<u>255,921</u>	<u>99,746</u>	<u>355,667</u>
Noncurrent assets			
Net pension asset	3,266	6,102	9,368
Equipment and vehicles	765,501	-	765,501
Less accumulated depreciation	<u>(614,928)</u>	<u>-</u>	<u>(614,928)</u>
Equipment and vehicles - net	<u>150,573</u>	<u>0</u>	<u>150,573</u>
Total assets	<u>409,760</u>	<u>105,848</u>	<u>515,608</u>
DEFERRED OUTFLOWS OF RESOURCES			
Current year PERS contributions	<u>1,104</u>	<u>1,440</u>	<u>2,544</u>
Total deferred outflows of resources	<u>1,104</u>	<u>1,440</u>	<u>2,544</u>
Total assets and deferred outflows of resources	<u>410,864</u>	<u>107,288</u>	<u>518,152</u>
LIABILITIES			
Current liabilities			
Accounts payable	739	-	739
Accrued liabilities	168	528	696
Accrued compensated absences	<u>1,317</u>	<u>-</u>	<u>1,317</u>
Total liabilities	<u>2,224</u>	<u>528</u>	<u>2,752</u>
DEFERRED INFLOWS OF RESOURCES			
Change in pension proportion	313	469	782
Net difference PERS investment	<u>6,711</u>	<u>10,067</u>	<u>16,778</u>
Total deferred inflows of resources	<u>7,024</u>	<u>10,536</u>	<u>17,560</u>
Total liabilities and deferred inflows of resources	<u>9,248</u>	<u>11,064</u>	<u>20,312</u>
NET POSITION			
Invested in capital assets	150,573	-	150,573
Unrestricted	<u>251,043</u>	<u>96,224</u>	<u>347,267</u>
Total net position	<u>\$ 401,616</u>	<u>\$ 96,224</u>	<u>\$ 497,840</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the year ended
June 30, 2015

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2015
Operating revenues			
Interfund charges	\$ 132,550	\$ 71,793	\$ 204,343
Miscellaneous income	4,670	-	4,670
Total operating revenues	<u>137,220</u>	<u>71,793</u>	<u>209,013</u>
Operating expenses			
Operating			
Personnel services	24,068	23,215	47,283
Supplies, repairs, and services	27,682	-	27,682
Depreciation	18,637	-	18,637
Total operating	<u>70,387</u>	<u>23,215</u>	<u>93,602</u>
Public safety			
Supplies, repairs, and services	30,764	-	30,764
Depreciation	28,894	-	28,894
Total public safety	<u>59,658</u>	<u>0</u>	<u>59,658</u>
Total operating expenses	<u>130,045</u>	<u>23,215</u>	<u>153,260</u>
Operating income (loss)	<u>7,175</u>	<u>48,578</u>	<u>55,753</u>
Nonoperating revenues			
Intergovernmental revenues	7,200	-	7,200
Interest earned	1,095	433	1,528
Loss on sale of capital assets	(94)	-	(94)
Total nonoperating revenues	<u>8,201</u>	<u>433</u>	<u>8,634</u>
Change in net position	15,376	49,011	64,387
Transfer of capital assets	10,177	-	10,177
Net position at beginning of year	383,082	56,539	439,621
Cummulative effect of GASB 68 restatement	(7,019)	(9,326)	(16,345)
Net position at end of year	<u>\$ 401,616</u>	<u>\$ 96,224</u>	<u>\$ 514,185</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended
June 30, 2015

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2015
Cash flows from operating activities			
Cash received from customers	137,830	\$ 71,792	\$ 209,622
Cash paid to employees	(29,083)	(29,306)	(58,389)
Cash paid to suppliers	(60,975)	-	(60,975)
Net cash provided (used) by operating activities	47,772	42,486	90,258
Cash flows from capital activities			
Purchases of capital assets	(39,782)	-	(39,782)
Grants received	7,200	-	7,200
Proceeds from sale of fixed assets	700	-	700
Capital assets transferred to other funds	10,177	-	10,177
Net cash provided (used) by capital and related financing activities	(21,705)	0	(21,705)
Cash flows from investing activities			
Interest on investments	1,095	433	1,528
Net cash from investing activities	1,095	433	1,528
Net increase (decrease) in cash	27,162	42,919	70,081
Cash and cash equivalents at beginning of year	228,038	56,827	284,865
Cash and cash equivalents at end of year	\$ 255,200	\$ 99,746	\$ 354,946
Reconciliation of operating income (loss)			
to net cash provided by operating activities			
Net operating income (loss)	\$ 7,175	\$ 48,578	\$ 55,753
Adjustments to reconcile operating income (loss)			
to net cash provided by operating activities			
Depreciation expense	47,531	-	47,531
(Increase) or decrease in			
Accounts receivable	242	-	242
Prepaid expenses	368	-	368
Net pension liability/asset	(11,097)	(17,849)	(28,946)
Deferred outflow of resources	(292)	980	688
Increase or (decrease) in			
Accounts payable	(2,529)	-	(2,529)
Accrued liabilities	(107)	240	133
Deferred inflows of resources	7,024	10,537	17,561
Accrued compensated absences	(543)	-	(543)
Total adjustments	40,597	(6,092)	34,505
Net cash provided by operating activities	\$ 47,772	\$ 42,486	\$ 90,258

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, 2015

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2015
Reconciliation of beginning fund balance to beginning net position			
Beginning 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)
Add deferred outflow of resources	812	2,421	3,233
Less net pension liability	(7,831)	(11,747)	(19,578)
Less accrued compensated absences	(1,858)	-	(1,858)
Beginning net position, as restated for GASB 68	<u>\$ 376,063</u>	<u>\$ 47,213</u>	<u>\$ 423,276</u>
Reconciliation of change in fund balance to increase in net position			
Change in fund balance - budget basis	\$ 29,190	\$ 42,679	\$ 71,869
Add capital asset purchases	39,782	-	39,782
Less capital assets transferred to other funds	(10,177)	-	(10,177)
Change in pension expense	4,365	6,332	10,697
Change in accrued compensated absences	542	-	542
Loss on sale of capital assets	(795)	-	(795)
Less depreciation expense	(47,531)	-	(47,531)
Increase (decrease) in net position	<u>\$ 15,376</u>	<u>\$ 49,011</u>	<u>\$ 64,387</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 255,014	\$ 99,218	\$ 354,232
Add capital assets	765,501	-	765,501
Less accumulated depreciation on capital assets	(614,928)	-	(614,928)
Add net pension asset	3,266	6,102	9,368
Add deferred outflow of resources	1,104	1,440	2,544
Less deferred inflow of resources	(7,024)	(10,536)	(17,560)
Less accrued compensated absences	(1,317)	-	(1,317)
Ending net position	<u>\$ 401,616</u>	<u>\$ 96,224</u>	<u>\$ 497,840</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, 2015

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Interfund charges	\$ 132,550	\$ 132,550	\$ 132,550	\$ -
Miscellaneous income	4,672	1,344	1,344	(3,328)
Total operating revenue	137,222	133,894	133,894	(3,328)
Operating expenses				
Motor pool				
Personnel services	19,122	22,018	22,018	2,896
Employee benefits	9,854	14,350	14,350	4,496
Materials and services	27,682	66,329	66,329	38,647
Capital outlay	29,605	190,871	190,871	161,266
Total motor pool	86,263	293,568	293,568	207,305
Police				
Materials and services	18,629	38,411	38,411	19,782
Capital outlay	-	2,400	2,400	2,400
Total police	18,629	40,811	40,811	22,182
Fire				
Materials and services	12,135	18,998	18,998	6,863
Total fire	12,135	18,998	18,998	6,863
Total operating expenses	117,027	353,377	353,377	236,350
Operating income (loss)	20,195	(219,483)	(219,483)	(239,678)
Nonoperating revenues				
Intergovernmental revenues	7,200	7,200	7,200	-
Interest earned	1,095	635	635	(460)
Sale of assets	700	-	-	(700)
Total nonoperating revenues	8,995	7,835	7,835	(1,160)
Increase (decrease) in fund balance	29,190	(211,648)	(211,648)	(240,838)
Fund balance at beginning of year	225,824	211,648	211,648	(14,176)
Fund balance at end of year	\$ 255,014	\$ 0	\$ 0	\$ (255,014)

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, 2015

	<u>Actual</u>	<u>Budget</u>		<u>(Over) Under</u>
		<u>Original</u>	<u>Final</u>	<u>Budget</u>
Operating revenues				
Interfund charges	\$ 71,792	\$ 39,114	\$ 39,114	\$ (32,678)
Total operating revenues	<u>71,792</u>	<u>39,114</u>	<u>39,114</u>	<u>(32,678)</u>
Operating expenses				
Personnel services	20,861	66,438	66,438	45,577
Employee benefits	8,685	30,000	30,000	21,315
Total operating expenses	<u>29,546</u>	<u>96,438</u>	<u>96,438</u>	<u>66,892</u>
Operating income (loss)	<u>42,246</u>	<u>(57,324)</u>	<u>(57,324)</u>	<u>(99,570)</u>
Nonoperating revenues				
Interest earned	433	171	171	(262)
Total nonoperating revenues	<u>433</u>	<u>171</u>	<u>171</u>	<u>(262)</u>
Increase (decrease) in fund balance	42,679	(57,153)	(57,153)	(99,832)
Fund balance at beginning of year	<u>56,539</u>	<u>57,153</u>	<u>57,153</u>	<u>614</u>
Fund balance at end of year	<u>\$ 99,218</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (99,218)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN FIDUCIARY FUND BALANCE
BUDGET AND ACTUAL
SAFE COALITION FUND - 100
For the year ended
June 30, 2015

	Actual	Budget		(Over) Under
		Original	Final	Budget
Additions				
Intergovernmental	\$ 20,764	\$ 15,700	\$ 15,700	\$ (5,064)
Interest earned	123	65	65	(58)
Other additions	780	5,000	5,000	4,220
Total additions	21,667	20,765	20,765	(902)
Deductions				
Materials and services	24,368	42,437	42,437	18,069
Total deductions	24,368	42,437	42,437	18,069
Net decrease in fiduciary fund balance	(2,701)	(21,672)	(21,672)	(18,971)
Fund balance at beginning of year	29,607	21,672	21,672	(7,935)
Fund balance at end of year	<u>\$ 26,906</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (26,906)</u>

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF TRANSACTIONS WITH COUNTY TREASURER
For the year ended
June 30, 2015

	<u>General Fund</u>	<u>Water Fund</u>	<u>Total</u>
Treasurer's receipts			
Tax collections, including interest			
Current year	\$ 264,765	\$ -	\$ 264,765
Prior years	<u>17,073</u>	<u>-</u>	<u>17,073</u>
Total tax collections, including interest	281,838	0	281,838
Payment in lieu of taxes - Or Dept of Fish and Wildlife	181	-	181
Interest	<u>67</u>	<u>-</u>	<u>67</u>
Total receipts	<u>282,086</u>	<u>0</u>	<u>282,086</u>
Treasurer's disbursements			
Turnovers to city	<u>282,086</u>	<u>-</u>	<u>282,086</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, 2015

	Uncollected Taxes at July 1, 2014	New Assessment	(Abatement) and Adjustments	Rebates Allowed	Net Interest Collected	Taxes Collected	Total Amount Collected	Uncollected Taxes at June 30, 2015
<u>General Fund</u>								
2014-15		\$ 283,564	\$ (18)	\$ (6,628)	\$ 150	\$ 264,615	\$ 264,765	\$ 12,303
2013-14	15,248	-	(3)	-	420	6,972	7,392	8,273
2012-13	8,982	-	(6)	-	420	2,876	3,296	6,100
2011-12	5,758	-	(5)	-	620	2,678	3,298	3,075
2010-11	2,950	-	(5)	-	516	1,828	2,344	1,117
2009-10	1,132	-	(8)	-	112	308	420	816
2008-09	694	-	(11)	-	51	113	164	570
2007-08	572	-	(11)	-	30	57	87	504
2006-07	416	-	(7)	-	5	8	13	401
2005-06	259	-	(5)	-	9	13	22	241
2004-05	289	-	(6)	-	3	3	6	280
2003-04	231	-	(6)	-	3	4	7	221
2002-03	270	-	(7)	-	11	12	23	251
2001-02	307	-	(7)	-	-	-	-	300
2000-01	244	-	(7)	-	-	-	-	237
1999-00	285	-	(8)	-	-	-	-	277
1998-99	169	-	(5)	-	-	-	-	164
1997-98	171	-	(6)	-	-	-	-	165
Prior years	3,405	-	(7)	-	-	-	-	3,398
Total	41,382	283,564	(138)	(6,628)	2,350	279,487	281,837	38,693

<u>Water Fund</u>								
1999-00	16	-	-	-	-	-	-	16
1998-99	37	-	(1)	-	-	-	-	36
1997-98	85	-	(3)	-	-	-	-	82
1996-97	71	-	(8)	-	-	-	-	63
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	(12)	0	0	0	0	1,240
Total	\$ 42,634	\$ 283,564	\$ (150)	\$ (6,628)	\$ 2,350	\$ 279,487	\$ 281,837	\$ 39,933

COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON



Scott A. Martin
Megan R. Adams

Robert P. Seymour
Jacob J. Collier

Michael J. Rudi

Randell C. Guyer, Jr.
Kent J. Bailey

David F. Lindley
Linda L. Cyr

Kara J. Bond

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, 2015, and have issued our report thereon dated November 25, 2015. 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 connection 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 information related to the City's internal control over financial reporting, see the accompanying Governmental Auditing Standards report included in this package.

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

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

Guyer & Associates
Certified Public Accountants
A Professional Corporation

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

Kent J. Bailey, CPA

**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, 2014 to June 30, 2015

Total Revenues and/or Receipts - (Government-wide + Fiduciary Funds)		<u>\$ 3,733,620</u>
Less:		
Revenues of Component Units included in report of primary government	-	
Taxes, assessments and other collections to be distributed to other governmental units	<u>-</u>	<u>-</u>
Net Revenues and/or Receipts		<u><u>\$ 3,733,620</u></u>
 Total Expenditures and/or Disbursements - (Government-wide + Fiduciary Funds)		<u>\$ 2,145,543</u>
Less:		
Expenditures of Component Units included in report of primary government	-	
Turnovers to other municipal corporations		
Taxes and Assessments	-	
Other Distributions	<u>-</u>	<u>-</u>
Net Expenditures and/or Disbursements		<u><u>\$ 2,145,543</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
150,000	500,000	150	municipal corporation for any and all purposes during the calendar or fiscal
500,000	1,000,000	200	year audited, <u>except</u> that expenditures for principal of bonded debt, principal
1,000,000	5,000,000	250	of short-term loans, principal of warrants redeemed which were issued
5,000,000	10,000,000	300	during prior audit periods, transfers or loans between funds and turnovers of
10,000,000	50,000,000	350	taxes or other trust moneys to other municipal corporations shall not be
50,000,000		400	included in the total expenditures upon which the amount of the fee is
			based.
			<i>(Net Expenditures and/or Disbursements)</i>

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*



Scott A. Martin
Megan R. Adams

Robert P. Seymour
Jacob J. Collier

Michael J. Rudi

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Linda L. Cyr

Kara J. Bond

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*

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, 2015, 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 25, 2015.

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 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*.

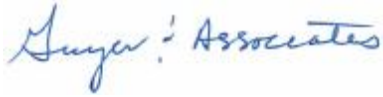
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La Grande, OR 97850
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Purpose of this Report

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

A handwritten signature in blue ink that reads "Guyer & Associates". The signature is written in a cursive, flowing style.

Guyer & Associates
Certified Public Accountants
A Professional Corporation

Baker City, Oregon
November 25, 2015