

CITY OF JOHN DAY, OREGON

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

For the Year Ended June 30, 2016



CITY OF JOHN DAY, OREGON
CITY COUNCIL AND OFFICIALS
June 30, 2016

<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, 2016

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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 the City of John Day, Oregon, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of John Day, Oregon'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, each major fund, and the aggregate remaining fund information of the City of John Day, Oregon, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of pension disclosures, and budgetary comparison information on pages 4–10 and 56–60 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 combining schedules, budgetary comparison schedules, other supplemental schedules, and the summary of revenue and expenditures on pages 62-90 and 94 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 were derived from and relate 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 combining and individual nonmajor fund financial are fairly stated in all material respects in relation to the basic financial statements as a whole.

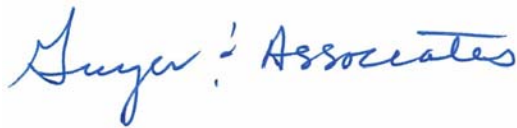
Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

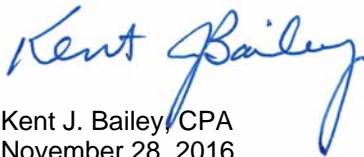
In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, on our consideration of the City of John Day, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 28, 2016, 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

By: 
Kent J. Bailey, CPA
November 28, 2016

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

This discussion and analysis presents the highlights of financial activities and financial position for the City of John Day (City). The analysis focuses on the financial activities of the City for the fiscal year ended June 30, 2016 based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report.

We encourage readers to consider the information presented here in conjunction with the City's financial statements beginning on page 12.

FINANCIAL HIGHLIGHTS

Following are the financial highlights of the City for the fiscal year ended June 30, 2016.

- ◆ The assets of the City exceeded its liabilities at the close of the fiscal year by \$7,882,939 (net position). Of this amount, \$1,576,252 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 \$1,231,063 during the year, and most of this increase is related to the funding and construction of a new fire hall.
- ◆ Governmental funds reported combined ending fund balances at year-end of \$688,594, a decrease of \$398,001 as compared to last year.
- ◆ The General Fund's unassigned fund balance at the end of the current year was \$274,807, or approximately 12.6% 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, 2016

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	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 953,523	\$ 1,398,826	\$ 1,607,335	\$ 1,442,533	\$ 2,560,858	\$ 2,841,359
Capital assets, net of accumulated depreciation	5,094,941	3,463,011	3,608,871	3,777,929	8,703,812	7,240,940
Total assets	6,048,464	4,861,837	5,216,206	5,220,462	11,264,670	10,082,299
Deferred outflows of resources	48,098	33,340	24,235	17,956	72,333	51,296
Total assets and deferred outflows	6,096,562	4,895,177	5,240,441	5,238,418	11,337,003	10,133,595
Liabilities						
Current liabilities	115,556	115,273	228,311	225,118	343,867	340,391
Long-term liabilities	657,422	704,384	1,934,227	2,085,724	2,591,649	2,790,108
Net pension liability	278,045	-	108,090	-	386,135	-
Total liabilities	1,051,023	819,657	2,270,628	2,310,842	3,321,651	3,130,499
Deferred inflows of resources	74,942	228,293	57,471	122,927	132,413	351,220
Total liabilities and deferred inflows	1,125,965	1,047,950	2,328,099	2,433,769	3,454,064	3,481,719
Net position						
Net investment in capital assets	4,389,694	2,712,023	1,482,157	1,503,000	5,871,851	4,215,023
Restricted	413,787	278,029	21,049	21,049	434,836	299,078
Unrestricted	167,116	857,175	1,409,136	1,280,600	1,576,252	2,137,775
Total net position	\$ 4,970,597	\$ 3,847,227	\$ 2,912,342	\$ 2,804,649	\$ 7,882,939	\$ 6,651,876

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 completed two large capital asset projects during the year; the Fire Hall and the US Hwy 26 Street projects.
- ◆ 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, 2016

Business-type Activities:

- ◆ The net position of the business type activities increased in the current year primarily due to the increase in water and sewer rates.

Table 2
Condensed Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 424,148	\$ 408,310	\$ 1,238,208	\$ 1,174,227	\$ 1,662,356	\$ 1,582,537
Operating grants	636,844	637,109	-	-	636,844	637,109
Capital grants	643,013	1,067,388	-	5,351	643,013	1,072,739
General revenues						
Property taxes	342,350	279,143	(17)	(12)	342,333	279,131
Interest	14,422	3,673	7,027	4,402	21,449	8,075
Other revenue	611,162	136,132	23,203	43,858	634,365	179,990
Total revenue	<u>2,671,939</u>	<u>2,531,755</u>	<u>1,268,421</u>	<u>1,227,826</u>	<u>3,940,360</u>	<u>3,759,581</u>
Expenses						
General government	171,486	114,832	-	-	171,486	114,832
Streets	286,346	234,314	-	-	286,346	234,314
Public safety	1,080,560	776,775	-	-	1,080,560	776,775
Utilities	-	-	1,170,905	1,022,882	1,170,905	1,022,882
Total expenses	<u>1,538,392</u>	<u>1,125,921</u>	<u>1,170,905</u>	<u>1,022,882</u>	<u>2,709,297</u>	<u>2,148,803</u>
Change in net position	<u>\$ 1,133,547</u>	<u>\$ 1,405,834</u>	<u>\$ 97,516</u>	<u>\$ 204,944</u>	<u>\$ 1,231,063</u>	<u>\$ 1,610,778</u>

FUND ANALYSIS

General Fund

The General Fund expenditures exceeded revenues by over \$915,000 for the year. If the fire hall activity (revenue and expenditures) were not taken into consideration, revenues would have exceeded expenditures by about \$148,000. 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 \$218,365 in federal forest fees, as well as, \$102,883 in State Highway fund revenues; while total operating costs were \$159,107, as a result fund balance increased \$141,536.

911 Fund

The fund balance of the 911 Fund decreased by about \$5,700 in the current year. This is primarily due to operating costs in excess of revenue and transfers from other funds.

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

Water Fund

The Water Fund's net position increased \$65,841 in the current year. Water rates were increased during the fiscal year to provide sufficient funding to cover the cost of operating the water system as well as repay debt from prior projects and charges from the Motor Pool.

Sewer Fund

The Sewer Fund's net position increased \$19,134 in the current year. This increase is \$10,177 more than it would have been had it not been for a prior period adjustment between the Sewer and Motor Pool 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, 2016

Governmental Funds	General Fund	Street Fund	911 Fund
Beginning fund balance	\$ 808,566	\$ 228,436	\$ 49,593
Add revenues	1,197,516	331,210	357,836
Less expenditures	(2,113,108)	(168,875)	(406,100)
Add (less) transfers	381,833	(20,000)	42,486
Change in fund balance	(533,759)	142,335	(5,778)
Ending fund balance	<u>\$ 274,807</u>	<u>\$ 370,771</u>	<u>\$ 43,815</u>
Proprietary Funds		Water Fund	Sewer Fund
Beginning net position		\$ 1,691,775	\$ 879,539
Add revenues		658,097	610,324
Less expenditures		(586,721)	(590,102)
Add (less) transfers		(5,535)	(11,265)
Change in net position		65,841	8,957
Prior period adjustment		-	10,177
Ending net position		<u>\$ 1,757,616</u>	<u>\$ 898,673</u>

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

GENERAL FUND BUDGET ANALYSIS

Table 4
General Fund Significant Budget Variations
For the year ended June 30, 2016

	Final Budget	Actual	Difference
Revenues			
Taxes	\$ 323,538	\$ 342,876	\$ (19,338)
Micellaneous income	520,382	540,324	(19,942)
Expenditures			
Police	407,002	305,647	101,355
Other financing sources			
Debt proceeds	470,170	449,170	21,000

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

Police expenses were significantly lower than budgeted due to attempts to keep costs down in both personnel and materials and services.

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	
	2016	2015	2016	2015	2016	2015
Land	\$ 190,017	\$ 190,017	\$ 205,937	\$ 185,937	\$ 395,954	\$ 375,954
Construction in progress	-	1,327,840	-	5,084	-	1,332,924
Buildings	1,920,533	177,132	62,803	76,654	1,983,336	253,786
Streets/utility system	2,841,748	1,562,381	3,263,758	3,391,222	6,105,506	4,953,603
Equipment	142,643	205,641	76,373	99,032	219,016	304,673
Total capital assets	<u>\$ 5,094,941</u>	<u>\$ 3,463,011</u>	<u>\$ 3,608,871</u>	<u>\$ 3,757,929</u>	<u>\$ 8,703,812</u>	<u>\$ 7,220,940</u>

For the year ended June 30, 2016, the City had the following major capital acquisitions during the year:

New Fire Hall	\$1,756,241
Fire equipment	\$5,250
East/South Main St project	\$1,356,207
Water conservation plan	\$18,508
Battery backup	\$5,918

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

LONG-TERM DEBT ACTIVITY

Table 6
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Water system improvement loan	\$ -	\$ -	\$ 666,408	\$ 722,820	\$ 666,408	\$ 722,820
Airport industrial park loan	-	-	1,399,316	1,487,170	1,399,316	1,487,170
Lang purchase agreement	79,448	88,962	-	-	79,448	88,962
Fire station bonds	625,000	655,000	-	-	625,000	655,000
Accrued compensated absences	38,576	44,431	15,404	23,132	53,980	67,563
Total outstanding debt	<u>\$ 743,024</u>	<u>\$ 788,393</u>	<u>\$ 2,081,128</u>	<u>\$ 2,233,122</u>	<u>\$ 2,824,152</u>	<u>\$ 3,021,515</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 \$56,412. 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 \$87,854. 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 is the site of the new fire station. Principal payments for the year totaled \$9,514. 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 was approximately \$1,750,000 and was partially funded by \$550,000 in bonds issued by the John Day Rural Fire Protection District. Principal payments for the year totaled \$30,000. See Notes 4 and 8 for more information.

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.

The following are the major assumptions used in developing the budget for fiscal year 2016-17.

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, considering factors such as historic trends, current economic

CITY OF JOHN DAY
Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

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. In prior years, the City has looked for ways to maintain current service levels without imposing new fees or increasing existing fees. Beginning in 2016-17 the City will undertake a strategic re-evaluation of its revenues and expenditures by conducting a performance-based audit of each department and by implementing a new capital improvement planning process. The outcome of this review may result in adjustments to service-level provisioning as well as changes in fee structures for city services.
4. Due to structural deficiencies in the Oregon State Tax for Emergency Communications, the City receives only 52 percent of the Emergency Communication Center's operating costs from state revenue. The City and service recipients pay the balance. Thus, the 911 Fund is the only fund that does not include administrative expenses. These expenses will be included in the 2016-17 budget to show the true cost of operating the Emergency Communication's Center.

The City has experienced nearly two decades of moderate population decline and is projected to remain in population decline for the near future. Efforts to invest in new infrastructure like the west-end water improvements and the Airport Industrial Park have not yielded the economic benefit or revenue that were projected when the projects were constructed, nor have they reduced the net population loss the City is experiencing.

In March of 2016 the City Council began the hiring process for a new City Manager. A key factor in the selection process was to identify a candidate with experience in rural economic development and a strong vision for the future of John Day. In June 2016, the Council hired Nicholas Green as the new City Manager. Mr. Green holds a Master in Public Administration from the University of Washington Evans School of Public Policy and Governance and a graduate certificate in Technology Entrepreneurship from the University of Washington Foster School of Business.

Under Mr. Green's leadership the City will begin addressing its economic challenges by making strategic investments in digital infrastructure, multi-use trails and other recreational amenities that will make John Day an attractive investment option for new residents and businesses. The City will also shift its focus to asset monetization, looking for opportunities to capitalize on past investments like the Industrial Park through land-lease agreements, regionalizing and consolidating services to achieve economies of scale, and making targeted acquisitions in commercial and industrial property to revitalize local businesses and incentivize private-sector investment in underutilized industrial lands.

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, 2016
(With Comparative Totals for 2015)

	Governmental Activities	Business-type Activities
ASSETS		
Cash and investments	\$ 1,072,642	\$ 1,240,718
Receivables		
Property taxes	38,168	1,098
Other	96,318	107,478
Prepaid expenses	2,448	1,988
Internal balances	(256,053)	256,053
Net pension asset	-	-
Capital assets (net of accumulated depreciation)		
Construction in progress	-	-
Land	190,017	205,937
Buildings and infrastructure	4,762,281	3,326,560
Equipment	142,643	76,374
Total capital assets	<u>5,094,941</u>	<u>3,608,871</u>
Total assets	<u>6,048,464</u>	<u>5,216,206</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	48,098	24,235
Total assets and deferred outflows of resources	<u>6,096,562</u>	<u>5,240,441</u>
LIABILITIES		
Accounts payable	23,775	8,330
Accrued liabilities	5,380	3,881
Deposits payable	-	8,209
Accrued interest payable	799	60,990
Accrued compensated absences	38,576	15,404
Net pension liability	278,045	108,090
Loans payable		
Due within one year	47,026	131,497
Due in more than one year	657,422	1,934,227
Total liabilities	<u>1,051,023</u>	<u>2,270,628</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	74,442	57,471
Unavailable dispatch revenue	500	-
Total deferred inflows of resources	<u>74,942</u>	<u>57,471</u>
Total liabilities and deferred inflows of resources	<u>1,125,965</u>	<u>2,328,099</u>
NET POSITION		
Net investment in capital assets	4,389,694	1,482,157
Restricted for streets	369,972	-
Restricted for public safety - 911	43,815	-
Restricted for joint sewer	-	21,049
Unrestricted	167,116	1,409,136
Total net position	<u>\$ 4,970,597</u>	<u>\$ 2,912,342</u>

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

Total	
June 30, 2016	June 30, 2015
<u>\$ 2,313,360</u>	<u>\$ 2,459,522</u>
39,266	39,808
203,796	164,939
4,436	3,170
-	-
-	173,920
-	1,327,840
395,954	395,954
8,088,841	5,207,389
219,017	309,757
<u>8,703,812</u>	<u>7,240,940</u>
<u>11,264,670</u>	<u>10,082,299</u>
72,333	51,296
<u>11,337,003</u>	<u>10,133,595</u>
32,105	23,061
9,261	7,526
8,209	6,432
61,789	71,965
53,980	67,563
386,135	-
178,523	163,844
<u>2,591,649</u>	<u>2,790,108</u>
<u>3,321,651</u>	<u>3,130,499</u>
131,913	351,220
500	-
<u>132,413</u>	<u>351,220</u>
<u>3,454,064</u>	<u>3,481,719</u>
5,871,851	4,215,023
369,972	228,436
43,815	49,593
21,049	21,049
1,576,252	2,137,775
<u>\$ 7,882,939</u>	<u>\$ 6,651,876</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2016
(With Comparative Totals for 2015)

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Administration	\$ (171,486)	\$ 198,383	\$ -	\$ -
Police	(447,023)	12,621	54,259	-
Fire	(133,795)	27,009	-	454,420
Emergency services	(499,742)	87,261	261,337	-
Streets	(286,346)	98,874	321,248	188,593
Total governmental activities	<u>\$ (1,538,392)</u>	<u>\$ 424,148</u>	<u>\$ 636,844</u>	<u>\$ 643,013</u>
Business-type activities				
Water	\$ (562,292)	\$ 655,056	\$ -	\$ -
Sewer	(591,813)	583,152	-	-
Total business-type activities	<u>\$ (1,154,105)</u>	<u>\$ 1,238,208</u>	<u>\$ 0</u>	<u>\$ 0</u>

General revenues

Property taxes, levied for general purposes

Property taxes, levied for debt service

Intergovernmental payments

Grants and awards

Interest income

Miscellaneous

Total general revenues

Gain (loss) on sale of capital assets

Transfers

Total general revenues, special items, and transfers

Changes in net position

Net position - beginning

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	
		June 30, 2016	June 30, 2015
\$ 26,897	\$ -	\$ 26,897	\$ 74,721
(380,143)	-	(380,143)	(247,360)
347,634	-	347,634	(76,593)
(151,144)	-	(151,144)	4,609
322,369	-	322,369	1,231,509
165,613	0	165,613	986,886
-	92,764	92,764	104,217
-	(8,661)	(8,661)	80,200
0	84,103	84,103	184,417
283,980	(17)	283,963	279,131
58,370	-	58,370	-
42,777	-	42,777	43,684
1,000	-	1,000	-
14,422	7,027	21,449	8,075
545,648	23,203	568,851	108,679
946,197	30,213	976,410	439,569
4,937	-	4,937	(94)
16,800	(16,800)	-	-
967,934	13,413	981,347	439,475
1,133,547	97,516	1,231,063	1,610,778
3,837,050	2,814,826	6,651,876	5,041,098
<u>\$ 4,970,597</u>	<u>\$ 2,912,342</u>	<u>\$ 7,882,939</u>	<u>\$ 6,651,876</u>

CITY OF JOHN DAY
Grant County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016
(With Comparative Totals for 2015)

	01 General Fund	06 Street Fund	32 911 Fund
ASSETS			
Current assets			
Cash and investments	\$ 217,957	\$ 366,328	\$ 45,604
Receivables			
Taxes	38,168	-	-
Other	76,411	12,365	1,854
Prepaid expenses	2,447	-	-
Total assets	<u>\$ 334,983</u>	<u>\$ 378,693</u>	<u>\$ 47,458</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Current liabilities			
Accounts payable	\$ 17,042	\$ 4,784	\$ 889
Accrued liabilities	1,733	669	2,254
Total liabilities	<u>18,775</u>	<u>5,453</u>	<u>3,143</u>
Deferred inflows of resources			
Unavailable property tax revenue	38,168	-	-
Unavailable other revenue	3,233	3,268	500
Total deferred inflows of resources	<u>41,401</u>	<u>3,268</u>	<u>500</u>
Fund balances			
Restricted for streets	-	369,972	-
Restricted for fire hall	-	-	-
Restricted for public safety - 911	-	-	43,815
Unassigned	274,807	-	-
Total fund balances	<u>274,807</u>	<u>369,972</u>	<u>43,815</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 334,983</u>	<u>\$ 378,693</u>	<u>\$ 47,458</u>

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

Total	
June 30, 2016	June 30, 2015
\$ 629,889	\$ 1,059,048
38,168	38,693
90,630	59,586
2,447	1,480
<u>\$ 761,134</u>	<u>\$ 1,158,807</u>

\$ 22,715	\$ 18,248
4,656	4,556
<u>27,371</u>	<u>22,804</u>

38,168	38,693
7,001	10,715
<u>45,169</u>	<u>49,408</u>

369,972	228,436
-	673,190
43,815	49,593
274,807	135,376
<u>688,594</u>	<u>1,086,595</u>
<u>\$ 761,134</u>	<u>\$ 1,158,807</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, 2016

Total Fund Balances		\$ 688,594
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 7,335,547	
Accumulated depreciation	<u>(2,240,606)</u>	5,094,941
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.		38,168
The city's LID assessments and abatements are not all collected in the year assessed and therefore are not reported as revenue in the governmental funds.		6,501
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.		4,967
Net pension liability is not a financial resource and therefore is not reported in the governmental funds.		(278,045)
Current year PERS contributions are deferred outflows of resources that will be recognized as an expense in the subsequent period.		48,098
The city's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next 5 years.		(74,442)
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.		(38,575)
Long-term debts not payable in the current year are not reported as governmental fund liabilities.		(704,448)
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.		(799)
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.		441,690
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>(256,053)</u>
Total Net Position		<u><u>\$ 4,970,597</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, 2016
(With Comparative Totals for 2015)

	01 General Fund	06 Street Fund	32 911 Fund
Revenues			
Taxes	\$ 342,876	\$ -	\$ -
Intergovernmental revenues	124,770	321,248	348,598
User fees	275	161	-
Licenses and fees	177,474	-	-
Fines and forfeitures	6,538	-	-
Interest earned	5,259	4,206	280
Miscellaneous income	540,324	5,595	8,958
Total revenues	<u>1,197,516</u>	<u>331,210</u>	<u>357,836</u>
Expenditures			
Current			
General government	103,769	-	-
Public safety	366,898	-	400,181
Highways and streets	-	140,712	-
Debt service			
Principal	39,506	-	-
Interest	29,834	-	-
Capital outlay	<u>1,573,101</u>	<u>28,163</u>	<u>5,919</u>
Total expenditures	<u>2,113,108</u>	<u>168,875</u>	<u>406,100</u>
Excess of revenues over (under) expenditures	<u>(915,592)</u>	<u>162,335</u>	<u>(48,264)</u>
Other financing sources (uses)			
Debt proceeds	449,170	-	-
Operating transfers	(25,337)	(799)	42,936
Interfund charges Motor Pool	<u>(42,000)</u>	<u>(20,000)</u>	<u>(450)</u>
Total other financing sources (uses)	<u>381,833</u>	<u>(20,799)</u>	<u>42,486</u>
Net changes in fund balances	<u>(533,759)</u>	<u>141,536</u>	<u>(5,778)</u>
Fund balance at beginning of year	<u>808,566</u>	<u>228,436</u>	<u>49,593</u>
Fund balance at end of year - by category			
Restricted	-	369,972	43,815
Unassigned	<u>274,807</u>	<u>-</u>	<u>-</u>
Fund balance at end of year - total	<u><u>\$ 274,807</u></u>	<u><u>\$ 369,972</u></u>	<u><u>\$ 43,815</u></u>

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

Totals	
June 30, 2016	June 30, 2015
\$ 342,876	\$ 281,838
794,616	779,551
436	9,635
177,474	171,913
6,538	5,963
9,745	3,184
554,877	84,433
<u>1,886,562</u>	<u>1,336,517</u>
103,769	68,399
767,079	769,582
140,712	168,223
39,506	9,093
29,834	4,218
<u>1,607,183</u>	<u>205,064</u>
<u>2,688,083</u>	<u>1,224,579</u>
<u>(801,521)</u>	<u>111,938</u>
449,170	652,190
16,800	17,544
<u>(62,450)</u>	<u>(57,550)</u>
<u>403,520</u>	<u>612,184</u>
<u>(398,001)</u>	<u>724,122</u>
<u>1,086,595</u>	<u>362,473</u>
413,787	951,219
274,807	135,376
<u>\$ 688,594</u>	<u>\$ 1,086,595</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, 2016

Net Change in Fund Balance \$ (398,001)

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	\$ 1,607,183	
Contribution of capital assets by State of Oregon	188,593	
Less current year depreciation	<u>(163,845)</u>	1,631,931

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.

Change in accrued interest payable	6,227	
Loan principal payments	39,514	

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. (215,970)

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. 6,297

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. 88,876

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. (22,718)

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. (525)

Property lien receivables that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property liens are recognized as revenue when the lien is placed. (2,173)

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, 2016

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.

\$ (2,041)

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.

2,130

Change in Net Position

\$ 1,133,547

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, 2016

	Agency Funds June 30, 2016
ASSETS	
Cash and investments	\$ 26,505
Accounts receivable	5,604
Total assets	<u>32,109</u>
LIABILITIES	
Accounts payable	2,273
Due to other organizations	29,836
Total liabilities	<u>32,109</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, 2016
(With Comparative Totals for 2015)

	Water Fund	Sewer Fund
ASSETS		
Current assets		
Cash with depositories	\$ 513,213	\$ 727,505
Water and sewer accounts receivable	62,724	50,454
Less allowance for doubtful accounts	(3,133)	(2,607)
Taxes receivable	1,223	-
Less allowance for uncollectibles	(125)	-
Accounts receivable	40	-
Prepaid expenses	994	994
Total current assets	<u>574,936</u>	<u>776,346</u>
Noncurrent assets		
Net pension asset	-	-
Property, plant, and equipment	5,329,218	2,833,081
Less accumulated depreciation	<u>(2,594,360)</u>	<u>(1,959,068)</u>
Property, plant, and equipment - net	<u>2,734,858</u>	<u>874,013</u>
Total assets	<u>3,309,794</u>	<u>1,650,359</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	<u>11,513</u>	<u>12,722</u>
Total deferred outflows of resources	<u>11,513</u>	<u>12,722</u>
Total assets and deferred outflows of resources	<u>3,321,307</u>	<u>1,663,081</u>
LIABILITIES		
Current liabilities		
Accounts payable	3,224	5,106
Accrued liabilities	1,725	2,156
Accrued compensated absences	9,516	5,888
Current portion of long-term debt	93,656	37,841
Accrued interest	41,937	19,053
Customer deposits	8,209	-
Total current liabilities	<u>158,267</u>	<u>70,044</u>
Noncurrent liabilities		
Net pension liability	48,482	59,608
Loan payable - special public works fund	<u>1,327,504</u>	<u>606,723</u>
Total long-term liabilities	<u>1,375,986</u>	<u>666,331</u>
Total liabilities	<u>1,534,253</u>	<u>736,375</u>

Continued on next page

Totals		Governmental Activities Internal Service Funds
June 30, 2016	June 30, 2015	
\$ 1,240,718	\$ 1,045,528	\$ 442,752
113,178	106,114	-
(5,740)	(5,481)	-
1,223	1,240	-
(125)	(125)	-
40	1,164	724
1,988	1,690	-
<u>1,351,282</u>	<u>1,150,130</u>	<u>443,476</u>
-	59,068	-
8,162,299	8,148,875	701,836
<u>(4,553,428)</u>	<u>(4,370,946)</u>	<u>(603,370)</u>
<u>3,608,871</u>	<u>3,777,929</u>	<u>98,466</u>
<u>4,960,153</u>	<u>4,987,127</u>	<u>541,942</u>
24,235	17,956	3,091
<u>24,235</u>	<u>17,956</u>	<u>3,091</u>
<u>4,984,388</u>	<u>5,005,083</u>	<u>545,033</u>
8,330	4,074	1,061
3,881	2,275	725
15,404	23,132	1,759
131,497	124,266	-
60,990	64,939	-
8,209	6,432	-
<u>228,311</u>	<u>225,118</u>	<u>3,545</u>
108,090	-	5,200
<u>1,934,227</u>	<u>2,085,724</u>	<u>-</u>
<u>2,042,317</u>	<u>2,085,724</u>	<u>5,200</u>
<u>2,270,628</u>	<u>2,310,842</u>	<u>8,745</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016
(With Comparative Totals for 2015)

	Water Fund	Sewer Fund
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	\$ 29,438	\$ 28,033
Total deferred inflows of resources	<u>29,438</u>	<u>28,033</u>
Total liabilities and deferred inflows of resources	<u>1,563,691</u>	<u>764,408</u>
NET POSITION		
Net investment in capital assets	1,271,761	210,396
Restricted for Canyon City contract	-	21,049
Unrestricted	<u>485,855</u>	<u>667,228</u>
Total net position	<u>\$ 1,757,616</u>	<u>\$ 898,673</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		
Net position of business-type activities		

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

Totals		Governmental Activities Internal Service Funds
June 30, 2016	June 30, 2015	
<u>\$ 57,471</u>	<u>\$ 122,927</u>	<u>\$ 11,856</u>
<u>57,471</u>	<u>122,927</u>	<u>11,856</u>
<u>2,328,099</u>	<u>2,433,769</u>	<u>20,601</u>
1,482,157	1,503,000	98,466
21,049	21,049	-
<u>1,153,083</u>	<u>1,047,265</u>	<u>425,966</u>
<u>2,656,289</u>	<u>\$ 2,571,314</u>	<u>\$ 524,432</u>
<u>256,053</u>		
<u>\$ 2,912,342</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, 2016
(With Comparative Totals for 2015)

	Water Fund	Sewer Fund
Operating revenues		
User fees	\$ 649,533	\$ 523,992
Interfund charges	-	-
Miscellaneous income	5,774	23,109
Total operating revenues	<u>655,307</u>	<u>547,101</u>
Operating expenses		
Personal services	244,417	299,004
Supplies, repairs, and services	116,954	152,118
Depreciation	122,647	59,835
Motor pool interfund charges	30,000	45,000
Total operating expenses	<u>514,018</u>	<u>555,957</u>
Operating income (loss)	<u>141,289</u>	<u>(8,856)</u>
Nonoperating revenues (expenses)		
Taxes	(17)	-
Intergovernmental revenues	-	59,002
Interest earned	2,807	4,221
Donations	-	-
Gain on sale of capital assets	-	-
Interest expense	(72,703)	(34,145)
Total nonoperating revenues (expenses)	<u>(69,913)</u>	<u>29,078</u>
Income (loss) before transfers	71,376	20,222
Transfer of capital assets	-	-
Transfers	(5,535)	(11,265)
Net income (loss) / Increase (decrease) in net position	65,841	8,957
Net position at beginning of year	1,691,775	879,539
Prior period adjustment	-	10,177
Net position at end of year	<u>\$ 1,757,616</u>	<u>\$ 898,673</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, 2016	June 30, 2015	
\$ 1,173,525	\$ 1,118,329	\$ -
-	-	182,905
28,883	30,271	3,639
<u>1,202,408</u>	<u>1,148,600</u>	<u>186,544</u>
543,421	366,307	52,129
269,072	280,761	58,964
182,482	189,862	52,107
75,000	75,000	-
<u>1,069,975</u>	<u>911,930</u>	<u>163,200</u>
<u>132,433</u>	<u>236,670</u>	<u>23,344</u>
(17)	(12)	-
59,002	54,836	5,939
7,028	4,402	2,548
-	20,000	-
-	-	4,938
<u>(106,848)</u>	<u>(113,298)</u>	<u>-</u>
<u>(40,835)</u>	<u>(34,072)</u>	<u>13,425</u>
91,598	202,598	36,769
-	(10,177)	-
<u>(16,800)</u>	<u>(17,545)</u>	<u>-</u>
74,798	174,876	36,769
2,571,314	2,396,438	497,840
10,177	-	(10,177)
<u>\$ 2,656,289</u>	<u>\$ 2,571,314</u>	<u>\$ 524,432</u>
\$ 74,798		
<u>22,718</u>		
<u>\$ 97,516</u>		

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2016
(With Comparative Totals for 2015)

	Water Fund	Sewer Fund
Cash flows from operating activities		
Cash received from customers	\$ 656,224	\$ 542,296
Cash paid to employees	(200,911)	(259,567)
Cash paid to suppliers	(146,539)	(187,216)
Net cash provided (used) by operating activities	<u>308,774</u>	<u>95,513</u>
Cash flows from capital activities		
Acquisition of capital assets	(13,424)	-
Transfer to capital assets	-	10,177
Intergovernmental grant	-	-
Proceeds from sale of fixed assets	-	-
Reimbursement received - Canyon City	-	59,002
Interest expense	(75,578)	(35,220)
Principal debt payments	(104,731)	(39,534)
Net cash provided (used) by capital and related financing activities	<u>(193,733)</u>	<u>(5,575)</u>
Cash flows from non-capital financing activities		
Interfund transfers	(5,535)	(11,265)
Net cash provided (used) by non-capital financing activities	<u>(5,552)</u>	<u>(11,265)</u>
Cash flows from investing activities		
Interest on investments	2,807	4,221
Net cash provided (used) by investing activities	<u>2,807</u>	<u>4,221</u>
Net increase (decrease) in cash	112,296	82,894
Cash and cash equivalents at beginning of year	400,917	644,611
Cash and cash equivalents at end of year	<u>\$ 513,213</u>	<u>\$ 727,505</u>

Continued on next page

Totals		Governmental Activities
June 30, 2016	June 30, 2015	Internal Service Funds
\$ 1,198,520	\$ 1,139,428	\$ 186,540
(460,478)	(448,801)	(43,339)
(333,755)	(343,395)	(58,642)
<u>404,287</u>	<u>347,232</u>	<u>84,559</u>
(13,424)	(5,084)	-
10,177	(10,177)	(10,177)
-	2,676	5,939
-	-	4,938
59,002	52,160	-
(110,798)	(117,628)	-
(144,265)	(136,302)	-
<u>(199,308)</u>	<u>(214,355)</u>	<u>700</u>
(16,800)	(17,545)	-
<u>(16,817)</u>	<u>(17,545)</u>	<u>0</u>
7,028	4,402	2,547
<u>7,028</u>	<u>4,402</u>	<u>2,547</u>
195,190	119,734	87,806
<u>1,045,528</u>	<u>925,794</u>	<u>354,946</u>
<u>\$ 1,240,718</u>	<u>\$ 1,045,528</u>	<u>\$ 442,752</u>

CITY OF JOHN DAY
Grant County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended
June 30, 2016
(With Comparative Totals for 2015)

	Water Fund	Sewer Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Net operating income (loss)	<u>\$ 141,289</u>	<u>\$ (8,856)</u>
Adjustments to reconcile operating income (loss) expenses to net cash provided by operating activities		
Depreciation expense	122,647	59,835
(Increase) or decrease in		
Accounts receivable	(876)	(4,805)
Prepaid expenses	(149)	(149)
Net pension liability/asset	77,301	89,857
Deferred outflow of resources	(2,904)	(3,375)
Increase or (decrease) in		
Accounts payable	564	3,691
Accrued liabilities	744	862
Deferred inflows of resources	(30,269)	(35,187)
Accrued compensated absences	(1,367)	(6,360)
Customer deposits	1,777	-
Total adjustments	<u>167,485</u>	<u>104,369</u>
Net cash provided (used) by operating activities	<u><u>\$ 308,774</u></u>	<u><u>\$ 95,513</u></u>

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

Totals		Governmental Activities Internal Service Funds
June 30, 2016	June 30, 2015	
<u>\$ 132,433</u>	<u>\$ 236,670</u>	<u>\$ 23,344</u>
182,482	189,862	52,107
(5,681)	(8,961)	(3)
(298)	5,052	-
167,158	(196,113)	14,568
(6,279)	(1,840)	(547)
4,255	3,009	322
1,606	(352)	30
(65,456)	122,929	(5,704)
(7,727)	(2,812)	442
1,777	(212)	-
<u>271,854</u>	<u>110,562</u>	<u>61,215</u>
<u>\$ 404,287</u>	<u>\$ 347,232</u>	<u>\$ 84,559</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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
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June 30, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2015, from which the summarized information was derived.

M. Recently Adopted Accounting Standards

GASB Statement No. 72, Fair Value Measurement and Application (GASB 72) addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

related to all fair value measurements. The City anticipates no financial impact as a result of implementing this statement.

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (GASB 76). The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. There is no financial impact as a result of implementing this statement.

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, 2016

- 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
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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, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. 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, 2016 were \$48,173, 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, 2015, through June 30, 2017, 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
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Actuarial Methods and Assumptions

Valuation date	December 31, 2013
Measurement date	June 30, 2015
Experience Study	2014, published September 2015
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
Mortality	<p>Healthy retirees and beneficiaries RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retirees rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are percentages (55% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

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. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate -Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equities	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	1.25%	6.07%
Total	100.00%	
Assumed Inflation - Mean		2.75%

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:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability (asset)	\$ 931,923	\$ 386,135	\$ (73,820)

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

At June 30, 2016, the City reported a liability of \$386,135 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability 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, 2015, the City's proportion was .00672538 percent.

For the year ended June 30, 2016, the City recognized pension expense of \$412,053. Pension expense includes the City's proportionate share of system pension expense, adjusted for amortization of deferred amounts, of \$367,884 and employee contributions picked up by the City of \$44,169.

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,822	\$ -
Net difference between projected and actual earnings on pension plan investments	-	80,943
Changes in proportion and differences between City contributions and proportionate share of contributions	-	50,970
City contributions subsequent to the measurement date	51,511	-
Total	<u>\$ 72,333</u>	<u>\$ 131,913</u>

\$51,511 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, 2017. Other amounts reported as deferred outflows of

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Deferred outflow or (inflow) of Resources
2017	\$ (46,090)
2018	(46,090)
2019	(46,090)
2020	28,808
2021	(1,629)
Thereafter	-
Total	<u>\$ (111,091)</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.

GASB 68 requires the benefits valued in the Total Pension Liability be in accordance with the benefit terms legally in effect as of the relevant fiscal year-end for the System. Due to the timing of the Supreme Court decision, this means the COLA change due to *Moro* is reflected in the June 30, 2015 Total Pension Liability, but was not reflected in the June 30, 2014 Total Pension Liability. To reflect the *Moro* decision, the actuary estimated the blended COLA based on creditable service before and after the effective dates of the legislation. This approach is consistent with OAR 459-005-0510, adopted by the PERS Board in September 2015.

Note 3. Deposits and Investments

At June 30, 2016 the carrying amount of the City's deposits was \$178,250 and the bank balance was \$225,224. 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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2016 none of the City's bank balance was exposed to custodial credit risk.

As of June 30, 2016 the City had \$2,161,615 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, 2016:

	Payable at June 30, 2015	Addition	Reduction	Payable at June 30, 2016	Due in One Year
Special Public Works Fund Loan Payable - Water System Improvements	\$ 722,820	\$ -	\$ 56,412	\$ 666,408	\$ 49,233
Special Public Works Fund Loan Payable - Airport Industrial Park	1,487,170	-	87,854	1,399,316	82,264
Stella Lang Purchase Agreement	88,962	-	9,514	79,448	10,026
Fire Hall Bonds Payable	655,000	-	30,000	625,000	37,000
Accrued Compensated Absences	67,563	89,765	103,348	53,980	-
Totals	<u>\$ 3,021,515</u>	<u>\$ 89,765</u>	<u>\$ 287,128</u>	<u>\$ 2,824,152</u>	<u>\$ 178,523</u>

Interest expense of \$130,449 on long-term debt has been included in the direct expense of individual functions on the government-wide Statement of Activities. Authorization for general long-term debt is specific to a particular purpose; thus an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the programs for which borrowing is related.

Note 5. Business Oregon Water System Loan Payable

The City applied for and received a loan from the Oregon Economic and Community Development Department's Special Public Works Fund (renamed Business Oregon Infrastructure Finance Authority) 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, 2016, future payments are as follows:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

Fiscal Year Ending June 30,	Total	Interest	Principal
2017	\$ 82,553	\$ 33,320	\$ 49,233
2018	82,553	30,859	51,694
2019	82,553	28,274	54,279
2020	82,553	25,560	56,993
2021	82,553	22,711	59,842
2022-2026	412,765	65,564	347,201
2027	49,525	2,359	47,166
Total	<u>\$ 875,055</u>	<u>\$ 208,647</u>	<u>\$ 666,408</u>

Note 6. Business Oregon Airport Infrastructure 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 (renamed Business Oregon Infrastructure Finance Authority) 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, 2016 was \$41,368. As of June 30, 2016, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
2017	\$ 152,510	\$ 70,246	\$ 82,264
2018	152,510	66,116	86,394
2019	152,510	61,779	90,731
2020	152,510	57,224	95,286
2021	152,510	52,441	100,069
2022-2026	762,550	181,616	580,934
2027-2029	397,845	34,207	363,638
Total	<u>\$ 1,922,945</u>	<u>\$ 523,629</u>	<u>\$ 1,399,316</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. This is the site for the 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 percent through June 1, 2023. There was no accrued interest at June 30, 2016. As of June 30, 2016, future payments are as follows:

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

Fiscal Year Ending June 30,	Total	Interest	Principal
2017	\$ 13,311	\$ 3,285	\$ 10,026
2018	13,311	2,932	10,379
2019	13,311	2,435	10,876
2020	13,311	1,935	11,376
2021	13,311	1,412	11,899
2022-2023	26,622	1,730	24,892
Total	<u>\$ 93,177</u>	<u>\$ 13,729</u>	<u>\$ 79,448</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 bonds have an interest rate of 3.07%. Interest payments are made semiannually on June 1 and December 1. Principal payments began June 1, 2016 and will continue through June 30, 2030. As of June 30, 2016, future payments are as follows:

Fiscal Year Ending June 30,	Total	Interest	Principal
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	55,460	14,460	41,000
2022-2026	277,620	52,620	225,000
2027-2030	220,995	15,995	205,000
Total	<u>\$ 777,888</u>	<u>\$ 152,888</u>	<u>\$ 625,000</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: Pitney Bowes postage machine requiring 20 quarterly payments of \$147.42 through January 2017; Kyocera copier requiring 60 monthly payments of \$100 through July 2020. Total expenditures on such leases for the fiscal year ended June 30, 2016, were \$1,592. As of June 30, 2016, the City had future minimum payments under operating leases as follows:

Fiscal Year Ending June 30,	Total Future Minimum Lease Payments	Operating Leases
2017	\$ 1,498	\$ 1,498
2018	1,203	1,203
2019	1,203	1,203
2020	1,203	1,203
2021	1,203	1,203
Future Requirments	963	963
Total	<u>\$ 7,273</u>	<u>\$ 7,273</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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, 2016:

	Governmental	Business
Property taxes	\$ 38,168	\$ 1,115
User fees	-	107,478
Other	96,318	-
Total	<u>\$ 134,486</u>	<u>\$ 108,593</u>

Note 12. Capital Assets

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

Governmental Activities	Balance July 01, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets				
<i>Assets not being depreciated</i>				
Land	\$ 190,017	\$ -	\$ -	\$ 190,017
Construction in progress	1,327,840	-	1,327,840	-
<i>Assets being depreciated</i>				
Buildings	558,297	1,756,240	-	2,314,537
Street improvements	2,033,390	1,356,207	-	3,389,597
Equipment	1,493,892	11,168	63,665	1,441,395
Total assets being depreciated	<u>4,085,579</u>	<u>3,123,615</u>	<u>63,665</u>	<u>7,145,529</u>
Total capital assets	<u>5,603,436</u>	<u>3,123,615</u>	<u>1,391,505</u>	<u>7,335,546</u>
Accumulated Depreciation				
Buildings	381,165	12,839	-	394,004
Street improvements	471,009	76,840	-	547,849
Equipment	1,288,251	74,166	63,665	1,298,752
Total depreciation	<u>2,140,425</u>	<u>163,845</u>	<u>63,665</u>	<u>2,240,605</u>
Governmental activities capital assets - net	<u>\$ 3,463,011</u>	<u>\$ 2,959,770</u>	<u>\$ 1,327,840</u>	<u>\$ 5,094,941</u>

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

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

Business Activities	Balance July 01, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets				
<i>Assets not being depreciated:</i>				
Land	\$ 205,937	\$ -	\$ -	\$ 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	18,508	-	979,274
Total assets being depreciated	<u>7,937,854</u>	<u>18,508</u>	<u>0</u>	<u>7,956,362</u>
Total capital assets	<u>8,148,875</u>	<u>18,508</u>	<u>5,084</u>	<u>8,162,299</u>
Accumulated Depreciation				
Buildings	486,245	13,851	-	500,096
Utility systems	3,022,967	127,464	-	3,150,431
Equipment	861,734	41,167	-	902,901
Total depreciation	<u>4,370,946</u>	<u>182,482</u>	<u>0</u>	<u>4,553,428</u>
Business activities capital assets - net	<u>\$ 3,777,929</u>	<u>\$ (163,974)</u>	<u>\$ 5,084</u>	<u>\$ 3,608,871</u>

Depreciation was charged to the following functions:

Function	Governmental Activities	Business Activities
General operations	\$ 30,903	\$ -
Fire	37,314	-
Police	13,768	-
Streets	77,591	-
Emergency services	4,269	-
Water	-	122,647
Sewer	-	59,835
Total depreciation	<u>\$ 163,845</u>	<u>\$ 182,482</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.

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

CITY OF JOHN DAY
Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

Department and its work on behalf of the utility funds. Interfund transfers for fiscal year ended June 30, 2016 consisted of the following:

Transfers Out	Transfers In	
	General	911
Governmental funds		
General Fund	\$ -	\$ 39,505
Street Fund	-	799
Business-type funds		
Water Fund	4,723	812
Sewer Fund	9,445	1,820
Total	<u>\$ 14,168</u>	<u>\$ 42,936</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 Sewer and Motor Pool Funds. The adjustment is for capital assets purchased across funds in the prior year.

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*

	2016	2015	2014
City's proportion of the net pension liability (asset)	0.00672538%	0.00767280%	0.00767280%
City's proportionate share of the net pension liability (asset)	\$ 386,135	\$ (173,920)	\$ 391,554
City's covered-employee payroll	\$ 736,153	\$ 735,503	\$ 783,863
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.45%	-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*

	2016	2015	2014
Contractually required contribution	\$ 48,173	\$ 51,296	\$ 51,201
Contributions in relation to the contractually required contribution	(48,173)	(51,296)	(51,201)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered-employee payroll	\$ 736,153	\$ 735,503	\$ 783,863
Contributions as a percentage of covered-employee payroll	6.54%	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, 2016

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 342,876	\$ 323,538	\$ 323,538	\$ (19,338)
Intergovernmental revenues	124,770	133,198	133,198	8,428
User fees	275	-	-	(275)
Licenses and fees	177,474	166,408	166,408	(11,066)
Fines and forfeitures	6,538	2,400	2,400	(4,138)
Interest earned	5,259	1,682	1,682	(3,577)
Miscellaneous income	540,324	389,900	520,382	(19,942)
Total revenue	<u>1,197,516</u>	<u>1,017,126</u>	<u>1,147,608</u>	<u>(49,908)</u>
Expenditures				
Administration	103,769	89,632	89,632	(14,137)
Police	305,647	407,002	407,002	101,355
Fire	1,634,352	1,395,311	1,669,663	35,311
Debt service	69,340	69,315	69,815	475
Total expenditures	<u>2,113,108</u>	<u>1,961,260</u>	<u>2,236,112</u>	<u>123,004</u>
Excess of revenues over (under) expenditures	<u>(915,592)</u>	<u>(944,134)</u>	<u>(1,088,504)</u>	<u>(172,912)</u>
Other financing sources (uses)				
Debt proceeds	449,170	450,000	470,170	21,000
Transfers in	14,168	18,473	18,473	4,305
Transfers out	(39,505)	(39,505)	(39,505)	-
Interfund charges Motor Pool	(42,000)	(42,000)	(42,000)	-
Total other sources (uses)	<u>381,833</u>	<u>386,968</u>	<u>407,138</u>	<u>25,305</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(533,759)</u>	<u>(557,166)</u>	<u>(681,366)</u>	<u>(147,607)</u>
Fund balance at beginning of year	<u>808,566</u>	<u>557,166</u>	<u>681,366</u>	<u>(127,200)</u>
Fund balance at end of year	<u>\$ 274,807</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (274,807)</u>

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

CITY OF JOHN DAY
Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET FUND - 06
For the year ended
June 30, 2016

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 321,248	\$ 98,261	\$ 98,261	\$ (222,987)
User fees	161	-	-	(161)
Interest earned	4,206	652	652	(3,554)
Miscellaneous income	5,595	-	-	(5,595)
Total revenue	331,210	98,913	98,913	(232,297)
Expenditures				
Personnel services	86,656	105,200	105,200	18,544
Materials and services	54,056	60,166	60,166	6,110
Capital outlay	28,163	30,000	30,000	1,837
Contingency	-	100,000	100,000	100,000
Total expenditures	168,875	295,366	295,366	126,491
Excess of revenues over (under) expenditures	162,335	(196,453)	(196,453)	(358,788)
Other financing sources (uses)				
Transfers out	(799)	(799)	(799)	-
Interfund charges Motor Pool	(20,000)	(20,000)	(20,000)	-
Total other sources (uses)	(20,799)	(20,799)	(20,799)	0
Excess of revenues and other sources over (under) expenditures and other uses	141,536	(217,252)	(217,252)	(358,788)
Fund balance at beginning of year	228,436	217,252	217,252	(11,184)
Fund balance at end of year	\$ 369,972	\$ 0	\$ 0	\$ (369,972)

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, 2016

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 348,598	\$ 340,911	\$ 340,911	\$ (7,687)
Interest earned	280	139	139	(141)
Miscellaneous income	8,958	4,651	4,651	(4,307)
Total revenue	357,836	345,701	345,701	(12,135)
Expenditures				
Personnel services	364,990	381,198	381,198	16,208
Materials and services	35,191	41,470	41,470	6,279
Capital outlay	5,919	12,000	12,000	6,081
Total expenditures	406,100	434,668	434,668	28,568
Excess of revenues over (under) expenditures	(48,264)	(88,967)	(88,967)	(40,703)
Other financing sources (uses)				
Transfers in	42,936	42,936	42,936	-
Interfund charges Motor Pool	(450)	(450)	(450)	-
Total other sources (uses)	42,486	42,486	42,486	0
Excess of revenues and other sources over (under) expenditures and other uses	(5,778)	(46,481)	(46,481)	(40,703)
Fund balance at beginning of year	49,593	46,481	46,481	(3,112)
Fund balance at end of year	\$ 43,815	\$ 0	\$ 0	\$ (43,815)

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, 2016

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 adopted one supplemental budget during the year ended June 30, 2016.

During the year ended June 30, 2016, disbursements in the major funds were within certified budget amounts in all functions, with exception of the Administration Department of the General Fund.

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, 2016

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 342,876	\$ 323,538	\$ 323,538	\$ (19,338)
Intergovernmental revenues	124,770	133,198	133,198	8,428
User fees	275	-	-	(275)
Licenses and fees	177,474	166,408	166,408	(11,066)
Fines and forfeitures	6,538	2,400	2,400	(4,138)
Interest earned	5,259	1,682	1,682	(3,577)
Miscellaneous income	540,324	389,900	520,382	(19,942)
Total revenue	<u>1,197,516</u>	<u>1,017,126</u>	<u>1,147,608</u>	<u>(49,908)</u>
Expenditures				
Administration				
Personnel services	13,976	14,653	14,653	677
Employee benefits	30,277	7,144	7,144	(23,133)
Materials and services	59,516	67,835	67,835	8,319
Total administration	<u>103,769</u>	<u>89,632</u>	<u>89,632</u>	<u>(14,137)</u>
Police				
Personnel services	193,812	220,798	220,798	26,986
Employee benefits	92,613	148,671	148,671	56,058
Materials and services	19,222	37,533	37,533	18,311
Total police	<u>305,647</u>	<u>407,002</u>	<u>407,002</u>	<u>101,355</u>
Fire				
Personnel services	19,729	19,888	19,888	159
Employee benefits	6,832	11,631	11,631	4,799
Materials and services	34,690	64,774	64,274	29,584
Capital outlay	1,573,101	1,299,018	1,573,870	769
Total fire	<u>1,634,352</u>	<u>1,395,311</u>	<u>1,669,663</u>	<u>35,311</u>
Debt service	<u>69,340</u>	<u>69,315</u>	<u>69,815</u>	<u>475</u>
Total expenditures	<u>2,113,108</u>	<u>1,961,260</u>	<u>2,236,112</u>	<u>123,004</u>
Excess of revenues over (under) expenditures	<u>(915,592)</u>	<u>(944,134)</u>	<u>(1,088,504)</u>	<u>(172,912)</u>

(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, 2016

	Actual	Budget		(Over) Under
		Original	Final	Budget
Other financing sources (uses)				
Debt proceeds	\$ 449,170	\$ 450,000	\$ 470,170	\$ 21,000
Transfers in	14,168	18,473	18,473	4,305
Transfers out	(39,505)	(39,505)	(39,505)	-
Interfund charges Motor Pool	(42,000)	(42,000)	(42,000)	-
Total other sources (uses)	<u>381,833</u>	<u>386,968</u>	<u>407,138</u>	<u>25,305</u>
Excess of revenues and other sources over (under) expenditures and other uses	(533,759)	(557,166)	(681,366)	(147,607)
Fund balance at beginning of year	<u>808,566</u>	<u>557,166</u>	<u>681,366</u>	<u>(127,200)</u>
Fund balance at end of year	<u>\$ 274,807</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (274,807)</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, 2016

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 321,248	\$ 98,261	\$ 98,261	\$ (222,987)
User fees	161	-	-	(161)
Interest earned	4,206	652	652	(3,554)
Miscellaneous income	5,595	-	-	(5,595)
Total revenue	331,210	98,913	98,913	(232,297)
Expenditures				
Administration				
Personnel services	11,136	11,167	11,167	31
Employee benefits	9,853	5,389	5,389	(4,464)
Materials and services	8,779	8,926	8,926	147
Total administration	29,768	25,482	25,482	(4,286)
Operating				
Personnel services	43,403	52,837	52,837	9,434
Employee benefits	22,264	35,807	35,807	13,543
Materials and services	45,277	51,240	51,240	5,963
Capital outlay	28,163	30,000	30,000	1,837
Contingency	-	100,000	100,000	100,000
Total operating	139,107	269,884	269,884	130,777
Total expenditures	168,875	295,366	295,366	126,491
Excess of revenues over (under) expenditures	162,335	(196,453)	(196,453)	(358,788)
Other financing sources (uses)				
Transfers out	(799)	(799)	(799)	-
Interfund charges Motor Pool	(20,000)	(20,000)	(20,000)	-
Total other sources (uses)	(20,799)	(20,799)	(20,799)	0
Excess of revenues and other sources over (under) expenditures and other uses	141,536	(217,252)	(217,252)	(358,788)
Fund balance at beginning of year	228,436	217,252	217,252	(11,184)
Fund balance at end of year	\$ 369,972	\$ 0	\$ 0	\$ (369,972)

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, 2016

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Intergovernmental revenues	\$ 348,598	\$ 340,911	\$ 340,911	\$ (7,687)
Interest earned	280	139	139	(141)
Miscellaneous income	8,958	4,651	4,651	(4,307)
Total revenue	357,836	345,701	345,701	(12,135)
Expenditures				
Operating				
Personnel services	248,136	250,471	250,471	2,335
Employee benefits	116,854	130,727	130,727	13,873
Materials and services	35,191	41,470	41,470	6,279
Capital outlay	5,919	12,000	12,000	6,081
Total operating	406,100	434,668	434,668	28,568
Total expenditures	406,100	434,668	434,668	28,568
Excess of revenues over (under) expenditures	(48,264)	(88,967)	(88,967)	(40,703)
Other financing sources (uses)				
Transfers in	42,936	42,936	42,936	-
Interfund charges Motor Pool	(450)	(450)	(450)	-
Total other sources (uses)	42,486	42,486	42,486	0
Excess of revenues and other sources over (under) expenditures and other uses	(5,778)	(46,481)	(46,481)	(40,703)
Fund balance at beginning of year	49,593	46,481	46,481	(3,112)
Fund balance at end of year	\$ 43,815	\$ 0	\$ 0	\$ (43,815)

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
WATER FUND
June 30, 2016

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2016
ASSETS			
Current assets			
Unrestricted			
Cash with depositories	\$ 96,342	\$ 416,871	\$ 513,213
Water and sewer accounts receivable	62,724	-	62,724
Less allowance for doubtful accounts	(3,133)	-	(3,133)
Taxes receivable	1,223	-	1,223
Less allowance for uncollectible	(125)	-	(125)
Accounts receivable	40	-	40
Prepaid expenses	994	-	994
Total current assets	<u>158,065</u>	<u>416,871</u>	<u>574,936</u>
Noncurrent assets			
Property, plant, and equipment	5,329,218	-	5,329,218
Less accumulated depreciation	<u>(2,594,360)</u>	<u>-</u>	<u>(2,594,360)</u>
Property, plant, and equipment - net	<u>2,734,858</u>	<u>0</u>	<u>2,734,858</u>
Total assets	<u>2,892,923</u>	<u>416,871</u>	<u>3,309,794</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	11,513	-	11,513
Total assets and deferred outflows of resources	<u>2,904,436</u>	<u>416,871</u>	<u>3,321,307</u>
LIABILITIES			
Current liabilities			
Accounts payable	3,224	-	3,224
Accrued liabilities	1,725	-	1,725
Accrued compensated absences	9,516	-	9,516
Current portion of long term debt	93,656	-	93,656
Accrued interest	41,937	-	41,937
Customer deposits	8,209	-	8,209
Total current liabilities	<u>158,267</u>	<u>0</u>	<u>158,267</u>
Noncurrent liabilities			
Net pension liability	48,482	-	48,482
Loan payable - special public works fund	<u>1,327,504</u>	<u>-</u>	<u>1,327,504</u>
Total noncurrent liabilities	<u>1,375,986</u>	<u>0</u>	<u>1,375,986</u>
Total liabilities	<u>1,534,253</u>	<u>0</u>	<u>1,534,253</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	29,438	-	29,438
Total deferred inflows of resources	<u>29,438</u>	<u>0</u>	<u>29,438</u>
Total liabilities and deferred inflows of resources	<u>1,563,691</u>	<u>0</u>	<u>1,563,691</u>
NET POSITION			
Net investment in capital assets	1,271,761	-	1,271,761
Unrestricted	68,984	416,871	485,855
Total net position	<u>\$ 1,340,745</u>	<u>\$ 416,871</u>	<u>\$ 1,757,616</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, 2016

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2016
Operating revenues			
User fees	\$ 649,533	\$ -	\$ 649,533
Miscellaneous income	251	5,523	5,774
Total operating revenues	<u>649,784</u>	<u>5,523</u>	<u>655,307</u>
Operating expenses			
Administration			
Personal services	118,006	-	118,006
Supplies, repairs, and services	13,924	-	13,924
Utility operation			
Personal services	126,411	-	126,411
Supplies, repairs, and services	103,030	-	103,030
Depreciation	122,647	-	122,647
Motor pool interfund charges	30,000	-	30,000
Total operating expenses	<u>514,018</u>	<u>0</u>	<u>514,018</u>
Operating income (loss)	<u>135,766</u>	<u>5,523</u>	<u>141,289</u>
Nonoperating revenues (expenses)			
Taxes	(17)	-	(17)
Interest earned	384	2,423	2,807
Interest expense	(72,703)	-	(72,703)
Total nonoperating revenues (expenses)	<u>(72,336)</u>	<u>2,423</u>	<u>(69,913)</u>
Income (loss) before transfers	63,430	7,946	71,376
Transfers	<u>(56,193)</u>	<u>50,658</u>	<u>(5,535)</u>
Increase (decrease) in net position	7,237	58,604	65,841
Net position at beginning of year	1,333,508	358,267	1,691,775
Net position at end of year	<u>\$ 1,340,745</u>	<u>\$ 416,871</u>	<u>\$ 1,757,616</u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
WATER FUND
For the year ended
June 30, 2016

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2016
Cash flows from operating activities			
Cash received from customers	\$ 650,059	\$ 6,165	\$ 656,224
Cash paid to employees	(200,911)	-	(200,911)
Cash paid to suppliers	(146,539)	-	(146,539)
Net cash provided (used) by operating activities	<u>302,609</u>	<u>6,165</u>	<u>308,774</u>
Cash flows from capital activities			
Acquisition of capital assets	(13,424)	-	(13,424)
Interest expense	(75,578)	-	(75,578)
Principal debt payments	(104,731)	-	(104,731)
Net cash provided (used) by capital activities	<u>(193,733)</u>	<u>0</u>	<u>(193,733)</u>
Cash flows from non-capital financing activities			
Taxes received	(17)	-	(17)
Interfund transfers	(56,193)	50,658	(5,535)
Net cash provided (used) by non-capital financing activities	<u>(56,210)</u>	<u>50,658</u>	<u>(5,552)</u>
Cash flows from investing activities			
Interest on investments	384	2,423	2,807
Net cash provided (used) by investing activities	<u>384</u>	<u>2,423</u>	<u>2,807</u>
Net increase (decrease) in cash	53,050	59,246	112,296
Cash and cash equivalents at beginning of year	43,292	357,625	400,917
Cash and cash equivalents at end of year	<u>\$ 96,342</u>	<u>\$ 416,871</u>	<u>\$ 513,213</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 135,766</u>	<u>\$ 5,523</u>	<u>\$ 141,289</u>
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	122,647	-	122,647
(Increase) or decrease in			
Accounts receivable	(1,518)	642	(876)
Prepaid expenses	(149)	-	(149)
Net pension liability/asset	77,301	-	77,301
Deferred outflow of resources	(2,904)	-	(2,904)
Increase or (decrease) in			
Accounts payable	564	-	564
Accrued liabilities	744	-	744
Deferred inflows of resources	(30,269)	-	(30,269)
Accrued compensated absences	(1,367)	-	(1,367)
Customer deposits	1,777	-	1,777
Total adjustments	<u>166,843</u>	<u>642</u>	<u>167,485</u>
Net cash provided by operating activities	<u>\$ 302,609</u>	<u>\$ 6,165</u>	<u>\$ 308,774</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, 2016

	02 Water Fund	27 Water Replacement Reserve Fund	Totals June 30, 2016
Reconciliation of beginning fund balance to beginning net position, as restated			
Beginning 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)
Beginning net position, as restated for GASB 68	<u>\$ 1,333,508</u>	<u>\$ 358,267</u>	<u>\$ 1,691,775</u>
Reconciliation of change in fund balance to change in net position			
Change in fund balance - budget basis	\$ 51,634	\$ 58,604	\$ 110,238
Add assets purchased and capitalized	13,424	-	13,424
Less depreciation expense on fixed assets	(122,647)	-	(122,647)
Loan principal payments	104,732	-	104,732
Change in pension expense	(44,128)	-	(44,128)
Change in accrued interest expense	2,872	-	2,872
Change in property taxes receivable	(17)	-	(17)
Change in accrued compensated absences	1,367	-	1,367
Increase (decrease) in net position	<u>\$ 7,237</u>	<u>\$ 58,604</u>	<u>\$ 65,841</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 145,435	\$ 416,871	\$ 562,306
Add net property taxes receivable	1,098	-	1,098
Add fixed assets	5,329,218	-	5,329,218
Less accumulated depreciation on fixed assets	(2,594,360)	-	(2,594,360)
Less net pension liability	(48,482)	-	(48,482)
Add deferred outflow of resources	11,513	-	11,513
Less deferred inflow of resources	(29,438)	-	(29,438)
Less accrued compensated absences	(9,516)	-	(9,516)
Less loan payable	(1,421,160)	-	(1,421,160)
Less prior period interest allocation	(1,626)	-	(1,626)
Less accrued interest payable	(41,937)	-	(41,937)
Ending net position	<u>\$ 1,340,745</u>	<u>\$ 416,871</u>	<u>\$ 1,757,616</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, 2016

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 649,533	\$ 605,826	\$ 605,826	\$ (43,707)
Miscellaneous income	251	-	-	(251)
Total operating revenue	<u>649,784</u>	<u>605,826</u>	<u>605,826</u>	<u>(43,958)</u>
Operating expenses				
Administration				
Personnel services	43,501	48,118	48,118	4,617
Employee benefits	33,001	24,686	24,686	(8,315)
Materials and services	13,924	17,133	17,133	3,209
Total administration	<u>90,426</u>	<u>89,937</u>	<u>89,937</u>	<u>(489)</u>
Operating				
Personnel services	85,308	94,282	94,282	8,974
Employee benefits	39,845	64,871	64,871	25,026
Materials and services	103,030	126,802	126,802	23,772
Capital outlay	13,424	22,000	22,000	8,576
Debt service	180,308	180,365	180,365	57
Motor pool	30,000	30,000	30,000	-
Contingency	-	10,000	10,000	10,000
Total operating	<u>451,915</u>	<u>528,320</u>	<u>528,320</u>	<u>76,405</u>
Total operating expenses	<u>542,341</u>	<u>618,257</u>	<u>618,257</u>	<u>75,916</u>
Operating income (loss)	<u>107,443</u>	<u>(12,431)</u>	<u>(12,431)</u>	<u>(119,874)</u>
Nonoperating revenues				
Interest earned	384	210	210	(174)
Total nonoperating revenues	<u>384</u>	<u>210</u>	<u>210</u>	<u>(174)</u>
Increase (decrease) in fund balance before transfers	107,827	(12,221)	(12,221)	(120,048)
Transfers				
Transfers out	<u>(56,193)</u>	<u>(57,628)</u>	<u>(57,628)</u>	<u>(1,435)</u>
Increase (decrease) in fund balance	51,634	(69,849)	(69,849)	(121,483)
Fund balance at beginning of year	<u>93,801</u>	<u>69,849</u>	<u>69,849</u>	<u>(23,952)</u>
Fund balance at end of year	<u>\$ 145,435</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (145,435)</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, 2016

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Miscellaneous income	\$ 5,523	\$ -	\$ -	\$ (5,523)
Total operating revenue	5,523	0	0	(5,523)
Operating expenses				
Operating				
Materials and services	-	30,000	30,000	30,000
Capital outlay	-	377,647	377,647	377,647
Total operating	0	407,647	407,647	407,647
Total operating expenses	0	407,647	407,647	407,647
Operating income (loss)	5,523	(407,647)	(407,647)	(413,170)
Nonoperating revenues				
Interest earned	2,423	1,068	1,068	(1,355)
Total nonoperating revenues	2,423	1,068	1,068	(1,355)
Increase (decrease) in fund balance before transfers	7,946	(406,579)	(406,579)	(414,525)
Transfers				
Transfers in	50,658	50,658	50,658	-
Increase (decrease) in fund balance	58,604	(355,921)	(355,921)	(414,525)
Fund balance at beginning of year	358,267	355,921	355,921	(2,346)
Fund balance at end of year	\$ 416,871	\$ 0	\$ 0	\$ (416,871)

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
SEWER FUND
June 30, 2016

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
ASSETS			
Current assets			
Cash and cash equivalents	\$ 115,953	\$ 52,000	\$ 323,788
Water and sewer accounts receivable	50,454	-	-
Less allowance for doubtful accounts	(2,607)	-	-
Prepaid expenses	994	-	-
Total current assets	<u>164,794</u>	<u>52,000</u>	<u>323,788</u>
Noncurrent assets			
Property, plant, and equipment	2,833,081	-	-
Less accumulated depreciation	(1,959,068)	-	-
Property, plant, and equipment - net	<u>874,013</u>	<u>0</u>	<u>0</u>
Total assets	<u>1,038,807</u>	<u>52,000</u>	<u>323,788</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	7,241	5,481	-
Total assets and deferred outflows of resources	<u>1,046,048</u>	<u>57,481</u>	<u>323,788</u>
LIABILITIES			
Current liabilities			
Accounts payable	2,200	2,906	-
Accrued liabilities	1,301	855	-
Accrued compensated absences	3,481	2,407	-
Current portion of long term debt	37,841	-	-
Accrued interest	19,053	-	-
Total current liabilities	<u>63,876</u>	<u>6,168</u>	<u>0</u>
Noncurrent liabilities			
Net pension liability	40,849	18,759	-
Loan payable - special public works fund	606,723	-	-
Total noncurrent liabilities	<u>647,572</u>	<u>18,759</u>	<u>0</u>
Total liabilities	<u>711,448</u>	<u>24,927</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	12,655	15,378	-
Total deferred inflows of resources	<u>12,655</u>	<u>15,378</u>	<u>0</u>
Total liabilities and deferred inflows of resources	<u>724,103</u>	<u>40,305</u>	<u>0</u>
NET POSITION			
Net investment in capital assets	210,396	-	-
Restricted for Canyon City contract	-	21,049	-
Unrestricted	111,549	(3,873)	323,788
Total net position	<u>\$ 321,945</u>	<u>\$ 17,176</u>	<u>\$ 323,788</u>

28	
Sewer Collection	Totals
Replacement	June 30,
Fund	2016
<u>\$ 235,764</u>	<u>\$ 727,505</u>
-	50,454
-	(2,607)
-	994
<u>235,764</u>	<u>776,346</u>
-	2,833,081
-	(1,959,068)
<u>0</u>	<u>874,013</u>
<u>235,764</u>	<u>1,650,359</u>
-	12,722
<u>235,764</u>	<u>1,663,081</u>
-	5,106
-	2,156
-	5,888
-	37,841
-	19,053
<u>0</u>	<u>70,044</u>
-	59,608
-	606,723
<u>0</u>	<u>666,331</u>
<u>0</u>	<u>736,375</u>
-	28,033
<u>0</u>	<u>28,033</u>
<u>0</u>	<u>764,408</u>
-	210,396
-	21,049
<u>235,764</u>	<u>667,228</u>
<u>\$ 235,764</u>	<u>\$ 898,673</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, 2016

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Operating revenues			
User fees	\$ 523,992	\$ -	\$ -
Miscellaneous income	22,614	495	-
Total operating revenues	<u>546,606</u>	<u>495</u>	<u>0</u>
Operating expenses			
Administration			
Personal services	102,222	49,521	-
Supplies, repairs, and services	13,212	15,409	-
Utility operation			
Personal services	55,424	91,837	-
Supplies, repairs, and services	52,007	71,490	-
Depreciation	59,835	-	-
Motor pool interfund charges	25,000	20,000	-
Total operating expenses	<u>307,700</u>	<u>248,257</u>	<u>0</u>
Operating income (loss)	<u>238,906</u>	<u>(247,762)</u>	<u>0</u>
Nonoperating revenues (expenses)			
Intergovernmental revenues	-	55,298	3,704
Interest earned	534	331	1,950
Interest expense	(34,145)	-	-
Total nonoperating revenues (expenses)	<u>(33,611)</u>	<u>55,629</u>	<u>5,654</u>
Income (loss) before transfers	205,295	(192,133)	5,654
Transfers	<u>(206,113)</u>	<u>163,138</u>	<u>11,296</u>
Increase (decrease) in net position	(818)	(28,995)	16,950
Net position at beginning of year	317,675	41,082	306,838
Prior period adjustment	5,088	5,089	-
Net position at end of year	<u><u>\$ 321,945</u></u>	<u><u>\$ 17,176</u></u>	<u><u>\$ 323,788</u></u>

28	
Sewer Collection	Totals
Replacement	June 30,
Fund	2016
\$ -	\$ 523,992
-	23,109
0	547,101
-	151,743
-	28,621
-	147,261
-	123,497
-	59,835
-	45,000
0	555,957
0	(8,856)
-	59,002
1,406	4,221
-	(34,145)
1,406	29,078
1,406	20,222
20,414	(11,265)
21,820	8,957
213,944	879,539
-	10,177
\$ 235,764	\$ 898,673

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
SEWER FUND
For the year ended
June 30, 2016

	03 Sewer Fund	04 Joint Sewer Fund	05 Treatment Plant Equipment Fund
Cash flows from operating activities			
Cash received from customers	\$ 541,751	\$ 545	\$ -
Cash paid to employees	(129,870)	(129,697)	-
Cash paid to suppliers	(85,581)	(101,635)	-
Net cash provided (used) by operating activities	<u>326,300</u>	<u>(230,787)</u>	<u>0</u>
Cash flows from capital activities			
Capital assets transferred to other funds	5,088	5,089	-
Reimbursement received - Canyon City	-	55,298	3,704
Interest expense	(35,220)	-	-
Principal debt payments	(39,534)	-	-
Net cash provided (used) by capital activities	<u>(69,666)</u>	<u>60,387</u>	<u>3,704</u>
Cash flows from non-capital financing activities			
Interfund transfers	(206,113)	163,138	11,296
Net cash provided (used) by non-capital financing activities	<u>(206,113)</u>	<u>163,138</u>	<u>11,296</u>
Cash flows from investing activities			
Interest on investments	534	331	1,950
Net cash provided (used) by investing activities	<u>534</u>	<u>331</u>	<u>1,950</u>
Net increase (decrease) in cash	51,055	(6,931)	16,950
Cash and cash equivalents at beginning of year	64,898	58,931	306,838
Cash and cash equivalents at end of year	<u>\$ 115,953</u>	<u>\$ 52,000</u>	<u>\$ 323,788</u>
Reconciliation of excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Net operating income (loss)	\$ 238,906	\$ (247,762)	\$ -
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by operating activities			
Depreciation expense	59,835	-	-
(Increase) or decrease in			
Accounts receivable	(4,855)	50	-
Prepaid expenses	(149)	-	-
Net pension liability/asset	57,374	32,483	-
Deferred outflow of resources	(2,155)	(1,220)	-
Increase or (decrease) in			
Accounts payable	2,006	1,685	-
Accrued liabilities	588	274	-
Deferred inflows of resources	(22,467)	(12,720)	-
Accrued compensated absences	(2,783)	(3,577)	-
Total adjustments	<u>87,394</u>	<u>16,975</u>	<u>0</u>
Net cash provided (used) by operating activities	<u>\$ 326,300</u>	<u>\$ (230,787)</u>	<u>\$ 0</u>

28		
Sewer Collection		Totals
Replacement		June 30,
Fund		2016
\$	-	\$ 542,296
	-	(259,567)
	-	(187,216)
	0	95,513
	-	10,177
	-	59,002
	-	(35,220)
	-	(39,534)
	0	(5,575)
	20,414	(11,265)
	20,414	(11,265)
	1,406	4,221
	1,406	4,221
	21,820	82,894
	213,944	644,611
\$	235,764	\$ 727,505
\$	-	\$ (8,856)
	-	59,835
	-	(4,805)
	-	(149)
	-	89,857
	-	(3,375)
	-	3,691
	-	862
	-	(35,187)
	-	(6,360)
	0	104,369
\$	0	\$ 95,513

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, 2016

	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	\$ 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)	-	-
Beginning net position	<u>\$ 317,675</u>	<u>\$ 41,082</u>	<u>\$ 306,838</u>
Reconciliation of change in fund balance to change in net position			
Change in fund balance - budget basis	\$ 48,378	\$ (14,030)	\$ 16,950
Less depreciation expense on capital assets	(59,835)	-	-
Loan principal payments	39,534	-	-
Change in pension expense	(32,752)	(18,543)	-
Change in accrued interest expense	1,075	-	-
Change in accrued compensated absences	2,782	3,578	-
Increase (decrease) in net position	<u>\$ (818)</u>	<u>\$ (28,995)</u>	<u>\$ 16,950</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 159,668	\$ 48,239	\$ 323,788
Add fixed assets	2,833,081	-	-
Less accumulated depreciation on capital assets	(1,959,068)	-	-
Less net pension liability	(40,849)	(18,759)	-
Add deferred outflow of resources	7,241	5,481	-
Less deferred inflow of resources	(12,655)	(15,378)	-
Less accrued compensated absences	(3,482)	(2,407)	-
Less loan payable	(644,564)	-	-
Add prior period interest allocation	1,626	-	-
Less accrued interest payable	(19,053)	-	-
Ending net position	<u>\$ 321,945</u>	<u>\$ 17,176</u>	<u>\$ 323,788</u>

28 Sewer Collection Replacement Fund	Totals June 30, 2016
\$ 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>

\$ 21,820	\$ 73,118
-	(59,835)
-	39,534
-	(51,295)
-	1,075
-	6,360
<u>\$ 21,820</u>	<u>\$ 8,957</u>

\$ 235,764	\$ 767,459
-	2,833,081
-	(1,959,068)
-	(59,608)
-	12,722
-	(28,033)
-	(5,889)
-	(644,564)
-	1,626
-	(19,053)
<u>\$ 235,764</u>	<u>\$ 898,673</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, 2016

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
User fees	\$ 523,993	\$ 489,524	\$ 489,524	\$ (34,469)
Miscellaneous income	22,614	-	-	(22,614)
Total operating revenue	<u>546,607</u>	<u>489,524</u>	<u>489,524</u>	<u>(57,083)</u>
Operating expenses				
Administration				
Personnel services	43,500	48,118	48,118	4,618
Employee benefits	28,593	24,686	24,686	(3,907)
Materials and services	13,212	15,538	15,538	2,326
Total administration	<u>85,305</u>	<u>88,342</u>	<u>88,342</u>	<u>3,037</u>
Operating				
Personnel services	38,412	47,009	47,009	8,597
Employee benefits	17,170	29,691	29,691	12,521
Materials and services	52,008	59,400	59,400	7,392
Capital outlay	-	5,000	5,000	5,000
Debt service	74,754	74,800	74,800	46
Motor pool	25,000	25,000	25,000	-
Contingency	-	10,000	10,000	10,000
Total operating	<u>207,344</u>	<u>250,900</u>	<u>250,900</u>	<u>43,556</u>
Total operating expenses	<u>292,649</u>	<u>339,242</u>	<u>339,242</u>	<u>46,593</u>
Operating income (loss)	<u>253,958</u>	<u>150,282</u>	<u>150,282</u>	<u>(103,676)</u>
Nonoperating revenues				
Interest earned	534	171	171	(363)
Total nonoperating revenues	<u>534</u>	<u>171</u>	<u>171</u>	<u>(363)</u>
Increase (decrease) in fund balance before transfers	254,492	150,453	150,453	(104,039)
Transfers				
Transfers out	<u>(206,114)</u>	<u>(207,549)</u>	<u>(207,549)</u>	<u>(1,435)</u>
Increase (decrease) in fund balance	48,378	(57,096)	(57,096)	(105,474)
Fund balance at beginning of year	106,202	57,096	57,096	(49,106)
Prior period adjustment	5,088	-	-	(5,088)
Fund balance at end of year	<u>\$ 159,668</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (159,668)</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, 2016

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Miscellaneous income	\$ 495	\$ -	\$ -	\$ (495)
Total operating revenue	495	0	0	(495)
Operating expenses				
Administration				
Personnel services	19,845	19,870	19,870	25
Employee benefits	12,882	10,109	10,109	(2,773)
Materials and services	15,409	16,695	16,695	1,286
Total administration	48,136	46,674	46,674	(1,462)
Operating				
Personnel services	68,331	60,638	60,638	(7,693)
Employee benefits	25,336	37,234	37,234	11,898
Materials and services	71,489	87,954	87,954	16,465
Capital outlay	-	5,000	5,000	5,000
Contingency	-	5,000	5,000	5,000
Motor pool	20,000	20,000	20,000	-
Total operating	185,156	215,826	215,826	30,670
Total operating expenses	233,292	262,500	262,500	29,208
Operating income (loss)	(232,797)	(262,500)	(262,500)	(29,703)
Nonoperating revenues				
Intergovernmental revenues	55,298	55,298	55,298	-
Interest earned	331	136	136	(195)
Total nonoperating revenues	55,629	55,434	55,434	(195)
Increase (decrease) in fund balance before transfers	(177,168)	(207,066)	(207,066)	(29,898)
Transfers				
Transfers in	168,673	168,673	168,673	-
Transfers out	(5,535)	(6,969)	(6,969)	(1,434)
Increase (decrease) in fund balance	(14,030)	(45,362)	(45,362)	(31,332)
Fund balance at beginning of year	57,180	45,362	45,362	(11,818)
Prior period adjustment	5,089	-	-	(5,089)
Fund balance at end of year	\$ 48,239	\$ 0	\$ 0	\$ (48,239)

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, 2016

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total operating revenue	0	0	0	0
Operating expenses				
Operating				
Materials and services	-	10,000	10,000	10,000
Capital outlay	-	312,280	312,280	312,280
Total operating	0	322,280	322,280	322,280
Total operating expenses	0	322,280	322,280	322,280
Operating income (loss)	0	(322,280)	(322,280)	(322,280)
Nonoperating revenues				
Intergovernmental revenues	3,704	3,704	3,704	-
Interest earned	1,950	919	919	(1,031)
Total nonoperating revenues	5,654	4,623	4,623	(1,031)
Increase (decrease) in fund balance before transfers	5,654	(317,657)	(317,657)	(323,311)
Transfers				
Transfers in	11,296	11,296	11,296	-
Increase (decrease) in fund balance	16,950	(306,361)	(306,361)	(323,311)
Fund balance at beginning of year	306,838	306,361	306,361	(477)
Fund balance at end of year	\$ 323,788	\$ 0	\$ 0	\$ (323,788)

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, 2016

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total operating revenue	0	0	0	0
Operating expenses				
Operating				
Capital outlay	-	204,871	204,871	204,871
Total operating	0	204,871	204,871	204,871
Total operating expenses	0	234,871	234,871	234,871
Operating income (loss)	0	(234,871)	(234,871)	(234,871)
Nonoperating revenues				
Interest earned	1,406	641	641	(765)
Total nonoperating revenues	1,406	641	641	(765)
Increase (decrease) in fund balance before transfers	1,406	(234,230)	(234,230)	(235,636)
Transfers				
Transfers in	20,414	20,414	20,414	-
Increase (decrease) in fund balance	21,820	(213,816)	(213,816)	(235,636)
Fund balance at beginning of year	213,944	213,816	213,816	(128)
Fund balance at end of year	\$ 235,764	\$ 0	\$ 0	\$ (235,764)

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2016
ASSETS			
Current assets			
Cash with depositories	\$ 320,321	\$ 122,431	\$ 442,752
Accounts receivable	724	-	724
Total current assets	<u>321,045</u>	<u>122,431</u>	<u>443,476</u>
Noncurrent assets			
Equipment and vehicles	701,836	-	701,836
Less accumulated depreciation	(603,370)	-	(603,370)
Equipment and vehicles - net	<u>98,466</u>	<u>0</u>	<u>98,466</u>
Total assets	<u>419,511</u>	<u>122,431</u>	<u>541,942</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>1,373</u>	<u>1,718</u>	<u>3,091</u>
Total deferred outflows of resources	<u>1,373</u>	<u>1,718</u>	<u>3,091</u>
Total assets and deferred outflows of resources	<u>420,884</u>	<u>124,149</u>	<u>545,033</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,061	-	1,061
Accrued liabilities	138	587	725
Accrued compensated absences	<u>1,759</u>	<u>-</u>	<u>1,759</u>
Total current liabilities	<u>2,958</u>	<u>587</u>	<u>3,545</u>
Noncurrent liabilities			
Net pension liability	<u>3,896</u>	<u>1,304</u>	<u>5,200</u>
Total liabilities	<u>6,854</u>	<u>1,891</u>	<u>8,745</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>4,220</u>	<u>7,636</u>	<u>11,856</u>
Total deferred inflows of resources	<u>4,220</u>	<u>7,636</u>	<u>11,856</u>
Total liabilities and deferred inflows of resources	<u>11,074</u>	<u>9,527</u>	<u>20,601</u>
NET POSITION			
Invested in capital assets	98,466	-	98,466
Unrestricted	<u>311,344</u>	<u>114,622</u>	<u>425,966</u>
Total net position	<u>\$ 409,810</u>	<u>\$ 114,622</u>	<u>\$ 524,432</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, 2016

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2016
Operating revenues			
Interfund charges	\$ 137,450	\$ 45,455	\$ 182,905
Miscellaneous income	3,639	-	3,639
Total operating revenues	<u>141,089</u>	<u>45,455</u>	<u>186,544</u>
Operating expenses			
Operating			
Personnel services	24,271	27,858	52,129
Supplies, repairs, and services	25,902	-	25,902
Depreciation	23,623	-	23,623
Total operating	<u>73,796</u>	<u>27,858</u>	<u>101,654</u>
Public safety			
Supplies, repairs, and services	33,062	-	33,062
Depreciation	28,484	-	28,484
Total public safety	<u>61,546</u>	<u>0</u>	<u>61,546</u>
Total operating expenses	<u>135,342</u>	<u>27,858</u>	<u>163,200</u>
Operating income (loss)	<u>5,747</u>	<u>17,597</u>	<u>23,344</u>
Nonoperating revenues			
Intergovernmental revenues	5,939	-	5,939
Interest earned	1,747	801	2,548
Loss on sale of capital assets	4,938	-	4,938
Total nonoperating revenues	<u>12,624</u>	<u>801</u>	<u>13,425</u>
Change in net position	18,371	18,398	36,769
Net position at beginning of year	401,616	96,224	497,840
Prior period adjustment	(10,177)	-	(10,177)
Net position at end of year	<u><u>\$ 409,810</u></u>	<u><u>\$ 114,622</u></u>	<u><u>\$ 524,432</u></u>

CITY OF JOHN DAY
Grant County, Oregon
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended
June 30, 2016

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2016
Cash flows from operating activities			
Cash received from customers	\$ 141,085	\$ 45,455	\$ 186,540
Cash paid to employees	(19,769)	(23,570)	(43,339)
Cash paid to suppliers	(58,642)	-	(58,642)
Net cash provided (used) by operating activities	<u>62,674</u>	<u>21,885</u>	<u>84,559</u>
Cash flows from capital activities			
Grants received	5,939	-	5,939
Proceeds from sale of fixed assets	4,938	-	4,938
Capital assets transferred to other funds	(10,177)	-	(10,177)
Net cash provided (used) by capital and related financing activities	<u>700</u>	<u>0</u>	<u>700</u>
Cash flows from investing activities			
Interest on investments	1,747	800	2,547
Net cash from investing activities	<u>1,747</u>	<u>800</u>	<u>2,547</u>
Net increase (decrease) in cash	65,121	22,685	87,806
Cash and cash equivalents at beginning of year	<u>255,200</u>	<u>99,746</u>	<u>354,946</u>
Cash and cash equivalents at end of year	<u><u>\$ 320,321</u></u>	<u><u>\$ 122,431</u></u>	<u><u>\$ 442,752</u></u>
Reconciliation of operating income (loss)			
to net cash provided by operating activities			
Net operating income (loss)	<u>\$ 5,747</u>	<u>\$ 17,597</u>	<u>\$ 23,344</u>
Adjustments to reconcile operating income (loss)			
to net cash provided by operating activities			
Depreciation expense	52,107	-	52,107
(Increase) or decrease in			
Accounts receivable	(3)	-	(3)
Net pension liability/asset	7,162	7,406	14,568
Deferred outflow of resources	(269)	(278)	(547)
Increase or (decrease) in			
Accounts payable	322	-	322
Accrued liabilities	(30)	60	30
Deferred inflows of resources	(2,804)	(2,900)	(5,704)
Accrued compensated absences	442	-	442
Total adjustments	<u>56,927</u>	<u>4,288</u>	<u>61,215</u>
Net cash provided by operating activities	<u><u>\$ 62,674</u></u>	<u><u>\$ 21,885</u></u>	<u><u>\$ 84,559</u></u>

CITY OF JOHN DAY
Grant County, Oregon
**RECONCILIATION OF BUDGET BASIS INDIVIDUAL FUND SCHEDULES
TO ACCRUAL BASIS COMBINING SCHEDULES
INTERNAL SERVICE FUNDS**
For the year ended
June 30, 2016

	26 Motor Pool	33 Unpaid Compensation	Totals June 30, 2016
Reconciliation of beginning fund balance to beginning net position			
Beginning 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)
Beginning net position	<u>\$ 401,616</u>	<u>\$ 96,224</u>	<u>\$ 497,840</u>
Reconciliation of change in fund balance to increase in net position			
Change in fund balance - budget basis	\$ 75,009	\$ 22,626	\$ 97,635
Change in pension expense	(4,089)	(4,228)	(8,317)
Change in accrued compensated absences	(442)	-	(442)
Less depreciation expense	(52,107)	-	(52,107)
Increase (decrease) in net position	<u>\$ 18,371</u>	<u>\$ 18,398</u>	<u>\$ 36,769</u>
Reconciliation of ending fund balance to ending net position			
Ending fund balance - budget basis	\$ 319,846	\$ 121,844	\$ 441,690
Add capital assets	701,836	-	701,836
Less accumulated depreciation on capital assets	(603,370)	-	(603,370)
Add deferred outflow of resources	1,373	1,718	3,091
Less net pension liability	(3,896)	(1,304)	(5,200)
Less deferred inflow of resources	(4,220)	(7,636)	(11,856)
Less accrued compensated absences	(1,759)	-	(1,759)
Ending net position	<u>\$ 409,810</u>	<u>\$ 114,622</u>	<u>\$ 524,432</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, 2016

	Actual	Budget		(Over) Under Budget
		Original	Final	
Operating revenues				
Interfund charges	\$ 137,450	\$ 137,900	\$ 137,900	\$ 450
Miscellaneous income	3,639	2,567	2,567	(1,072)
Total operating revenue	141,089	140,467	140,467	(622)
Operating expenses				
Motor pool				
Personnel services	12,767	22,715	22,715	9,948
Employee benefits	6,972	14,720	14,720	7,748
Materials and services	25,902	61,862	61,862	35,960
Capital outlay	-	225,979	225,979	225,979
Total motor pool	45,641	325,276	325,276	279,635
Police				
Materials and services	21,109	37,821	37,821	16,712
Capital outlay	-	7,400	7,400	7,400
Total police	21,109	45,221	45,221	24,112
Fire				
Materials and services	11,952	19,510	19,510	7,558
Total fire	11,952	19,510	19,510	7,558
Total operating expenses	78,702	390,007	390,007	311,305
Operating income (loss)	62,387	(249,540)	(249,540)	(311,927)
Nonoperating revenues				
Intergovernmental revenues	5,939	7,200	7,200	1,261
Interest earned	1,746	725	725	(1,021)
Sale of assets	4,937	-	-	(4,937)
Total nonoperating revenues	12,622	7,925	7,925	(4,697)
Increase (decrease) in fund balance	75,009	(241,615)	(241,615)	(316,624)
Fund balance at beginning of year	255,014	241,615	241,615	(13,399)
Prior period adjustment	(10,177)	-	-	10,177
Fund balance at end of year	\$ 319,846	\$ 0	\$ 0	\$ (319,846)

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, 2016

	Actual	Budget		(Over) Under
		Original	Final	Budget
Operating revenues				
Interfund charges	\$ 45,455	\$ 45,455	\$ 45,455	\$ -
Total operating revenues	45,455	45,455	45,455	0
Operating expenses				
Personnel services	18,983	115,499	115,499	96,516
Employee benefits	4,646	34,923	34,923	30,277
Total operating expenses	23,629	150,422	150,422	126,793
Operating income (loss)	21,826	(104,967)	(104,967)	(126,793)
Nonoperating revenues				
Interest earned	800	314	314	(486)
Total nonoperating revenues	800	314	314	(486)
Increase (decrease) in fund balance	22,626	(104,653)	(104,653)	(127,279)
Fund balance at beginning of year	99,218	104,653	104,653	5,435
Fund balance at end of year	<u>\$ 121,844</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (121,844)</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, 2016

	Actual	Budget		(Over) Under
		Original	Final	Budget
Additions				
Intergovernmental	\$ 28,698	\$ 15,200	\$ 15,200	\$ (13,498)
Interest earned	172	52	52	(120)
Other additions	2,220	5,000	5,000	2,780
Total additions	31,090	20,252	20,252	(10,838)
Deductions				
Materials and services	28,160	37,530	37,530	9,370
Total deductions	28,160	37,530	37,530	9,370
Net decrease in fiduciary fund balance	2,930	(17,278)	(17,278)	(20,208)
Fund balance at beginning of year	26,906	17,278	17,278	(9,628)
Fund balance at end of year	<u>\$ 29,836</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (29,836)</u>

COMMENTS AND DISCLOSURES REQUIRED BY THE STATE OF OREGON

AUDIT COMMENTS AND DISCLOSURES

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of the City of John Day, Oregon as of and for the year ended June 30, 2016, and have issued our report thereon dated November 28, 2016. 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, except the general fund administration department was over budget by \$14,137.

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



Kent J. Bailey, CPA

Print Form

OREGON AUDITS DIVISION
SUMMARY OF REVENUES AND EXPENDITURES

Municipal
Customer #

000376

Name of Municipal Corporation CITY OF JOHN DAY

Address STREET / PO BOX 450 EAST MAIN STREET

CITY JOHN DAY

STATE OREGON

ZIP 97845

Period Covered by Audit/Review Report From JULY 1, 2015 To JUNE 30, 2016

Total Revenues and/or Receipts - (Government-wide + Fiduciary Funds)

\$ 3,949,713

Less:

Revenues of Component Units included in report of primary government

Taxes, assessments and other collections to be distributed to other governmental units

Net Revenues and/or Receipts

\$ 3,949,713

Total Expenditures and/or Disbursements - (Government-wide + Fiduciary Funds)

2,715,720

Less:

Expenditures of Component Units included in report of primary government

Turnovers to other municipal corporations:

Taxes and Assessments

Other Distributions

Net Expenditures and/or Disbursements

\$ 2,715,720

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 (type if submitting electronically) Kent Bailey, CPA - Guyer & Associates

PLEASE ENCLOSE PAYMENT WITH SUMMARY

Over	Not Over	Fee	ORS 297.485 (1)
\$ 0	\$ 50,000	\$ 20	...The filing fee shall be determined by the total expenditures made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, <u>except</u> that
\$ 50,000	150,000	40	expenditures for principal of bonded debt, principal of short-term loans, principal of
150,000	500,000	150	warrants redeemed which were issued during prior audit periods, transfers or loans
500,000	1,000,000	200	between funds and turnovers of taxes or other trust moneys to other municipal corporations
1,000,000	5,000,000	250	shall not be included in the total expenditures upon which the amount of the fee is based.
5,000,000	10,000,000	300	
10,000,000	50,000,000	350	
50,000,000		400	

(Net Expenditures and/or Disbursements)

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Honorable Mayor and City Council
City of John Day
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 the City of John Day, Oregon as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of John Day, Oregon's basic financial statements, and have issued our report thereon dated November 28, 2016.

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 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.

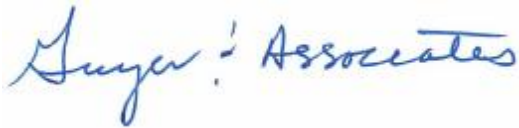
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of John Day, Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not

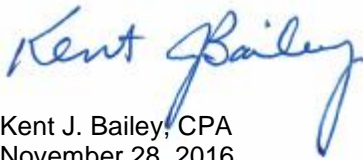
express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

GUYER & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

By: A handwritten signature in blue ink that reads "Kent Bailey".

Kent J. Bailey, CPA
November 28, 2016