

CITY OF JOHN DAY

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020



CITY OF JOHN DAY

Basic Financial Statements and Supplementary Information Year Ended June 30, 2020

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CITY OF JOHN DAY
Basic Financial Statements and Supplementary Information
Year Ended June 30, 2020

CITY MAILING ADDRESS

450 EAST MAIN STREET
JOHN DAY, OR 97845

CITY OFFICIALS AND COUNCIL MEMBERS
AS OF JUNE 30, 2020

Official	Name	Mailing Address	Term Expires
<u>Governing Council</u>			
Mayor	Ron Lundbom	620 SE Hillcrest Rd - John Day OR	December 31, 2022
President	Steve Schutte	864 NW Bridge St - John Day OR	December 31, 2020
Councilor	Gregg Haberly	195 Ford Road Ext - John Day OR	December 31, 2022
Councilor	Elliot Sky	134 NW Charolais Heights Dr - John Day OR	December 31, 2020
Councilor	Shannon Adair	221 Valley View Dr - John Day OR	December 31, 2022
Councilor	Paul Smith	231 Valley View Dr - John Day OR	December 31, 2022
Councilor	David Holland	850 NW Bridge St - John Day OR	December 31, 2020

City Officials

City Manager	Nicholas Green
City Recorder	Solutions CPAs PC
City Attorney	Bryant, Lovlien and Jarvis

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the component unit and the aggregate remaining fund information of the City of John Day, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, the component unit and the aggregate remaining fund information of the City of John Day, Oregon, as of June 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited City of John Day, Oregon's 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it is derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 13, and 47 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken 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 financial statements as a whole. The *combining and individual nonmajor fund financial statements and the non-major fund budgetary comparison schedules* are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 11, 2020 on our consideration of City of John Day'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.

Gaslin Accounting CPA's PC



Robert Gaslin, CPA
Baker City, Oregon
December 11, 2020

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2020

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, 2020 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 14.

FINANCIAL HIGHLIGHTS

Following are the financial highlights of the City for the fiscal year ended June 30, 2020:

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$10,384,562 (net position). Of this amount, \$621,797 (or 6%) is unrestricted and may be used to meet the City's ongoing obligations and pay for day to day operations (see Table 1).
- The total net position increased \$39,717 (or 0.5%) during the year (see Table 2).
- Governmental funds reported combined ending fund balances at year-end of \$2,113,757, a decrease of \$408,476 (or 18%) compared to last fiscal year (see Table 3).
- The General Fund's unassigned fund balance at the end of the current year was \$410,483 (or 52%) of total General Fund expenditures and transfers (see Budgetary Comparison Schedules – General Fund)

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.

- *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.
- *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.
- *Budgetary comparison schedules.* The City's major governmental funds are presented on their own. Schedules showing budget-to-actual expenditure and revenues are presented for the: General Fund; Street Fund; 911 Fund; Community Development Fund; Debt Service Fund; Water Fund; Sewer Fund; Joint Sewer Fund; and Internal Service Funds (Motor Pool, Unpaid Compensation).

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.

Comments and Disclosures. This includes supplemental communication on City compliance as required by Oregon statute.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City continues to pursue an aggressive redevelopment strategy launched in 2017 as its *Strategy for Growth*.¹ The City has a fully functional urban renewal agency, has engaged in owner-financed land sales, shifted to long-term capital leases for specific equipment modernization efforts, and continues to do capital asset acquisitions in line with our Strategy. These moves are strategic in nature and are design to spur growth through public sector stimulus and regional investments that benefit not only John Day but also the surrounding communities in Grant County, all of which are significantly smaller and more socioeconomically distressed. John Day's role as the geographic and economic center for Grant County is clearly identified in the City's Comprehensive Economic Development Strategy (CEDS)² and Economic Opportunities Assessments (EOA)³ that were adopted into the City's Comprehensive Plan in FY20.

TABLE 1
CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and Other Assets	\$ 2,262,074	\$ 2,701,561	\$ 892,450	\$ 1,845,246	\$ 3,154,524	\$ 4,546,807
Net Capital Assets	6,320,359	5,906,694	5,178,932	4,334,020	11,499,291	10,240,714
Total Assets	8,582,434	8,608,255	6,071,382	6,179,266	14,653,816	14,787,521
Deferred Outflows of Resources	231,754	185,037	202,213	69,610	433,967	254,647
Liabilities:						
Current Liabilities	125,663	125,054	396,814	458,072	522,477	583,126
Long-Term Liabilities	503,057	496,395	2,359,093	2,597,626	2,862,150	3,094,021
Net Pension/OPEB Liability	576,181	589,100	529,520	218,491	1,105,701	807,591
Due To (From) Other Funds	303,302	329,492	(303,302)	(329,492)	-	-
Total Liabilities	1,508,203	1,540,041	2,982,124	2,944,697	4,490,327	4,484,738
Deferred Inflows of Resources	114,510	137,266	98,383	75,319	212,893	212,585
Net Position:						
Net Investment in Capital Assets	5,493,745	5,066,202	2,589,057	1,502,673	8,082,802	6,568,875
Restricted	1,679,964	2,031,641	-	-	1,679,964	2,031,641
Unrestricted	17,766	18,141	604,031	1,726,188	621,797	1,744,329
Total Net Position	\$ 7,191,475	\$ 7,115,984	\$ 3,193,088	\$ 3,228,861	\$ 10,384,562	\$ 10,344,845

In line with the Strategy, the City had a significant increase in total net capital assets, from \$10,240,714 in FY19 to \$11,499,291 in FY20. This increase of \$1,258,577 (or 12.2%) resulted from investments in broadband infrastructure through the City's municipal fiber consortium, Grant County Digital⁴, as well as the acquisition of land for future redevelopment along the John Day River as part of the John Day Innovation Gateway Area Plan, which was a two-year planning effort that was also adopted into the City's Comprehensive Plan in FY20.⁵

¹ <https://econw.com/projects-collection/2019/7/29/john-day-investment-prospectus>

² https://bit.ly/JohnDay_CEDS

³ https://bit.ly/JohnDay_EOA

⁴ <https://www.grantcountydigital.org/>

⁵ https://bit.ly/JohnDay_IG_Area_Plan

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS, continued

TABLE 2 CONDENSED STATEMENT OF CHANGES IN NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Charges for Services	\$ 210,688	\$ 411,297	\$ 1,319,535	\$ 1,270,504	\$ 1,530,222	\$ 1,681,801
Operating Grants	299,873	399,477	-	-	299,873	399,477
Capital Grants	319,132	76,017	143,452	36,500	462,584	112,517
General Revenues:						
Property Taxes	357,743	371,882	-	-	357,743	371,882
Interest Income	55,783	80,739	35,381	38,721	91,163	119,460
Other	236,121	254,388	11,418	51,053	247,539	305,441
Total Revenues	1,479,339	1,593,800	1,509,785	1,396,778	2,989,124	2,990,578
Program Expenses:						
General Government	378,252	249,633	-	-	378,252	249,633
Streets	232,362	334,781	-	-	232,362	334,781
Public Safety	567,199	1,051,207	-	-	567,199	1,051,207
Community Development	242,823	229,096	-	-	242,823	229,096
Utilities	-	-	1,528,771	1,240,839	1,528,771	1,240,839
Total Program Expenses	1,420,637	1,864,717	1,528,771	1,240,839	2,949,407	3,105,556
Transfers	16,788	12,168	(16,788)	(12,168)	-	-
Change in Net Position	\$ 75,491	\$ (258,749)	\$ (35,773)	\$ 143,771	\$ 39,717	\$ (114,978)

The City continues to be highly sensitive to changes in Net Pension/OPEB liability due to the interest estimates used to calculate PERS liability (see Note 15). The impacts of this interest rate sensitivity were particularly noticeable in FY20 due to the discontinuation of the City's 9-1-1 Department. The transfer of 911 from the City to an independent agency reduced city staffing by 30 percent and significantly reduced Public Safety expenditures in FY20, but also concentrated residual pension liability in fewer departments, with the most significant absorption occurring in the City's Business-Type Activities. Public Safety spending declined by \$484,008 (or 46%) from \$1,051,207 in FY19 to \$567,199 in FY20 as a result of these staff reductions and will remain at these reduced levels for the foreseeable future.

The \$39,717 increase in Net Position can be attributed primarily to interest earned on funds programmed for capital outlay that were not expended. The City also has a Notes Receivable asset of \$125,000 in Governmental Activities for the sale of a Main Street building acquired in FY18 to Tyler and Krista Sheedy. The Sheedys have made consistent payments on the building lease and pre-paid \$55,000 toward the principal in November 2020, resulting in a note balance of \$69,858.67 at the time of this report. The Sheedy's expect to pay the full balance of the lease in FY21, which would satisfy the note and this asset will convert to cash in the General Fund.

The net position of the Governmental Activities increased \$75,491 in the current year primarily due to revenues in excess of operating expenses. The net position of the Business-Type Activities decreased by \$35,773 due to expenditures for which grant and loan proceeds have been programmed and approved but have not yet been received.

Urban Renewal Agency

The John Day Urban Renewal Agency (URA) is included in the Governmental Activities for the first time in FY20. The URA is a blended component unit of the City used to incentivize new home construction and major renovations of existing homes. The URA offers cash incentives for these investments, which are recovered in the property tax base through tax increment financing.⁶ The URA had a deficit fund balance in FY20 (see Note 18) that was replenished through TIF revenues and a new line of credit and loan in FY21.

⁶ https://bit.ly/JohnDay_URA

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2020

FUND ANALYSIS

City revenues were expended across seven main departments: Water; Sewer; Streets; Police; Administration; Community Development; and Fire (see Figure 1). The City also manages funds for the Grant County Digital Network Coalition as its lead agency. Minimal costs were also incurred in Main Street Revitalization and Emergency Services (911), which will be zero'd out in FY21.

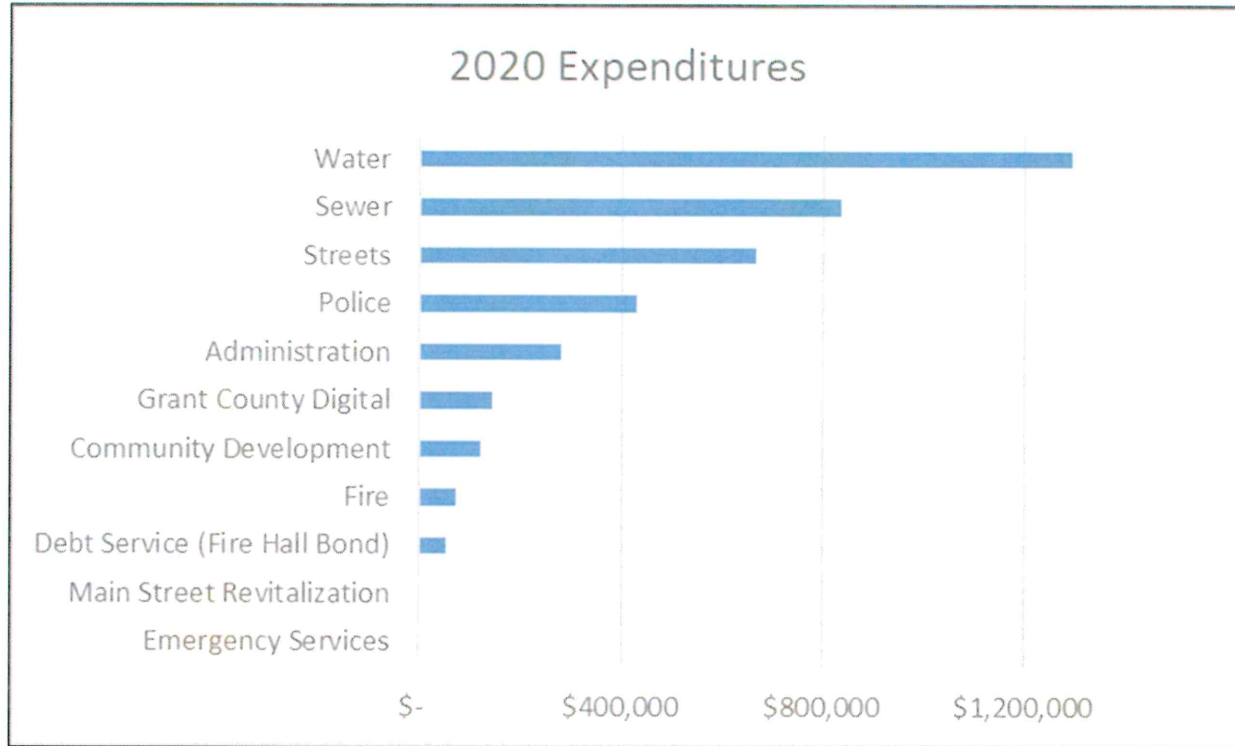


Figure 1. Expenditures by Department

General Fund

Intergovernmental revenues in the General Fund include pass through income from the state such as liquor taxes, grants and contract payments from the John Day Rural Fire District. General Fund expenditures exceeded revenues by \$32,186. The General Fund includes four departments: Administration, Police, Fire, and Main Street Revitalization. Of these, Police expenditures account for 63 percent of total General Fund expenditures. Total revenue of \$750,645 declined by \$94,285 (or 12.5%) from FY19's revenue of \$844,930. This revenue decrease was due in part to lost rental income resulting from the sale of the Weaver building to Tyler and Krista Sheedy and to a decline in grant revenues received in FY19 for the Main Street Revitalization program. General Fund transfers were slightly higher than last fiscal year with \$65,711 transferred from the General Fund to other funds and \$45,000 transferred to the Motor Pool. As a result, the fund balance decreased by \$80,109 in this fund compared to FY19.

The City began implementing formal code enforcement in FY20 by hiring a part-time code enforcement officer to work in the police department. This addition, plus salary and cost of living increases negotiated under a new collective bargaining agreement along with health insurance increases, contributed to police expenditures increasing by \$69,306 (or 19%), from \$359,425 in FY19 to \$428,731 in FY20. Code enforcement was a priority of the city council after receiving numerous complaints from residents about substandard living conditions and public nuisance violations. The enforcement process has yielded tangible results in terms of the properties that have been abated but it does place an increased cost burden on the City's General Fund to provide these services.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2020

FUND ANALYSIS, continued

Street Fund

Street Fund expenditures exceeded revenues by \$100,340. City street funds are used primarily 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. The City received \$168,686 in federal forest fees this year and State Highway fund revenues were approximately \$126,000; while total operating costs were \$246,821 plus an additional \$419,926 in capital outlay. Capital outlay was for the new Integrated Park System with trails and paths connecting existing and future parks to the riverfront, along with improvements to Canton Street, which serves as an access point to the new park system. Approximately \$82,500 in capital outlay expenditures were also incurred for the repair of the 4th Street/Airport Road access that was damaged during the April 2019 flood event and for grants to complete the City's street improvement projects. The City will receive 75 percent cost reimbursement through FEMA for these disaster-related repairs and an additional \$50,000 from ODOT, and we are in discussions with Grant County to cost share on the repairs to allow the City to offset a portion of these unforeseen expenses.

911 Fund

The fund balance of the 911 Fund had \$673 of interest earned. \$46,000 was transferred from this fund to the Police fund this fiscal year, resulting in a fund balance of \$9,964. The remaining funds will be expended in FY21. This fund will continue to be reported for three years but has been discontinued since the 911 department transitioned to the Grant County Emergency Communications Agency.

IT Fund

The revenues of this fund are a result of State Appropriations of \$1,836,000 received in FY18. These funds will be used to establish broadband infrastructure for those communities participating in the project. Once established the broadband service will be provided by the Grant County Digital Network Coalition, a council of governments organized under Oregon Revised Statute 190.010 to improve broadband access throughout Grant County (see Ordinance No. 18-171-01). During the current fiscal year, the IT fund earned \$32,181 in interest and expended \$146,134, of which \$102,333 was for capital outlay. Funds were used to establish fiber optic connections between the John Day Fire Hall/GCECA and Grant Education Service District/Grant School District 3. Funds were also used to apply for the US Economic Development Administration (EDA) FY20 CARES act to build fiber to the home for the remaining unserved portions of John Day. A decision on this grant, which will provide \$2 million in federal funding for broadband, is expected by January 2021. The City, in partnership with OTC Connections, was also awarded a \$6 million broadband grant under ReConnect in December 2019 to install an additional 80 miles of fiber to outlying communities. The fund balance of \$1,449,001 remaining at the end of FY20 will be used for these projects, with \$1 million in matching funds contributed by the City to OTC for USDA ReConnect and the remainder reserved for the EDA grant if it is awarded. The City will have license to access this infrastructure for public use and these expenditures will be reflected in the FY21 and FY22 budgets.

Community Development Fund

The revenues of this fund consist of a monthly fee from the utility customers of the City. These funds have been used as incentive for building and remodeling of homes in the City of John Day as part of an Urban Renewal Area (URA) the City created in June 2018 (see Ordinance No. 18-172-02 and Ordinance No. 18-173-03). The fund collected \$76,369 in fees and received \$15,000 in grant proceeds in FY20 from the Grant County Court for a joint planning study for the Grant County Fairground. Beginning in FY21, the URA's revenues and expenditures will be managed separately from the City's and will no longer be connected to this fund, and the City's greenhouse will transition from the Sewer Fund to this fund.

Debt Service Fund

The Debt Service Fund is new for FY20 and was created to manage the Fire Hall bond revenue and expenditures. Bond revenue of \$55,687 including \$680 in interest are the sole source of revenue for this fund. Expenditures of \$55,096 were for the City's loan payment to WaFd bank for the Fire Hall loan. Transfers into this fund of \$22,720 were a one-time transfer of the funds for this loan into the new Debt Service Fund. The fund balance as of July 1 was \$23,310.

Water Fund

The Water Fund's net position decreased \$601,616 in the current year. Monthly water rates were increased by \$1 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. The decrease in net position was due to \$734,869 in capital outlay for the purchase of the Iron Triangle Logging property

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2020

FUND ANALYSIS, continued

and right-of-way that will be used to create the new Innovation Gateway business/industrial park. The John Day Planning Commission approved the preliminary plat and site design plan for this development on November 18, 2020 and the property will be developed utilizing funds from the Oregon Business Development Department (Business Oregon), described further in the Long Term Debt activity section of this MD&A.

Sewer Fund

The Sewer Fund had total operating expenses of \$839,170, an increase in expenditure of \$106,583 over FY19. This increase was due largely to operations of the Greenhouse, which was transferred to the Community Development Fund in FY21. The fund balance of the Sewer Fund decreased by \$235,474 in the current year due to this department as well as the final engineering/design of the new wastewater treatment plant, which is scheduled to begin construction in FY21. Monthly sewer rates were increased by \$1 during the FY19 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. Business Oregon issued a loan/grant combination in FY21 for \$2.25 million to complete final design and begin construction of the pre-fabricated treatment plant, which consists of a grant of \$750,000 and a loan of \$1.5 million for 30 years at one percent interest. The sewer rates will increase by \$12 in January 2021 to offset the cost of the Business Oregon loan and create more liquidity in this fund as we move into construction. The balance of the financing for the project will be provided by the CDBG program (\$2.3 million grant) and USDA Rural Development under a guaranteed loan and grant combination. The City will also see some cost recovery for expenditures incurred in FY20 that will be reimbursed in FY21 that will be accounted for in next year's audit on a full accrual basis.

TABLE 3
CHANGES IN FUND BALANCES/NET POSITION - MAJOR FUNDS

	Governmental Funds				Proprietary Funds	
	General Fund	Street Fund	IT Fund	Community Development Fund	Water Fund	Sewer Fund
Fund Balances/Net Position - Beginning	\$ 490,592	\$ 336,465	\$ 1,562,954	\$ 76,931	\$ 2,160,257	\$ 751,333
Revenues	750,645	566,407	32,181	101,295	664,988	844,798
Expenditures	(782,831)	(666,747)	(146,134)	(121,062)	(533,152)	(972,561)
Transfers	(47,923)	(25,000)	-	-	(5,596)	(11,192)
Changes in Equity	(80,109)	(125,340)	(113,953)	(19,767)	126,240	(138,955)
Fund Balances/Net Position - Ending	\$ 410,483	\$ 211,125	\$ 1,449,001	\$ 57,164	\$ 2,286,497	\$ 612,378

BUDGET RESOLUTIONS

Several resolutions were passed during the fiscal year related to budget appropriations:

- 19-814-15 A Resolution to Adopt Fiscal Year 2019-2020 Budget
- 19-815-16 A Resolution to Appropriate Fiscal Year 2019-2020 Budget
- 19-816-17 A Resolution to Impose and Categorize Taxes for Fiscal Year 2019-2020 Budget
- 19-817-18 A Resolution of the City of John Day, Grant County, Oregon Approving Participation in the State Revenue Sharing Program
- 19-819-20 A Resolution to Transfer Appropriations Between Categories within the 911 Fund in the FY 2018-2019 Budget
- 19-820-21 A Resolution of City of John Day Approving the Transfer of Certain Real Property Located in City
- 19-821-22 A Resolution of City of John Day Approving the Transfer of Certain Real Property Located in City
- 19-822-23 A Resolution of City of John Day Approving the Transfer of Certain Real Property Located in City
- 19-823-24 A Resolution of City of John Day Approving the Transfer of Certain Real Property Located in City
- 19-824-25 A Resolution of City of John Day Approving the Transfer of Certain Real Property Located in City
- 19-825-26 A Resolution Approving a Loan between the City of John Day and the John Day Urban Renewal Agency
- 19-826-27 A Resolution to Increase System Development Charges for Calendar Year 2020
- 19-827-28 A Resolution to Change Budget Appropriations by Supplemental Budget
- 20-828-01 A Resolution Establishing Water Rates, Deposits, and Other Related Charges
- 20-829-02 A Resolution Establishing Sewer Service and Connection Charges
- 20-830-03 A Resolution to Authorize Expenditures of the OPRD Integrated Park System Grant
- 20-831-04 A Resolution of City of John Day Declaring a State of Emergency in Response to the Covid-19 Pandemic; and Authorizing the City Manager to Take Actions Necessary and Appropriate to Protect the Health, Safety, and Welfare of the City and City's Citizens.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2020

BUDGET RESOLUTIONS, continued

- 20-832-05 A Resolution to Declare Accounts Uncollectible and Take off Books as Receivable
- 20-833-06 A Resolution to Change Budget Appropriations by Supplemental Budget

The City's land assembly for the new wastewater treatment plant and Innovation Gateway project resulted in approximately 100 acres of city-owned property along the John Day River. These properties are held in the Water, Street and Sewer funds, depending on the source of funding used for the acquisition. Most of these were bulk land acquisition of unimproved land or brownfields. The City began liquidating small portions of these properties through property line adjustments along the perimeter of these acquisitions that were not needed for the City's projects. The City also completed the sale of the Weaver Building, purchased in FY18 as part of the Main Street Revitalization program (see resolutions 21-25). The award of the Integrated Park System Grant for \$471,927 was also appropriated by resolution in FY20.

CAPITAL ASSET ACTIVITY

TABLE 5
CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 325,303	\$ 279,841	\$ 1,252,345	\$ 595,221	\$ 1,577,648	\$ 875,062
Construction in Progress	571,066	341,353	380,472	140,022	951,538	481,375
Buildings	2,822,117	2,983,715	1,240,184	1,170,184	4,062,301	4,153,899
Streets/Utility System	3,389,597	3,389,597	6,414,189	6,414,189	9,803,786	9,803,786
Capital Leases	65,900	-	-	-	-	-
Equipment	1,948,988	1,529,220	1,069,270	1,046,828	3,018,258	2,576,048
Total Capital Assets	9,122,971	8,523,726	10,356,460	9,366,444	19,413,531	17,890,170
Accumulated Depreciation	(2,802,612)	(2,617,032)	(5,177,528)	(5,032,424)	(7,980,140)	(7,649,456)
Net Capital Assets	\$ 6,320,359	\$ 5,906,694	\$ 5,178,932	\$ 4,334,020	\$ 11,433,391	\$ 10,240,714

For the year ended June 30, 2020, the City had the following major capital acquisitions and capital improvements during the year:

- \$45,462 in land in the Street Fund for the purchase of the former Wright Chevrolet parking lot to improve downtown parking and promote tourism and recreation in the city;
- \$229,713 primarily in the Street Fund and IT Fund for construction in progress on various street improvement projects, including the 4th Street repairs following the April 2019 flood event, and the city's community broadband infrastructure and network expansion;
- \$657,124 for the purchase of the former Iron Triangle property and right-of-way between this property and valley view drive for the creation of the Innovation Gateway business park;
- \$470,163 for construction in progress, principally for the wastewater treatment plant.

LONG-TERM DEBT ACTIVITY

TABLE 6
OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Fire Station Bonds	\$ 471,000	\$ 511,000	\$ -	\$ -	\$ 471,000	\$ 511,000
SPWF Gateway Project	-	-	469,269	482,812	469,269	482,812
SPWF Greenhouse Project	-	-	335,876	350,000	335,876	350,000
WA Fed Consolidation Loan	-	-	1,762,952	1,972,952	1,762,952	1,972,952
Capital Lease Payable - Copier	7,853	-	-	-	7,853	-
Capital Lease Payable - Vehicle	44,460	-	-	-	44,460	-
Accrued Compensated Absences	31,077	25,395	28,665	29,529	59,742	54,924
Total Outstanding Debt	554,389	536,395	2,596,762	2,835,293	3,151,151	3,371,688

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2020

LONG-TERM DEBT ACTIVITY, continued

The City has one bond and four principal loans as outstanding debt obligations to external agencies, along with interfund loans for specific capital improvement projects:

- *Fire Station Bonds.* 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. See Notes 7 and 8 for more information.
- *SPWF Gateway Project Loan.* The City entered into an agreement on August 28, 2017 to borrow \$519,000 from the Oregon Economic Development Department Special Public Works Fund (SPWF) for purchase of property for the future sewer utility plant expansion. See Notes 7 and 9 for more information.
- *WaFd Consolidation Loan.* The City entered into a contract with Washington Federal in 2018 for the purpose of consolidating higher interest rates loans from 2002 and 2003. There was also proceeds from this loan to enable the City to complete the Fire Hall project. See Notes 7 and 10 for more information.
- *Water Fund Loan to General Fund.* The council authorized a ten-year capital improvement loan of \$367,341 from the Water Fund to the General Fund to complete the renovation of the Fire Hall tenant improvements. See Notes 7 and 11 for additional information.
- *SPWF Greenhouse Project.* The City entered into an agreement with Business Oregon on August 20, 2018 to borrow \$350,000 for the construction of the greenhouse at the Innovation Gateway. See Notes 7 and 12 for more information.

The City will be restructuring and consolidating portions of its existing debt in FY21 to improve cashflow for the URA and as construction proceeds on the new wastewater treatment plant. These long-term debt activities are not reflected in the FY20 audited financial statements but are described in order to clarify the City's financing strategy for these capital assets that will be recognized beginning in FY21.

1. *Old West Federal Credit Union Loan and Line of Credit.* The loan and line of credit for the URA will also be reflected in the FY21 audited financial statements. The URA accepted a \$60,000 term loan to repay the City's interfund loan to the Community Development Fund to finance the URA. The URA also opened a \$40,000 line of credit to cash flow future housing incentive payments. Both debt obligations will be repaid with TIF revenues received in the URA's property tax base, which was imposed at \$53,762.06 in the 2020-2021 tax year.
2. *Oregon Business Development Department Brownfields Redevelopment Fund Financing Contract (Project N21005).* Business Oregon has authorized a loan to the City for up to \$595,000 with \$60,000 forgivable to offset this cash expenditure incurred in FY20. The loan will fund in January 2021 and bring the Water Fund's net position on a full accrual basis to a decrease of not more than \$6,616, which will be reflected in next year's audit report. This is a new loan-grant combination for the acquisition of 16-acres of land at the future Innovation Gateway site from Iron Triangle LLC to create a new business and technology park.
3. *Business Oregon Water/Wastewater Financing Contract (pending).* The City was awarded a loan-grant combination from Business Oregon in FY21 for \$2,500,000, with \$750,000 as a grant and \$1.75M in loan funds for 30 years at one percent interest. This financing package will complete the design and begin construction of the new wastewater treatment plant.
4. *USDA Rural Development Financing.* USDA Rural Development is expected to commit financing for the balance of the new wastewater treatment plant. The USDA Rural Development loan will be a guaranteed loan that will complete construction and also consolidate the Sewer Fund portion of the WaFd Consolidation Loan and the SPWF Gateway Project Loan under a 40-year, low interest note in December 2022.

These are critical investments for the City to restore underutilized lands along the John Day River that were environmentally devastated by decades of heavy industrial use by the timber industry and then abandoned and to create capital assets that will replace our 74-year old wastewater treatment plant that is well beyond its useful design life. These investments will allow the City, over time, to widen its tax base and ensure it can continue to provide municipal utility services at competitive and sustainable rates for our residents.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

FY20 saw three major events that fundamentally changed our cash flow projections and financial position, none of which were anticipated in the FY20 budget process. These events were:

- *Oregon Severe Storms, Flooding, Landslides, and Mudslides (DR-4452-OR)*. DR-4452-OR was a federally declared disaster from April 6, 2019 through April 21, 2019 that caused over \$1 million in infrastructure damage to the City's roads and utilities. The City applied for and received federal financial assistance through FEMA and Oregon's Office of Emergency Management. The repairs for this damage are ongoing and are not expected to be complete until FY22.
- *The untimely death of our Business Oregon Regional Development Officer (RDO), Scott Fairley*. Mr. Fairley was our loan officer and primary point of contact with Business Oregon for each of the City's major financial transactions. He was also the principal point of contact for the City on its wastewater system improvement project. Mr. Fairley passed away on January 7, 2020 from an unforeseeable medical incident. It took several months before a replacement could be identified. This, combined with the COVID-19 pandemic, ultimately delayed the award of the City's wastewater system improvement financing by about twelve months.
- *Oregon COVID-19 Pandemic (DR-4499-OR)*. DR-4499-OR was a federally declared disaster beginning on January 20, 2020 and continuing through the present. COVID-19 resulted in hundreds of thousands of dollars in economic losses for the City, its residents and businesses. To date, the City has received only \$52,796.81 in cost reimbursement for direct expenses, though we have requested additional funding. If this funding is received, it will be recognized on a full accrual basis in next year's audit.

Despite two federal disasters and the unfortunate loss of our RDO, the City continued to press forward with funding applications and capital improvements for the redevelopment of the abandoned and underutilized properties along the John Day River and other community development projects.

Grant funding awarded for City projects since last fiscal year when these events began totaled \$7,280,709.81, as shown in the Figure 2.

GRANT	AGENCY	PROJECT TITLE	AGREEMENT NO.	FUND	GRANT AMOUNT
Coronavirus Relief Fund (CRF)	DAS	City Hall Lobby / Comm. Development Projects	1077	GENERAL	\$ 52,796.81
Brownfield Redevelopment Fund	Business Oregon	Oregon Pine Focused Site Assessment	N20015	SEWER	\$ 64,986.00
USDA ReConnect	USDA	Fiber Optic Expansion in Grant County	N/A	IT	\$ 6,000,000.00
Large Government Grant	OPRD	Integrated Park System	LG-19-017	STREET	\$ 471,927.00
Planning Grant	OPRD	Aquatic Center Planning and Feasibility Study	LG19-031	GENERAL	\$ 40,000.00
Ford Family Foundation	Ford Family Foundation	Oregon Main Street Conference	Online	GENERAL	\$ 1,000.00
OEM Disaster Recovery	OEM	April 2019 Flooding and Street Repairs	4452-DR-OR	STREET	\$ 450,000.00
Main Street Revitalization	OPRD	Len's Drug Revitalization	MSR-19-18	GENERAL - Main Street Dept.	\$ 200,000.00

Figure 2. Grants awarded during FY19

The majority of these funds were for the USDA ReConnect broadband infrastructure and Main Street Revitalization for Len's Drug, which are not realized as revenue for the City as they are awarded directly to the applying agencies, but costs are realized for the broadband project. The City will benefit economically from this infrastructure but those benefits are not realized as monetary gains in the funds where the application costs are incurred, but rather through indirect gains accruing over time from the increase in property taxes and private sector business activity resulting from these improvements.

Not shown are recent awards from Business Oregon for the wastewater system improvement project and the acquisition of the Iron Triangle property, which will be reflected in next year's audited financial statements. Also not shown are non-monetary grant awards, like the EPA's Recreation Economy for Rural Communities (RERC) and Touchstone Energy Cooperative's Technical Assistance grant, which facilitated regional economic planning but were not direct monetary awards to the City.

These capital investments have also increased the City's legal and administrative costs over prior years. Legal costs increased to approximately \$57,746 in FY19 and to \$122,597.50 in FY20 as a result of code enforcement activities, purchase and sale activities and community development projects. These indirect costs will decline significantly in FY21 as the majority of the City's projects and land acquisitions that require legal review have been completed.

The City has continued to aggressively pursue grant funding and external support for the past four years to fuel its Strategy for Growth, adopted in 2017 to spur economic recovery from the loss of the timber industry as a mainstay industry and the long-term economic impacts of the Great Recession. Total external grant funding awarded for City projects since launching the Strategy exceeds \$13.3 million from 27 federal, state and non-profit awards.

CITY OF JOHN DAY
Management's Discussion and Analysis
Year Ended June 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, continued

As a result of this increase in capital improvement and community development financial activity, the City realized positive population increases of 0.8 percent in 2020. This is the first year of non-annexation related population growth since 1998. Under the Strategy the City has also realized an increase in its property tax base of \$14,561,842, from \$97,422,307 in the 2016-17 tax year to \$111,984,149 in 2020-21 tax year (a 15 percent increase in assessed value).

We expect to see long-term gains from the investments made over the past four years to be reflected in continued increases in the tax base and in state shared revenue from the City's population growth. We are also in a highly unique situation both due to the natural disasters that are recurring with greater frequency as well as the breadth and depth of the economic decline we are attempting to overcome, which requires a higher level of sustained financial investment than one would typically see from a rural community of this size.

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

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-Type Activities	Total	2019
<u>ASSETS</u>				
Cash and Investments	\$ 2,341,543	\$ 446,535	\$ 2,788,078	\$ 4,111,054
Property Taxes Receivable	36,522	-	36,522	33,329
Other Receivables	53,336	151,702	205,038	402,893
Prepaid Expenses	(114)	-	(114)	(469)
Notes Receivable	125,000	-	125,000	-
Internal Balances	(294,213)	294,213	-	-
Capital Assets (net of accumulated depreciation):				
Construction in Progress	571,066	380,472	951,538	481,375
Land	325,303	1,252,345	1,577,648	875,063
Buildings and Infrastructure	4,768,462	3,458,773	8,227,235	8,587,638
Capital Lease Assets	64,276	-	64,276	-
Equipment	591,252	87,342	678,594	296,639
Total Capital Assets	6,320,359	5,178,932	11,499,291	10,240,714
Total Assets	8,582,434	6,071,382	14,653,816	14,787,521
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflows Related to Pension/OPEB	231,754	202,213	433,967	254,647
Total Deferred Outflows of Resources	231,754	202,213	433,967	254,647
<u>LIABILITIES</u>				
Accounts Payable	73,023	114,358	187,381	246,904
Accrued Liabilities	-	-	-	7,023
Deposits Payable	-	23,009	23,009	18,221
Accrued Interest Payable	1,205	21,779	22,984	33,311
Accrued Compensated Absences	31,179	28,665	59,844	54,924
Net Pension/OPEB Liability	576,181	529,520	1,105,701	807,591
Due To (From) Other Funds	303,302	(303,302)	-	-
Loans Payable:				
Due Within One Year	51,435	237,667	289,102	277,667
Due in More Than One Year	471,878	2,330,429	2,802,306	3,039,097
Total Liabilities	1,508,203	2,982,124	4,490,327	4,484,738
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows Related to Pension/OPEB	114,510	98,383	212,893	212,585
Total Deferred Inflows of Resources	114,510	98,383	212,893	212,585
<u>NET POSITION</u>				
Net Investment in Capital Assets	5,493,745	2,589,057	8,082,802	6,568,875
Restricted for Streets	211,125	-	211,125	336,465
Restricted for Community Development	1,458,875	-	1,458,875	1,639,885
Restricted for Public Safety/911	9,964	-	9,964	55,291
Unrestricted	17,766	604,031	621,797	1,744,329
Total Net Position	\$ 7,191,475	\$ 3,193,088	\$ 10,384,562	\$ 10,344,844

The notes to the financial statements are an integral part of this statement.

Year Ended June 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total	2019
Governmental Activities:								
Administration	\$ 378,252	\$ 28,012	\$ 2,795	\$ 40,000	\$ (307,446)	\$ -	\$ (307,446)	\$ (111,909)
Police	433,266	52,172	-	-	(381,094)	-	(381,094)	(331,392)
Fire	133,933	53,993	-	-	(79,940)	-	(79,940)	(87,214)
Emergency Services	-	-	-	-	-	-	-	(495,231)
Community Development	242,823	76,469	9,796	-	(156,558)	-	(156,558)	(52,566)
Streets	232,362	42	287,282	279,132	334,094	-	334,094	100,386
Total Governmental Activities	1,420,637	210,688	299,873	319,132	(590,944)	-	(590,944)	(977,926)
Business-Type Activities:								
Water	544,681	620,262	-	13,736	-	89,317	89,317	108,218
Sewer	984,090	699,273	-	129,716	-	(155,101)	(155,101)	(42,053)
Total Business-Type Activities	1,528,771	1,319,535	-	143,452	-	(65,784)	(65,784)	66,165
Total Primary Government	\$ 2,949,407	\$ 1,530,222	\$ 299,873	\$ 462,584	(590,944)	(65,784)	(656,728)	(911,761)
General Revenues:								
Property Taxes Levied for General Purposes					302,737	-	302,737	307,810
Property Taxes Levied for Debt Service					55,006	-	55,006	64,072
Property Taxes Levied for Urban Renewal					28,790	-	28,790	-
Intergovernmental Payments					51,696	-	51,696	48,785
Grants and Awards					-	-	-	11,446
Interest income					55,783	35,381	91,163	119,460
Miscellaneous					220,956	11,418	232,374	245,210
Total General Revenues					714,968	46,799	761,766	796,783
Gain (Loss) on Sale of Capital Assets					(65,321)	-	(65,321)	-
Operating Transfers					16,788	(16,788)	-	-
Total General Revenues, Special Items,and Transfers					(48,533)	30,011	696,445	796,783
Change in Net Position					75,491	(35,773)	39,717	(114,978)
Net Position - July 1					7,115,984	3,228,861	10,344,844	10,459,823
Net Position - June 30					\$ 7,191,475	\$ 3,193,088	\$ 10,384,562	\$ 10,344,844

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Balance Sheet Governmental Funds June 30, 2020

<u>ASSETS</u>	General Fund	Street Fund	IT Fund	Community Development Fund	Aggregate Non-Major Funds	Total Governmental Funds	2019
Cash and Cash Investments	\$ 383,533	\$ 220,547	\$ 1,455,631	\$ 1,418	\$ 47,875	\$ 2,109,004	\$ 2,397,994
Property Taxes Receivable	29,753	-	-	-	6,770	36,523	33,329
Other Receivables	36,157	8,917	-	6,896	609	52,579	184,023
Internal balances	-	-	-	62,500	(62,500)	-	-
Prepaid Expenses	(114)	-	-	-	-	(114)	(469)
Total Assets	\$ 449,329	\$ 229,464	\$ 1,455,631	\$ 70,814	\$ (7,246)	\$ 2,197,992	\$ 2,614,877
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
Liabilities:							
Accounts Payable	\$ 9,093	\$ 16,835	\$ 6,630	\$ 13,650	-	\$ 46,208	\$ 54,039
Accrued Liabilities	-	-	-	-	-	-	2,896
Total Liabilities	9,093	16,835	6,630	13,650	-	46,208	56,935
Deferred Inflows of Resources:							
Unavailable Property Tax Revenue	29,753	-	-	-	6,770	36,523	\$ 33,329
Unavailable Other Revenue	-	1,504	-	-	-	1,504	2,380
Total Deferred Inflows of Resources	29,753	1,504	-	-	6,770	38,027	35,709
Fund Balances:							
Restricted for Streets	-	211,125	-	-	-	211,125	336,465
Restricted for Community Development	-	-	1,449,001	57,164	(47,290)	1,458,875	1,639,885
Restricted for Public Safety	-	-	-	-	9,964	9,964	55,291
Restricted for Debt Service	-	-	-	-	23,310	23,310	-
Unassigned	410,483	-	-	-	-	410,483	490,592
Total Fund Balances	410,483	211,125	1,449,001	57,164	(14,016)	2,113,757	2,522,233
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 449,329	\$ 229,464	\$ 1,455,631	\$ 70,814	\$ (7,246)	\$ 2,197,992	\$ 2,614,877

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Governmental Funds

June 30, 2020

	2020	2019
Total Fund Balances - Total Governmental Funds	\$ 2,113,757	\$ 2,522,233
Amounts reported for governmental activities in the <i>Statement of Net Position</i> are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of Capital Assets	\$ 8,017,614	
Accumulated Depreciation	<u>(2,037,965)</u>	5,906,694
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.	36,522	33,329
The city's local improvement district assessments are not all collected in the year assessed and therefore are not reported as revenue in the governmental funds.	1,503	2,379
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.	756	1,196
Net Pension Liability is not a financial resource and therefore is not reported in the governmental funds.	(576,181)	(589,100)
Current year PERS contributions are deferred outflows of resources that will be recognize as an expense in the subsequent period.	231,754	185,037
The city's proportionate share of net differences between projected and actual earnings on investments that will be amortized over the next 5 years.	(114,510)	(137,266)
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.	(31,179)	(25,395)
Balances due to other funds are not payable in the current year and therefore are not included in the governmental funds.	(303,301)	(329,492)
Long-term debts not payable in the current year are not reported as governmental fund liabilities.	(471,000)	(511,000)
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 a governmental fund liability.	(1,205)	(7,727)
The City sold property on a note receivable, this transaction is not reflected on the governmental fund financial statements as it does not affect cash.	125,000	-
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.	494,123	382,366
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>(294,213)</u>	<u>(317,270)</u>
Total Net Position - Governmental Activities	<u>\$ 7,191,475</u>	<u>\$ 7,115,984</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Statement of Revenue, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2020

	General Fund	Street Fund	IT Fund	Community Development Fund	Aggregate Non-Major Funds	Total Governmental Funds	2019
Revenues:							
Taxes	\$ 302,737	\$ -	\$ -	\$ -	\$ 82,350	\$ 385,087	\$ 378,441
Intergovernmental Revenues	192,484	558,541	-	15,000	-	766,025	808,132
User Fees	18,110	-	-	-	-	18,110	17,075
Licenses and Fees	203,779	-	-	76,369	100	280,248	266,401
Fines and Forfeitures	7,172	-	-	-	-	7,172	9,629
Interest Income	11,050	4,117	32,181	130	1,364	48,842	71,675
Miscellaneous Income	15,313	3,749	-	9,796	-	28,858	17,659
Total Revenues	750,645	566,407	32,181	101,295	83,813	1,534,341	1,569,012
Expenditures:							
General Government	271,167	-	43,801	-	-	314,968	224,331
Public Safety	489,615	-	-	-	-	489,615	1,094,260
Highways and Streets	-	246,821	-	-	-	246,821	219,463
Community Development	1,614	-	-	121,062	74,744	197,420	176,811
Debt Service - Principal	-	-	-	-	40,102	40,102	39,000
Debt Service - Interest	-	-	-	-	14,994	14,994	16,568
Capital Outlay	20,435	419,926	102,333	-	-	542,694	693,505
Total Expenditures	782,831	666,747	146,134	121,062	129,840	1,846,614	2,463,938
Excess (Deficiency) of Revenues Over Expenditures	(32,186)	(100,340)	(113,953)	(19,767)	(46,027)	(312,273)	(894,926)
Other Financing Sources (Uses):							
Operating Transfers-In	62,788	-	-	-	22,720	85,508	18,051
Operating Transfers-Out	(65,711)	-	-	-	(46,000)	(111,711)	(43,732)
Interfund Charges - Motor Pool	(45,000)	(25,000)	-	-	-	(70,000)	(67,000)
Total Other Financing Sources (Uses)	(47,923)	(25,000)	-	-	(23,280)	(96,203)	(92,681)
Net Change in Fund Balance	(80,109)	(125,340)	(113,953)	(19,767)	(69,307)	(408,476)	(987,607)
Fund Balances - July 1	490,592	336,465	1,562,954	76,931	55,291	2,522,233	3,509,840
Fund Balances - June 30	\$ 410,483	\$ 211,125	\$ 1,449,001	\$ 57,164	\$ (14,016)	\$ 2,113,757	\$ 2,522,233

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Reconciliation of Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Governmental Funds Year Ended June 30, 2020

		2020	2019
Net Change in Fund Balances -Total Governmental Funds		\$ (408,476)	\$ (987,607)
Amounts reported for governmental activities in the <i>Statement of Activities</i> are different because:			
Governmental funds report capital outlays as expenditures. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:			
Capital Asset Additions and Disposals	\$ 739,668		
Depreciation Expense	<u>(191,318)</u>	548,350	655,799
Proceeds from the sale of assets are reported in the governmental fund statements while only the difference between the sales price and the depreciated cost of the asset are recorded as gain or loss in the Statement of Activities.			
		(65,321)	-
Long-term debt proceeds are reported as other financing sources in governmental funds. In the statement of net position, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces liabilities on the statement of net position.			
Loan proceeds	-		
Change in accrued interest payable	1,931		
Loan principal payments	<u>96,579</u>	98,510	31,977
Changes in net pension/OPEB liability, the related changes in deferred outflows and deferred inflows of resources are not recognized as expenses in the governmental funds.			
		(77,074)	(2,932)
Governmental funds report the effect of accrued compensated absences when paid. In the statement of activities, compensated absences are recognized when incurred. The change in compensated absences is recognized as revenue or expense on the statement of activities.			
		(5,784)	13,746
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.			
		(40,992)	86,195
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.			
		23,058	(49,411)
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 as revenue is levied.			
		3,193	(6,559)
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.			
		<u>27</u>	<u>43</u>
Change in Net Position - Governmental Activities		\$ 75,491	\$ (258,749)

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Statement of Net Position

Proprietary Funds

Year Ended June 30, 2020

	Utility Funds				Governmental Activities Internal Service Funds
<u>ASSETS</u>	Water Fund	Sewer Fund	Total	2019	
Current Assets:					
Cash with Depositories	\$ 388,320	\$ 58,215	\$ 446,535	\$ 1,314,086	\$ 235,243
Accounts Receivable - Utility Customers	52,654	60,469	113,123	134,310	-
Allowance for Doubtful Accounts	(2,885)	(2,903)	(5,788)	(5,685)	6,300
Accounts Receivable - Others	17,544	26,823	44,367	85,265	-
Interfund Receivables	303,302	-	303,302	329,492	-
Total Current Assets	758,935	142,604	901,539	1,857,468	241,543
Non-Current Assets:					
Construction in Progress	-	380,471	380,471	140,021	104,622
Property, Plant, and Equipment	6,098,360	3,877,630	9,975,990	9,226,424	1,105,359
Accumulated Depreciation	(3,010,148)	(2,167,381)	(5,177,529)	(5,032,424)	(764,647)
Net Capital Assets	3,088,212	2,090,720	5,178,932	4,334,021	445,334
Total Assets	3,847,147	2,233,324	6,080,471	6,191,489	686,877
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Outflows Related to Pension/OPEB	64,892	137,321	202,213	69,610	24,505
Total Deferred Outflows of Resources	64,892	137,321	202,213	69,610	24,505
<u>LIABILITIES</u>					
Current Liabilities:					
Accounts Payable	83,511	30,847	114,358	173,342	26,814
Accrued Liabilities	-	-	-	3,258	-
Accrued Compensated Absences	9,867	18,798	28,665	29,529	5,201
Customer Deposits	23,009	-	23,009	18,221	-
Interest Payable	3,631	18,148	21,779	25,584	-
Loans Payable - Current Portion	155,400	82,267	237,667	237,667	10,159
Total Current Liabilities	275,418	150,060	425,478	487,601	42,174
Non-Current Liabilities:					
Net Pension Liability/OPEB	169,638	359,882	529,520	218,491	61,348
Loans Payable - Non-Current Portion	1,149,184	1,181,245	2,330,429	2,568,097	34,301
Total Non-Current Liabilities	1,318,822	1,541,126	2,859,948	2,786,588	95,649
Total Liabilities	1,594,240	1,691,186	3,285,426	3,274,189	137,823
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Inflows Related to Pension/OPEB	31,302	67,081	98,383	75,319	12,089
Total Deferred Inflows of Resources	31,302	67,081	98,383	75,319	12,089
<u>NET POSITION</u>					
Net Investment in Capital Assets	1,779,997	809,060	2,589,057	1,502,673	411,033
Unrestricted	506,500	(196,682)	309,818	1,408,918	150,437
Total Net Position	\$ 2,286,497	\$ 612,378	2,898,875	\$ 2,911,591	\$ 561,470
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			294,213		
Net position of business-type activities			\$ 3,193,088		

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2020

	Utility Funds				Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Total	2019	
Operating Revenues:					
User Fees	\$ 620,262	\$ 699,273	\$ 1,319,535	\$ 1,270,534	\$ 5,318
Interfund Charges	-	-	-	-	168,471
Miscellaneous Income	729	2,100	2,829	1,642	2,475
Total Operating Revenues	<u>620,991</u>	<u>701,373</u>	<u>1,322,364</u>	<u>1,272,176</u>	<u>176,264</u>
Operating Expenses:					
Personal Services	223,801	593,806	817,607	548,331	109,454
Supplies, Repairs, and Services	131,449	234,259	365,708	368,398	71,353
Capital Outlay	-	-	-	(1,998)	-
Depreciation	94,014	51,090	145,104	142,616	43,363
Motor Pool Interfund Charges	35,000	55,000	90,000	90,000	-
Total Operating Expenses	<u>484,264</u>	<u>934,156</u>	<u>1,418,420</u>	<u>1,147,347</u>	<u>224,170</u>
Operating Income (Loss)	<u>136,727</u>	<u>(232,783)</u>	<u>(96,056)</u>	<u>124,829</u>	<u>(47,906)</u>
Non-Operating Revenues (Expenses):					
Intergovernmental Revenues	13,736	129,716	143,452	36,500	-
Product Sales	-	8,589	8,589	-	-
Interest Income	30,260	5,121	35,381	38,721	6,914
Interest Expense	(48,888)	(38,405)	(87,293)	(93,523)	-
Total Non-Operating Revenues	<u>(4,892)</u>	<u>105,021</u>	<u>100,129</u>	<u>(18,302)</u>	<u>6,914</u>
Income (Loss) Before Transfers	<u>131,835</u>	<u>(127,763)</u>	<u>4,072</u>	<u>106,527</u>	<u>(40,992)</u>
Operating Transfers:					
Transfers-In	-	167,949	167,949	226,224	-
Transfers-Out	(5,596)	(179,141)	(184,737)	(238,392)	-
Net Operating Transfers	<u>(5,596)</u>	<u>(11,192)</u>	<u>(16,788)</u>	<u>(12,168)</u>	<u>-</u>
Change in Net Position	126,239	(138,955)	(12,716)	94,359	(40,992)
Total Net Position - July 1	<u>2,160,258</u>	<u>751,333</u>	<u>2,911,591</u>	<u>2,817,232</u>	<u>602,462</u>
Total Net Position - June 30	<u>\$ 2,286,497</u>	<u>\$ 612,378</u>	<u>2,898,875</u>	<u>\$ 2,911,591</u>	<u>\$ 561,470</u>
Change in net position from above			(12,716)		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(23,058)		
Change in net position of business-type activities			<u>(35,773)</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Statement of Cash Flows Proprietary Funds Year Ended June 30, 2020

	Utility Funds				Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Total	2019	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 622,157	\$ 669,829	\$ 1,291,986	\$ 1,215,879	\$ 170,500
Cash Paid to Employees	(187,347)	(428,533)	(615,880)	(553,789)	(80,147)
Cash Paid to Suppliers	(91,822)	(327,175)	(418,997)	(323,900)	(63,618)
Net Cash Provided (Used) by Operating Activities	342,988	(85,880)	257,108	338,189	26,735
Cash Flows from Non-Capital Financing Activities:					
Operating Transfers	(5,596)	(11,192)	(16,788)	(100,791)	-
Interfund Loans	37,849	-	37,849	37,849	-
Intergovernmental Revenues	13,736	129,716	143,452	36,500	-
Net Cash Provided by Non-Capital Financing Activities	45,989	118,524	164,513	(26,442)	-
Cash Flows from Capital and Related Financing Activities:					
Purchases of Capital Assets	(744,571)	(262,891)	(1,007,462)	(654,499)	(184,541)
Proceeds from Sale of Capital Assets	-	7,745	7,745	-	-
Debt Proceeds	-	-	-	350,000	-
Principal Paid on Debt	(155,400)	(82,268)	(237,668)	(220,568)	(12,839)
Interest Paid on Debt	(48,763)	(38,405)	(87,168)	(82,131)	-
Net Cash Used for Capital and Related Financing Activities	(948,734)	(375,819)	(1,324,553)	(607,198)	(197,380)
Cash Flows From Investing Activities:					
Interest Received on Investments	30,260	5,121	35,381	32,301	6,914
Net Cash Provided by Investing Activities	30,260	5,121	35,381	32,301	6,914
Net Increase (Decrease) in Cash	(529,497)	(338,054)	(867,551)	(263,149)	(163,731)
Cash and Cash Equivalents - July 1	917,817	396,269	1,314,086	1,577,235	398,974
Cash and Cash Equivalents - June 30	<u>\$ 388,320</u>	<u>\$ 58,215</u>	<u>\$ 446,535</u>	<u>\$ 1,314,086</u>	<u>\$ 235,243</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2020

	Utility Funds				Governmental Activities Internal Service Funds
	Water Fund	Sewer Fund	Total	2019	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:					
Operating Income (Loss)	\$ 136,727	\$ (232,783)	\$ (96,056)	\$ 124,829	\$ (47,906)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	94,014	35,908	129,922	142,616	43,363
Legal Fees	-	-	-	-	-
(Increase) Decrease In:					
Accounts Receivable	1,166	31,021	32,187	(64,477)	(5,764)
Prepaid Expenses	-	-	-	-	-
Net Pension/OPEB Asset/Liability	73,779	236,323	310,102	38,901	46,471
Deferred Outflow of Resources	(35,374)	(97,308)	(132,682)	(1,855)	(16,519)
Increase (Decrease) In:	-	-	-	-	-
Accounts Payable	64,392	(83,771)	(19,379)	44,443	7,658
Accrued Liabilities	(905)	(2,353)	(3,258)	571	-
Accrued Compensated Absences	(241)	(623)	(864)	14,935	776
Customer Deposits	4,788	-	4,788	8,234	-
Deferred Inflow of Resources	4,642	27,706	32,348	29,992	(1,344)
Net Cash Provided (Used) by Operating Activities	<u>\$ 342,988</u>	<u>\$ (85,880)</u>	<u>\$ 257,108</u>	<u>\$ 338,189</u>	<u>\$ 26,735</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1 – SUMMARY OF 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. The council appoints the city manager. The city manager hires all other officers and employees of the City. 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," which is now the current 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.

The accompanying financial statements present the City and its component unit. A component unit is an entity for which the City is considered financially accountable. Criteria that indicates financial accountability includes, but is not limited to the following:

- Appointment by the City of a voting majority of members of the governing body of an organization with the ability to impose its will on the daily operations of an organization, such as power to remove appointed members at will; to modify or approve budgets, rates or fees, to make other substantive decisions; or
- Provision by the organization of specific financial benefits to the City; imposition by an organization of specific financial burdens on the City, such as assumption of deficits or provision of support; or
- Fiscal dependency of the organization and reliance on the City, such as: lack of authority to determine a budget, approve rates, or issue its own bonded debt without City approval.

The John Day Urban Renewal Agency (Agency) is a blended component unit. The Board of the Agency is the same as the City Council. The Agency is reported as a special revenue fund and is included in the Non-Major Fund section of the governmental financial statements. City management handles the management of the Agency.

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.

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 creditor (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

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

IT Fund – Created to establish a new fiber optic network as a part of the city's commitment to community development.

Community Development Fund – The Community Development Fund was created to obtain grants receive special user fee funding for the improvement of structures and resources in the City.

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.

Additionally, the City reports the following fund types:

Special revenue funds account for funds restricted to a particular purpose. These include the Street and Community Development funds.

Capital project funds account for the accumulation of money for major capital projects. This includes the IT Fund.

Debt service funds account for revenues restricted for the payment of long-term debt and the payment of those obligations. This includes the Debt Service Fund.

C. Measurement Focus and Basis of Accounting

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

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

Management uses estimates and assumptions in preparing the basic financial statements in accordance with US generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

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.

E. 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.

F. 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 **NOTE**

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

G. 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. This treatment is consistent with prior years.

H. Accrued Compensated Absences

A total of 12 to 21 days of 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.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The city has one item that qualifies for reporting in this category. It is the deferred amounts relating to pensions. This amount is deferred and recognized as an outflow of resources in the period when the city recognizes pension expense/expenditures. Deferred outflows are included in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The city has two items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The city also reports deferred amounts related to pensions. This amount is deferred and recognized as an inflow of resources in the period when the city recognizes pension income. Deferred inflows are included in the government-wide Statement of Net Position.

J. Government-Wide Statement of Net Position

Government-wide fund net position is divided into three components 1) *Net Investment in Capital Assets* – consisting of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets; 2) *Restricted Net Position* – consisting of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation through restrictions on shared revenues), by grantors (both federal and state), and by other contributors; 3) *Unrestricted* – all other net position is reported here.

K. 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

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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.

L. Other Post-Employment Benefits (OPEB)

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

City/County Insurance Services Implicit Rate Subsidy - For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources to OPEB, and OPEB expense, the City has relied on actuarial reports. The City allows retired employees to purchase health insurance at the same rates as active employees. The related expense is recognized as the City pays premiums to CIS or when claims are paid to health providers, depending on which insurance plan the retirees participate in.

M. 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.

N. 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.

Non-spendable fund balance is the portion of net resources that cannot be spent because they are either (a) in a non-spendable 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.

O. Interfund Activity

Inter-fund activity is reported as loans, service provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transaction are treated as transfers.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Transfers between governmental funds are netted as part of the reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

P. 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, 2019, from which the summarized information was derived.

NOTE 2 – CASH AND CASH INVESTMENTS

At June 30, 2020 the carrying amount of the City's deposits was \$316,913 and the bank balance was \$394,318. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's web site. Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The city was in compliance with the ORS requirement.

The balances in excess of the FDIC insurance are considered exposed to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2020 the City's bank balance that was exposed to custodial credit risk is \$48,798 above the \$250,000 FDIC limit which was held at the Bank of Eastern Oregon.

As of June 30, 2020 the City had \$2,473,869 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 3 - RECEIVABLES

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

Governmental Activities:	2020	2019
Property Taxes	36,522	33,329
Customer Accounts	1,503	2,379
Note Receivable	125,000	0
Other	51,833	186,624
Total Receivables	<u>\$ 214,858</u>	<u>\$ 222,332</u>
 Business-Type Activities:	 2020	 2019
Customer Accounts	106,939	128,387
Other	44,763	85,544
Total Receivables	<u>\$ 151,702</u>	<u>\$ 213,931</u>

The Note Receivable above was for the sale of a building on Main Street. The property was sold in the current year with no down payment on a loan for a term of 20 years. Interest was calculated at 4% for the first five years of the note and at 7% for the remaining period. Payments for the first 5 year period are for interest only and are due and payable monthly in the amount of \$417. Beginning December 26, 2024, payments of interest and principal are due monthly in the amount of \$1,121.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 4 - CAPITAL ASSETS

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

<u>Governmental Activities:</u>	July 1 Balance	Increases	Decreases	June 30 Balance
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 279,841	\$ 71,172	\$ (25,710)	\$ 325,303
Construction in Progress	341,353	282,314	(52,601)	571,066
Total Capital Assets, Not Being Depreciated	621,194	353,486	(78,311)	896,369
<i>Capital Assets, Being Depreciated:</i>				
Buildings	2,983,715	8,751	(170,349)	2,822,117
Street Improvements	3,389,597	-	-	3,389,597
Capital Leases	-	65,900	-	65,900
Equipment	1,529,219	419,769	-	1,948,988
Total Capital Assets, Being Depreciated	7,902,531	494,420	(170,349)	8,226,602
<i>Less Accumulated Depreciated For:</i>				
Buildings	535,412	67,610	(5,738)	597,284
Street Improvements	771,537	74,431	-	845,968
Capital Leases	-	1,624	-	1,624
Equipment	1,310,083	47,653	-	1,357,736
Total Accumulated Depreciation	2,617,032	191,318	(5,738)	2,802,612
Net Capital Assets, Being Depreciated	5,285,499	303,102	(164,611)	5,423,990
Net Capital Assets - Governmental Activities	\$ 5,906,694	\$ 656,588	\$ (242,922)	\$ 6,320,359

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

<u>Business-Type Activities:</u>	July 1 Balance	Increases	Decreases	June 30 Balance
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 595,221	\$ 664,869	\$ (7,745)	\$ 1,252,345
Construction in Progress	140,022	240,450	-	380,472
Total Capital Assets, Not Being Depreciated	735,243	905,319	(7,745)	1,632,817
<i>Capital Assets, Being Depreciated:</i>				
Buildings	1,170,184	70,000	-	1,240,184
Utility System	6,414,189	-	-	6,414,189
Equipment	1,046,828	22,442	-	1,069,270
Total Capital Assets, Being Depreciated	8,631,201	92,442	-	8,723,643
<i>Less Accumulated Depreciated For:</i>				
Buildings	538,071	16,637	-	554,708
Utility System	3,525,028	115,864	-	3,640,892
Equipment	969,325	12,603	-	981,928
Total Accumulated Depreciation	5,032,424	145,104	-	5,177,528
Net Capital Assets, Being Depreciated	3,598,777	(52,662)	-	3,546,115
Net Capital Assets - Business-Type Activities	\$ 4,334,020	\$ 852,657	\$ (7,745)	\$ 5,178,932

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 4 - CAPITAL ASSETS, CONTINUED

Depreciation was charged to the following functions:

Governmental Activities:

Function	2020	2019
General Operations	\$ 44,749	\$ 48,876
Fire	55,626	46,643
Police	16,029	16,562
Streets	74,914	74,431
Total Depreciation - Governmental Activities	<u>\$ 191,318</u>	<u>\$ 186,512</u>

Business-Type Activities:

Function	2020	2019
Water	94,014	97,109
Sewer	51,090	45,507
Total Depreciation - Business-Type Activities	<u>\$ 145,104</u>	<u>\$ 142,615</u>

General Operations includes \$1,147 in capital lease amortization expense and the Police Function includes \$447 in capital lease amortization.

NOTE 5 - INTERFUND TRANSFERS

Transfers between funds provide support for various City programs in accordance with budgetary authorizations. Water and Sewer Fund transfers to the General Fund are to support the Police Department and its work on behalf of the utility funds. Interfund transfers for fiscal year ended June 30, 2020 consisted of the following:

	2020	2019	
	Operating Transfers In	Operating Transfers In	Operating Transfers In
<u>Transfers Out</u>	<u>General Fund</u>	<u>General Fund</u>	<u>911 Fund</u>
Governmental Funds			
General Fund	\$ -	\$ -	\$ 640
Street Fund	-	-	100
Total Governmental	<u>-</u>	<u>-</u>	<u>740</u>
Business-type Funds			
Water Fund	5,596	5,104	1,000
Sewer Fund	11,192	10,208	1,000
Total Business-type	<u>16,788</u>	<u>15,312</u>	<u>2,000</u>
Total Transfers	<u>\$ 16,788</u>	<u>\$ 15,312</u>	<u>\$ 2,740</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2020 are as follows:

Due To	Due From	2020	2019
	General Fund, Fire		
Water Fund	Department	5,797	-
	General Fund, Fire		
Water Fund	Department	<u>297,505</u>	<u>329,492</u>
Due to/from other funds		<u>303,302</u>	<u>329,492</u>

The Community Development fund loaned the blended component unit, the Urban Renewal Agency, \$62,500 during the current year for operations. This amount is expected to be repaid within one year via the refinancing of the debt with an external lender. As this amount is between governmental funds, it is eliminated in the Statement of Net Position, but is present on the Governmental Funds Balance Sheet.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 7 - CHANGES IN LONG-TERM DEBT

The following is a summary of debt of the City for the year ended June 30, 2020:

Obligation	Payable at July 1, 2019	Additions	Reductions	Payable at June 30, 2020	Due in One Year	2019
Fire Hall Bonds Payable	\$ 511,000	\$ -	\$ (40,000)	\$ 471,000	\$ 40,000	40,000
Special Public Works Fund Loan Payable - Gateway Property	482,812	-	(13,543)	469,269	13,543	13,543
Special Public Works Fund Loan Payable - Greenhouse	350,000	-	(14,124)	335,876	14,124	14,124
Water Fund Loan to General Fund	329,492	-	(31,987)	297,505	33,055	31,987
Washington Federal Consolidation Loan Payable	1,972,952	-	(210,000)	1,762,952	210,000	210,000
Capital Lease Payable - Copier	-	8,601	(748)	7,853	1,276	-
Capital Lease Payable - Vehicle	-	57,299	(12,839)	44,460	10,159	-
Accrued Compensated Absences	54,923	58,450	(53,631)	59,742	59,742	54,923
	<u>\$ 3,701,179</u>	<u>\$ 124,350</u>	<u>\$ (376,872)</u>	<u>\$ 3,448,657</u>	<u>\$ 381,899</u>	<u>\$ 364,577</u>

Interest expense of \$113,616 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 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. There was accrued interest payable of \$1,205 at June 30, 2020. As of June 30, 2020, future payments are as follows:

Year Ending	Total	Interest	Principal	Balance
2021	\$ 55,460	\$ 14,460	\$ 41,000	\$ 430,000
2022	55,201	13,201	42,000	388,000
2023	55,912	11,912	44,000	344,000
2024	55,561	10,561	45,000	299,000
2025	55,179	9,179	46,000	253,000
2026-2030	276,762	23,762	253,000	-
Total	<u>\$ 554,074</u>	<u>\$ 83,074</u>	<u>\$ 471,000</u>	

NOTE 9 - SPECIAL PUBLIC WORKS FUND LOAN PAYABLE

The City applied for and received a loan from the Oregon Economic Development Department Special Public Works Fund for the purchase of property for a future sewer plant expansion. Terms of the \$519,000 loan are 25 annual payments on December 1 of each year including interest of 3.78 percent through December 1, 2041. Annual payments are \$29,217 for the first two years and \$31,794 for the remaining 23 years. The loan is secured by net revenues from the City's Wastewater System after payment of operation and maintenance cost of the system, and all real and personal property associated with the Wastewater System are collateral for the loan. The first payment was made on December 1, 2017. There was accrued interest payable of \$10,347 at June 30, 2020. As of June 30, 2020, future payments are as follows:

Year Ending	Total	Interest	Principal	Balance
2021	31,793	17,738	14,055	455,214
2022	31,794	17,207	14,587	440,627
2023	31,794	16,656	15,138	425,489
2024	31,793	16,083	15,710	409,779
2025	31,794	15,490	16,304	393,475
2026 - 2030	158,968	67,725	91,244	302,231
2031-2035	158,968	49,125	109,843	192,388
2036-2040	158,968	26,735	132,233	60,155
2041-2042	63,587	3,432	60,155	(0)
Total	<u>\$ 699,460</u>	<u>\$ 230,191</u>	<u>\$ 469,269</u>	

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 10 - WASHINGTON FEDERAL LOAN PAYABLE

The City applied for and received a loan from Washington Federal for sewer system improvements, fire hall improvements, and to refinance other City debt. The loan of \$2,182,952 (74% Water Fund and 26% Sewer Fund) will be paid over 10 years, including interest at 3.34%. Interest payments are made semiannually on June 1 and December 1. Principal payments began December 1, 2018 and will continue through December 1, 2027. The Bank reserves the right, at its sole option, to request the unpaid balance to be paid in full on December 1, 2022 or the bank, at its sole option, could reset the rate at December 1, 2022 and allow payments to continue on to the 10-year maturity. If the rate resets, the interest rate will be based on the St Louis Fed 5-year Treasury Constant Maturity Rate, plus 1.75%, multiplied by 0.79. There was accrued interest payable of \$4,907 at June 30, 2020. As of June 30, 2020, future payments are as follows:

Year Ending	Total	Interest	Principal	Balance
2021	\$ 268,882	\$ 58,882	\$ 210,000	\$ 1,552,952
2022	261,868	51,868	210,000	1,342,952
2023	254,854	44,854	210,000	1,132,952
2024	262,841	37,841	225,000	907,952
2025	255,326	30,326	225,000	682,952
2026-2028	725,448	42,496	682,952	0
Total	<u>\$ 2,029,218</u>	<u>\$ 266,266</u>	<u>\$ 1,762,952</u>	

NOTE 11 - WATER FUND LOAN TO GENERAL FUND

On April 27, 2018, the Water Fund loaned \$367,341 of the Washington Federal loan proceeds to the General Fund for the purpose of completing construction on the new fire hall. Terms of the loan are 10 annual payments of \$42,991.56 on December 1st including interest at 3.34% through December 1, 2027. The first payment is due December 1, 2018. There was accrued interest payable of \$5,796 at June 30, 2020. As of June 30, 2020, future payments are as follows:

Year Ending	Total	Interest	Principal	Balance
2021	\$ 42,992	\$ 9,937	\$ 33,055	\$ 264,450
2022	42,992	8,833	34,159	230,291
2023	42,992	7,692	35,300	194,991
2024	42,992	6,513	36,479	158,513
2025	42,992	5,294	37,697	120,815
2026-2028	128,974	8,158	120,815	-
Total	<u>\$ 343,932</u>	<u>\$ 46,427</u>	<u>\$ 297,505</u>	

NOTE 12 - SPECIAL PUBLIC WORKS FUND LOAN PAYABLE - GREENHOUSE

The City applied for and received a loan from the Oregon Economic Development Department Special Public Works Fund for the purchase of property for a future sewer plant expansion. Terms of the \$350,000 loan are 25 annual payments on December 1 of each year including interest of 3.43 percent through December 1, 2043. Annual payments are \$21,074.90 for the first twenty-four years and \$9,720.80 for the final payment. The loan is secured by net revenues from the City's Agribusiness System after payment of operation and maintenance cost of the system, and all personal property associated with the Agribusiness System are collateral for the loan. The first payment will be made on December 1, 2019. There was accrued interest payable of \$6,720 at June 30, 2020. As of June 30, 2020, future payments are as follows:

Year Ending	Total	Interest	Principal	Balance
2021	\$ 21,075	\$ 11,521	\$ 14,124	\$ 326,322
2022	21,075	11,193	9,882	316,440
2023	21,075	10,854	10,221	306,219
2024	21,075	10,503	10,572	295,647
2025	21,075	10,141	10,934	284,713
2026-2030	105,375	44,814	60,561	224,152
2031-2035	105,375	33,690	71,684	152,468
2036-2040	105,375	20,524	84,851	67,617
2041-2044	72,946	5,328	67,617	(0)
Total	<u>\$ 494,444</u>	<u>\$ 158,567</u>	<u>\$ 340,446</u>	

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 13 – CAPITAL LEASE PAYABLE

The City entered into a capital lease agreement for the use of Kyocera Copier in 2020. The agreement calls for 63 monthly payments due the 28th of each month in the amount of \$200.13. Imputed interest on the lease agreement is 15.450%. The lease terminates on January 28, 2025 at which time the City has the option to purchase the Copier. As of June 30, 2020, future payments are as follows:

Year Ending	Total	Interest	Principal	Balance
2021	\$ 2,402	\$ 1,031	\$ 1,371	\$ 6,482
2022	2,402	914	1,488	4,994
2023	2,402	618	1,784	3,210
2024	2,402	379	2,023	1,186
2025	1,401	120	1,187	(0)
Total	<u>\$ 11,008</u>	<u>\$ 3,061</u>	<u>\$ 7,853</u>	

NOTE 14 – CAPITAL LEASE PAYABLE

The City entered into a capital lease agreement for the use of a 2020 Chevrolet Silverado Pick-up Truck in 2020. The agreement calls for 5 annual payments due the 21st of May each year in the amount of \$12,839. Imputed interest on the lease agreement is 5.868%. The lease terminates on May 21, 2024 at which time the City has the option to purchase the Vehicle. As of June 30, 2020, future payments are as follows:

Year Ending	Total	Interest	Principal	Balance
2021	\$ 12,839	\$ 2,680	\$ 10,159	\$ 34,301
2022	12,839	2,068	10,771	23,530
2023	12,839	1,418	11,421	12,109
2024	12,839	730	12,109	-
Total	<u>\$ 494,444</u>	<u>\$ 6,896</u>	<u>\$ 44,460</u>	

NOTE 15 - 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,
- 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.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 15 - PENSION PLAN, CONTINUED

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 5 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.

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.

C. OPSRP Individual Account Program (OPSRP IAP)

1. Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 15 - PENSION PLAN, CONTINUED

2. Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

3. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

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, 2016 actuarial valuation. The rates based on a percentage of payroll, first became effective on July 1, 2017. 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, 2020 were \$52,929, excluding amounts to fund employer specific liabilities. The rates, presented as a percentage of covered payroll, for the City in effect for the fiscal year ended June 30, 2020 were:

<u>Rate Category</u>	<u>Normal Cost Rate</u>	<u>Combined UAL Rate</u>	<u>Net Rate</u>
PERS general service	16.27%	-2.71%	13.20%
OPSRP general service	8.40%	-2.71%	5.31%
OPSRP police & fire	13.03%	-2.71%	10.08%

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, 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
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 15 - PENSION PLAN, CONTINUED

Actuarial Methods and Assumptions

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial Cost Assumption	Entry Age Normal
Inflation Rate	2.50 percent
Investment Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy Annuitant sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 15 - PENSION PLAN, CONTINUED

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 2015 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. 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. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at <http://www.oregon.gov/pers/documents/financials/2019-cafr.pdf>.

Asset Class	Target Allocation	Annual Arithmetic Return	Compounded Annual Return (Geometric)	Standard Deviation
Core Fixed Income	8.00%	3.59%	3.49%	4.55%
Short-Term Bonds	8.00%	3.42%	3.38%	2.70%
Bank/Leveraged Loans	3.00%	5.34%	5.09%	7.50%
High Yield Bonds	1.00%	6.90%	6.45%	10.00%
Large/Mid Cap US Equities	15.75%	7.45%	6.30%	16.25%
Small Cap US Equities	1.31%	8.49%	6.69%	20.55%
Micro Cap US Equities	1.31%	9.01%	6.80%	22.90%
Developed Foreign Equities	13.13%	8.21%	6.71%	18.70%
Emerging Market Equities	4.12%	10.53%	7.45%	27.35%
Non-US Small Cap Equities	1.88%	8.67%	7.01%	19.75%
Private Equity	17.50%	11.45%	7.82%	30.00%
Real Estate (Property)	10.00%	6.15%	5.51%	12.00%
Real Estate (REITS)	2.50%	8.26%	6.37%	21.00%
Hedge Fund of Funds - Diversified	2.50%	4.36%	4.09%	7.80%
Hedge Fund - Event-driven	0.63%	6.21%	5.86%	8.90%
Timber	1.88%	6.37%	5.62%	13.00%
Farmland	1.88%	6.90%	6.15%	13.00%
Infrastructure	3.75%	7.54%	6.60%	14.65%
Commodities	1.86%	5.43%	3.84%	18.95%
Total	100.00%			
Assumed Inflation - Mean			2.50%	1.85%
Discount Rate				

The discount rate used to measure the total pension liability was 7.20 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,813,269	\$ 1,132,294	\$ 562,412

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 15 - PENSION PLAN, CONTINUED

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

At June 30, 2020, the City reported a liability of \$1,132,294 (an increase of \$399,799) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2020, the City's proportion was .00654596 percent and at June 30, 2019, the City's proportion was at .0048537 percent.

For the year ended June 30, 2020, the City recognized pension expense of \$78,689. Pension expense includes the City's proportionate share of system pension expense, adjusted for amortization of deferred amounts, of \$145,296 and employee contributions picked up by the City of \$40,841.

At June 30, 2020, 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	\$ 62,443	\$ -
Changes in assumptions	153,609	-
Net difference between projected and actual earnings on pension plan investments	-	32,099
Changes in proportion and differences between City contributions and proportionate share of contributions	162,811	113,044
Differences between employer & Employer Share	-	67,586
City contributions subsequent to the measurement date	52,334	-
Total	<u>\$ 431,197</u>	<u>\$ 212,729</u>

The amount of \$52,334 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2021	\$ 87,814
2022	(3,535)
2023	26,162
2024	48,211
2025	7,482
Thereafter	-
Total	<u>\$ 166,134</u>

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 15 - PENSION PLAN, CONTINUED

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2019 measurement date that would require a brief description under GASB standards.

The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2019, consistent with this Board's policy decision from 2013 that the assumed rate will be effective January 1 following the Board's adoption of the rate. A January 1 effective date also provides equitable treatment to all members who retire in a year that a change is adopted, no matter which month they retire. The adopted assumed rate will be aligned with the new actuarial equivalency factors (AEFs), which will allow for clear effective date for all transactions that involve calculations using both the rate and AEF components.

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - RHIA

*Plan Description
Organization*

The Oregon Public Employees Retirement System administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit Other Post-Employment Benefit (OPEB) plan (the plan) for political subdivisions such as the City. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the plan.

Plan Membership

RHIA was established by ORS 238.420. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

Contributions

Contributions are mandatory for each employer that is a member of PERS. For the fiscal year ended June 30, 2019, the City's contribution rate was 0.43 percent of PERS subject to wages. Employees are not required to contribute to the plan.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RHIA, CONTINUED

Actuarial Methods and Assumptions

RHIA		RHIPA
Valuation Date	December 31, 2017	December 31, 2017
Measurement Date	June 30, 2019	June 30, 2019
Experience Study Report	2016, published July 26, 2017	2016, published July 26, 2017
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation Rate	2.50 percent	2.50 percent
Investment Rate of Return	7.20 percent	7.20 percent
Discount Rate	7.20 percent	7.20 percent
Projected Salary Increases	3.50 percent	3.50 percent
Retiree Healthcare Participation	Healthy Retirees: 38%; Disabled Retirees: 20%	Healthy Retirees: 38%; Disabled Retirees: 20%
Healthcare Cost Trend Rate	Not Applicable	Applied at beginning of plan year, starting with 6.5% for 2018, decreasing to 5.9% for 2019, increasing to 6.2% for 2029, and decreasing to an ultimate rate of 4.2% for 2093 and beyond.
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>	<p>Health retirees and beneficiaries: RP-2014 Sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for the OPEB 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 RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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 2015 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. 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. For more information on the Plan's portfolio, assumed asset allocation, and the

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RHIA, CONTINUED

long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at <https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

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

The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's Proportionate Share of the OPEB Liability (Asset)	\$ (10,029)	\$ (12,936)	\$ (15,413)

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

At June 30, 2020, the City reported an asset of \$12,936 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability was based on a projection of the City's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the City's proportion was .00669452 percent.

For the year ended June 30, 2020, the City recognized income of \$1,725. At June 30, 2020, 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	\$ -	\$ 1,706
Changes in assumptions	-	13
Net difference between projected and actual earnings on OPEB plan investments	-	798
Changes in proportion and differences between City contributions and proportionate share of contributions	691	198
City contributions subsequent to the measurement date	299	-
Total	<u>\$ 990</u>	<u>\$ 2,715</u>

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 16 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – RHIA, CONTINUED

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

Year Ended June 30	Amount
2021	\$ (1,132)
2022	(860)
2023	(115)
2024	82
2025	-
Thereafter	-
Total	<u>\$ (2,025)</u>

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2019 measurement date that would require a brief description under GASB standard.

The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2018, consistent with this Board's policy decision from 2013 that the assumed rate will be effective January 1 following the Board's adoption of the rate. A January 1 effective date also provides equitable treatment to all members who retire in a year that a change is adopted, no matter which month they retire. The adopted assumed rate will be aligned with the new actuarial equivalency factors (AEFs), which will allow for clear effective date for all transactions that involve calculations using both the rate and AEF components.

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CIS HEALTH INSURANCE SUBSIDY

Plan Description

A single-employer retiree benefit plan that provides post-employment health benefits to eligible employees and their spouses. There are active members in the plan.

The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the city's implicit employer contribution.

The city did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Funding Policy

The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the city to fund these benefits in advance.

Annual OPEB Cost and Total OPEB Liability

The annual other post-employment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The annual OPEB expense is an accounting item designed to recognize certain changes to the Total OPEB Liability in the current period income statement. Additionally, changes to the Total OPEB Liability not fully recognized in a given year's OPEB expense will be tracked as deferred inflows and outflows and recognized incrementally in the OPEB expense over time. See Schedule of Changes in Total OPEB Liability and Related Ratios for detailed information and a table showing the components of the city's annual OPEB costs and liabilities.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) – CIS HEALTH INSURANCE SUBSIDY, CONTINUED

Actuarial Methods and Assumptions

The Total OPEB Liability for the current year was determined as part of the July 1, 2016 actuarial valuation using the entry age normal method. Actuarial valuations of an ongoing plan involve estimates of the value or reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 3.58% compounded annually; (b) an inflation rate of 2.5%; and (c) no post-retirement benefit increases and a payroll increase of 3.5%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The following table shows sensitivity of the Total OPEB Liability to changes in discount and trend rates, as determined by the July 1, 2018 actuarial valuation.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
City's Proportionate Share of the OPEB Liability (Asset)	\$ 90,635	\$ 86,251	\$ 82,167
	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the OPEB Liability (Asset)	\$ 81,375	\$ 86,251	\$ 91,790

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ (10,309)	\$ -
Changes in Assumptions	(6,472)	1,350
Benefit Payments	-	8,512
Totals	<u>\$ (16,781)</u>	<u>\$ 9,862</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred outflows or (inflows) of Resources
2021	\$ (3,077)
2022	(3,077)
2023	(3,077)
2024	(2,807)
2025	(2,400)
Thereafter	(993)
Total	<u>\$ (15,431)</u>

Program membership consisted of 16 active and 1 retired participants at July 1, 2019.

CITY OF JOHN DAY
Notes to Financial Statements
Year Ended June 30, 2020

NOTE 18 – DEFICIT FUND BALANCE

The City's non-major component unit reported a deficit fund balance at June 30, 2020. The Urban Renewal Agency had a deficit fund balance of \$47,290.

NOTE 19 - 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 20 – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are restricted and 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.

The City is involved in several construction projects including the construction of a sewer treatment facility. In the current year, land was acquired to that end and there is ongoing work, including engineering and other preparatory expenses to complete the construction. Loans and Grants are currently being sought to fully fund the construction of this facility.

NOTE 21 – SUBSEQUENT DISBURSEMENTS

After the close of the fiscal year but before the release of these financial statements, the City's blended component unit, the Urban Renewal Agency, refinanced its internal balance debt to an externally financed loan of \$60,000. The Urban Renewal Agency also accepted a Line of Credit in the amount of \$40,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JOHN DAY
Required Supplementary Information - Supplemental Schedules
Year Ended June 30, 2020

**Schedule of Proportionate Share of Net Pension Liability
Oregon Public Retirement System
Last 10 Fiscal Years***

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City's Proportion of the Net Pension Liability	0.00654596%	0.00483537%	0.00644948%	0.00672200%	0.00672538%	0.00767280%	0.00767280%			
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,132,294	\$ 732,495	\$ 869,392	\$ 1,009,127	\$ 386,135	\$ (173,920)	\$ 391,554			
City's Covered-Employee Payroll	\$ 774,442	\$ 764,285	\$ 839,706	\$ 672,124	\$ 736,153	\$ 735,503	\$ 783,863			UNA AVAILABLE
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered -Employee Payroll	146.21%	95.84%	103.54%	150.14%	52.45%	-23.65%	49.95%			
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.10%	82.10%	83.10%	80.50%	91.90%	103.59%	91.97%			

*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 City Contributions
Oregon Public Retirement System
Last 10 Fiscal Years***

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	\$ 52,929	\$ 59,832	\$ 69,836	\$ 41,170	\$ 48,173	\$ 51,296	\$ 51,201			
Contributions in Relation to the Contractually Required Contribution	(52,929)	(59,832)	(69,836)	(41,170)	(48,173)	(51,296)	(51,201)			
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			UNA AVAILABLE
City's Covered Employee Payroll	\$ 774,442	\$ 764,285	\$ 839,706	\$ 672,124	\$ 736,153	\$ 735,503	\$ 783,863			
Contributions as a Percentage of Covered-Employee Payroll	6.83%	7.83%	8.32%	6.13%	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.

CITY OF JOHN DAY
Required Supplementary Information - Supplemental Schedules
Year Ended June 30, 2020

**Schedule of Proportionate Share of Net OPEB Liability
Retiree Health Insurance Account PERS
Last 10 Fiscal Years***

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City's Proportion of the Net OPEB Liability	0.00694520%	0.00795453%	0.00642639%							
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (12,936)	\$ (8,879)	\$ (2,682)							
City's Covered-Employee Payroll	\$ 774,442	\$ 764,285	\$ 839,706				UNA AVAILABLE			
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered -Employee Payroll	-1.67%	-1.16%	-0.32%							
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	144.40%	123.99%	108.90%							

*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 City Contributions
Retiree Health Insurance Account PERS
Last 10 Fiscal Years***

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	\$ 3,199	\$ 3,318	\$ 3,199							
Contributions in Relation to the Contractually Required Contribution	(3,199)	(3,318)	(3,199)							
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -				UNA AVAILABLE			
City's Covered Employee Payroll	\$ 774,442	\$ 764,285	\$ 839,706							
Contributions as a Percentage of Covered-Employee Payroll	0.41%	0.43%	0.38%							

*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.

CITY OF JOHN DAY
Required Supplementary Information - Supplemental Schedules
Year Ended June 30, 2020

**Schedule of Changes in Total OPEB Liability and Related Ratios
CIS Health Insurance
Last 10 Fiscal Years***

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Beginning OPEB Liability	\$ 83,973	\$ 101,177	\$ 102,343							
Service Cost	4,523	5,091	5,260							
Interest	3,289	3,690	2,997							
Changes of Benefit Terms	-	-	-							
Economic/Demographic Gains or Losses	-	(14,057)	-							
Changes of Assumptions	1,558	(5,502)	(4,470)							
Benefit payments	(7,092)	(6,427)	(4,953)							
Ending OPEB Liability	<u>\$ 86,251</u>	<u>\$ 83,972</u>	<u>\$ 101,177</u>							
							UNA VAILABLE			
Covered Payroll	\$ 774,442	\$ 764,285	\$ 839,706							
OPEB Liability as a Percentage of Covered Payroll	11.1%	11.0%	12.0%							

*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 City Contributions
CIS Health Insurance
Last 10 Fiscal Years***

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution	\$ 8,512	\$ 7,092	\$ 6,427							
Contributions in Relation to the Actuarially Determined Contribution	(8,512)	(7,092)	(6,427)							
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
							UNA VAILABLE			
City's Covered Employee Payroll	\$ 774,442	\$ 764,285	\$ 865,491							
Contributions as a Percentage of Covered-Employee Payroll	1.10%	0.93%	0.74%							

*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.

CITY OF JOHN DAY

Budgetary Comparison Schedules - General Fund Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Property Taxes	\$ 288,530	\$ 288,530	\$ 302,737	\$ 14,207
Intergovernmental Revenues	409,953	409,953	192,484	(217,469)
User Fees	25,275	25,275	18,110	(7,165)
Grant Proceeds	-	-	-	-
Licenses and Fees	216,113	216,113	203,779	(12,334)
Fines and Forfeitures	3,500	3,500	7,172	3,672
Interest Income	2,130	2,130	11,050	8,920
Miscellaneous Income	-	-	15,313	15,313
Total Revenues	945,501	945,501	750,645	(194,856)
Expenditures:				
Nondepartmental	124,205	61,250	-	-
Administration	251,904	286,004	279,918	6,086
Police	484,300	484,300	428,731	55,569
Fire	147,204	147,204	72,568	74,636
Main Street Revitalization	325,230	325,230	1,614	323,616
Total Expenditures	1,332,843	1,303,988	782,831	459,907
Excess (Deficiency) of Revenues Over Expenditures	(387,342)	(358,487)	(32,186)	355,156
Other Financing Sources (Uses):				
Transfers In	64,969	64,969	62,788	2,181
Transfers Out	(42,992)	(42,992)	(42,991)	1
Interfund Charges Motor Pool	(45,000)	(45,000)	(45,000)	-
Total Other Financing Sources (Uses)	(23,023)	(23,023)	(25,203)	2,182
Net Change In Fund Balance	(410,365)	(381,510)	(57,389)	357,338
Fund Balance - July 1	410,365	381,510	490,592	109,082
Fund Balance - June 30	\$ -	\$ -	433,203	\$ 433,203

Adjustments to Reconcile with GAAP Accounting:

A new fund was started in 2020 from what was originally part of the General Fund. The new fund was the debt service fund and cash restricted for debt service was moved into the new fund, but does not qualify as an operating transfer for purposes of budgetary reporting.

Ending GAAP Basis Fund Balance

(22,720)

\$ 410,483

CITY OF JOHN DAY
Budgetary Comparison Schedules - Street Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Intergovernmental Revenue	\$ 302,000	\$ 302,000	\$ 558,541	\$ 256,541
Interest Income	1,350	1,350	4,117	2,767
Miscellaneous Income	-	-	3,749	3,749
Grant Proceeds	311,000	841,000	-	(841,000)
Total Revenues	614,350	1,144,350	566,407	(577,943)
Expenditures:				
Personal Services	194,550	194,550	154,137	40,413
Materials and Services	95,961	95,961	92,684	3,277
Capital Outlay	545,000	1,575,000	419,926	1,155,074
Contingency	-	-	-	-
Total Expenditures	835,511	1,865,511	666,747	1,198,764
Excess (Deficiency) of Revenues Over Expenditures	(221,161)	(721,161)	(100,340)	120,821
Other Financing Sources (Uses):				
Interfund Charges Motor Pool	(25,000)	(25,000)	(25,000)	-
Total Other Financing Sources (Uses)	(25,000)	(25,000)	(25,000)	-
Net Change In Fund Balance	(246,161)	(746,161)	(125,340)	120,821
Fund Balance - July 1	246,161	246,161	336,465	90,304
Fund Balance - June 30	\$ -	\$ (500,000)	\$ 211,125	\$ 711,125

CITY OF JOHN DAY
Budgetary Comparison Schedules - IT Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Grant Proceeds	\$ 6,000,000	\$ 3,000,000	\$ -	\$ (3,000,000)
Interest Income	7,500	7,500	32,181	24,681
 Total Revenues	 6,007,500	 3,007,500	 32,181	 (2,975,319)
Expenditures:				
Personal Services	36,885	36,885	25,368	11,517
Material and Services	150,000	150,000	18,433	131,567
Capital Outlay	7,200,000	4,457,124	102,333	4,354,791
Contingency	288,864	-	-	-
 Total Expenditures	 7,675,749	 4,644,009	 146,134	 4,497,875
Excess (Deficiency) of Revenues Over Expenditures	(1,668,249)	(1,636,509)	(113,953)	1,554,296
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
 Net Change In Fund Balance	 (1,668,249)	 (1,636,509)	 (113,953)	 1,554,296
 Fund Balance - July 1	 1,668,249	 1,636,509	 1,562,954	 (73,555)
 Fund Balance - June 30	 \$ -	 \$ -	 \$ 1,449,001	 \$ 1,449,001

CITY OF JOHN DAY

Budgetary Comparison Schedules – Community Development Fund Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Economic Development Fee	\$ 70,000	\$ 70,000	\$ 76,369	\$ 6,369
Miscellaneous Income	-	-	9,796	9,796
Interest Income	250	250	130	(120)
Grant Proceeds	-	15,500	15,000	(500)
Total Revenues	70,250	85,750	101,295	15,545
Expenditures:				
Personal Services	27,231	61,331	53,167	8,164
Material and Services	88,850	119,850	67,895	51,955
Operating Contingency	113,072	34,257	-	34,257
Total Expenditures	229,153	215,438	121,062	94,376
Excess (Deficiency) of Revenues Over Expenditures	(158,903)	(129,688)	(19,767)	139,136
Other Financing Sources (Uses):				
Short Term Loan to URA	-	-	(62,500)	(62,500)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(62,500)	(62,500)
Net Change In Fund Balance	(158,903)	(129,688)	(82,267)	211,955
Fund Balance - July 1	158,903	129,688	76,931	(52,757)
Fund Balance - June 30	\$ -	\$ -	(5,336)	\$ (5,336)
Reconciliation to GAAP Reporting:				
Money loaned to support the Urban Renewal Agency is recorded as Short Term Loan in the Budgetary statements, but is recorded as interfund balance in the GAAP financial statements.			62,500	
Fund Balance - June 30			<u>\$ 57,164</u>	

CITY OF JOHN DAY
Notes to Required Supplementary Information
Year Ended June 30, 2020

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 contingencies. Functions within all other funds include: personal services, materials and services, capital outlay, debt service, transfers, and contingencies. The City adopted one supplemental budget during the year ended June 30, 2020.

During the year ended June 30, 2020, disbursements in the General Fund and major special revenue funds were within certified budget amounts in all functions, except for the Community Development Fund, which overexpended by \$62,500 its Other Financing Uses by lending that same amount to the component Urban Renewal Agency.

OTHER SUPPLEMENTARY INFORMATION

CITY OF JOHN DAY
Non-Major Fund Combining Schedules
Balance Sheet
Governmental Funds
Year Ended June 30, 2020

	Debt Service Fund	Urban Renewal Agency	911 Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Investments	\$ 22,701	\$ 15,210	\$ 9,964	\$ 25,174
Property Taxes Receivable	5,323	1,447	-	6,770
Other Receivables	609	0	-	609
Internal balances	-	(62,500)	-	(62,500)
Prepaid Expenses	-	-	-	-
Total Assets	<u>\$ 28,633</u>	<u>\$ (45,843)</u>	<u>\$ 9,964</u>	<u>\$ (29,947)</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources:				
Unavailable Property Tax Revenue	5,323	1,447	-	6,770
Unavailable Other Revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>5,323</u>	<u>1,447</u>	<u>-</u>	<u>6,770</u>
Fund Balances:				
Restricted for Streets	-	-	-	-
Restricted for Community Development	-	(47,290)	-	(47,290)
Restricted for Public Safety	-	-	9,964	9,964
Restricted for Debt Service	23,310	-	-	23,310
Unassigned	-	-	-	-
Total Fund Balances	<u>23,310</u>	<u>(47,290)</u>	<u>9,964</u>	<u>(14,016)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,633</u>	<u>\$ (45,843)</u>	<u>\$ 9,964</u>	<u>\$ (7,246)</u>

CITY OF JOHN DAY
Non-Major Fund Combining Schedules
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2020

	Debt Service Fund	Urban Renewal Agency	911 Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 55,006	\$ 27,343	\$ -	\$ 82,350
Intergovernmental Revenues	-	100	-	100
Interest Income	680	11	673	1,364
Total Revenues	55,687	27,454	673	83,813
Expenditures:				
Community Development	-	74,744	-	74,744
Debt Service - Principal	40,000	-	-	40,000
Debt Service - Interest	15,096	-	-	15,096
Capital Outlay	-	-	-	-
Total Expenditures	55,096	74,744	-	129,840
Excess (Deficiency) of Revenues Over Expenditures	591	(47,290)	673	(46,027)
Other Financing Sources (Uses):				
Short Term Loan to URA	-	-	-	-
Operating Transfers-In	22,720	-	-	22,720
Operating Transfers-Out	-	-	(46,000)	(46,000)
Interfund Charges - Motor Pool	-	-	-	-
Total Other Financing Sources (Uses)	22,720	-	(46,000)	(23,280)
Net Change in Fund Balance	23,310	(47,290)	(45,327)	(69,307)
Fund Balances - July 1	-	-	55,291	55,291
Fund Balances - June 30	\$ 23,310	\$ (47,290)	\$ 9,964	\$ (14,016)

CITY OF JOHN DAY
 Budgetary Comparison Schedules – 911 Fund
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -
Interest Income	-	-	673	673
Total Revenues	-	-	673	673
Expenditures:				
Administration:				
Personal Services	-	-	-	-
Materials and Services	-	-	-	-
Operating Contingency	53,218	2,399	-	2,399
Total Administration	53,218	2,399	-	2,399
Operating:				
Personal Services	-	-	-	-
Materials and Services	-	-	-	-
Capital Outlay	-	-	-	-
Total Operating	-	-	-	-
Total Expenditures	53,218	2,399	-	25,275
Excess (Deficiency) of Revenues Over Expenditures	(53,218)	(2,399)	673	53,891
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(46,000)	(46,000)	(46,000)	-
Total Other Financing Sources (Uses)	(46,000)	(46,000)	(46,000)	-
Net Change In Fund Balance	(99,218)	(48,399)	(45,327)	53,891
Fund Balance - July 1	99,218	48,399	55,291	6,892
Fund Balance - June 30	\$ -	\$ -	\$ 9,964	\$ 9,964

CITY OF JOHN DAY

Budgetary Comparison Schedules – Debt Service Fund Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Property Taxes	\$ 57,000	\$ 57,000	55,006	\$ (1,994)
Interest Income	-	-	680	680
Total Revenues	57,000	57,000	55,687	(1,313)
Expenditures:				
Debt Service	57,000	57,000	55,096	1,904
Total Administration Expenses	57,000	57,000	55,096	1,904
Total Expenditures	57,000	57,000	55,096	1,904
Excess (Deficiency) of Revenues Over Expenditures	-	-	591	591
Other Financing Sources (Uses):				
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change In Fund Balance	-	-	591	591
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ -	591	\$ 591
Adjustments to Reconcile with GAAP Accounting:				
A new fund was started in 2020 from what was originally part of the General Fund. The new fund was the debt service fund and cash restricted for debt service was moved into the new fund, but does not qualify as an operating transfer for purposes of budgetary reporting.			22,720	
GAAP Basis Ending Fund Balance			23,310	

CITY OF JOHN DAY

Budgetary Comparison Schedules – Urban Renewal Agency Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Property Taxes	\$ 30,000	\$ 30,000	27,343	\$ (2,657)
Charges for Services	-	-	100	100
Interest Income	-	-	11	11
Total Revenues	30,000	30,000	27,454	(2,546)
Expenditures:				
Materials and Services	72,500	72,500	74,744	(2,244)
Total Materials & Services Expenses	72,500	72,500	74,744	(2,244)
Total Expenditures	72,500	72,500	74,744	(2,244)
Excess (Deficiency) of Revenues Over Expenditures	(42,500)	(42,500)	(47,290)	(4,790)
Other Financing Sources (Uses):				
Debt Proceeds	42,500	42,500	62,500	(20,000)
Total Other Financing Sources (Uses)	42,500	42,500	62,500	(20,000)
Net Change In Fund Balance	-	-	15,210	15,210
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ -	15,210	\$ 15,210

Reconciliation to GAAP Reporting:

Money borrowed to support the Agency is recorded as Debt Proceeds in the Budgetary statements, but is recorded as interfund balance in the GAAP financial statements.

	(62,500)
Fund Balance - June 30	<u>\$ (47,290)</u>

CITY OF JOHN DAY
Water Utility Fund Combining Schedules
Reconciliation of Budget Basis to Accrual Basis
Year Ended June 30, 2020

	Water Fund	Totals
Reconciliation of Beginning Fund Balance to Beginning Net Position:		
Beginning Fund Balance - Budget Basis	\$ 951,906	\$ 951,906
Capital Assets	5,363,491	5,363,491
Accumulated Depreciation	(2,916,134)	(2,916,134)
Add Due From Other Fund	335,912	335,912
Less Net Pension Liability	(94,932)	(94,932)
Add Deferred Outflow of Resources	29,597	29,597
Less Deferred Inflow of Resources	(35,944)	(35,944)
Less Accrued Compensated Absences	(10,109)	(10,109)
Less Loan Payable	(1,460,023)	(1,460,023)
Less Accrued Interest Payable	(3,506)	(3,506)
	<u>\$ 2,160,258</u>	<u>\$ 2,160,258</u>
Beginning Net Position	<u>\$ 2,160,258</u>	<u>\$ 2,160,258</u>
Reconciliation of Change in Fund Balance to Change in Net Position:		
Change in Fund Balance - Budget Basis	\$ (601,616)	\$ (601,616)
Assets Purchased and Capitalized	735,658	735,658
Depreciation on Capital Assets	(94,014)	(94,014)
Change in Loans Payable	155,400	155,400
Change in Pension Expense	(43,299)	(43,299)
Change in Accrued Interest	6,478	6,478
Change in Due From Other Fund	(32,610)	(32,610)
Change in Accrued Compensated Absences	242	242
	<u>\$ 126,239</u>	<u>\$ 126,239</u>
Increase (Decrease) in Net Position	<u>\$ 126,239</u>	<u>\$ 126,239</u>
Reconciliation of Ending Fund Balance to Ending Net Position:		
Ending Fund Balance - Budget Basis	\$ 350,290	\$ 350,290
Capital Assets	6,097,183	6,097,183
Accumulated Depreciation	(3,010,148)	(3,010,148)
Due From Other Fund	303,302	303,302
Net Pension Liability	(169,638)	(169,638)
Deferred Outflow of Resources	64,892	64,892
Deferred Inflow of Resources	(31,302)	(31,302)
Accrued Compensated Absences	(9,867)	(9,867)
Loan Payable	(1,304,584)	(1,304,584)
Interest Payable	(3,631)	(3,631)
	<u>\$ 2,286,497</u>	<u>\$ 2,286,497</u>
Ending Net Position	<u>\$ 2,286,497</u>	<u>\$ 2,286,497</u>

CITY OF JOHN DAY

Water Utility Fund Budgetary Comparison Schedules – Water Fund Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
User Fees	\$ 600,500	\$ 600,500	620,262	\$ 19,762
Intergovernmental Revenue	-	38,930	13,736	(25,194)
Miscellaneous Income	-	-	729	729
Total Operating Revenues	600,500	639,430	634,727	(4,703)
Operating Expenses:				
Administration:				
Personal Services	68,052	68,052	60,528	7,524
Materials and Services	40,200	40,200	25,124	15,076
Total Administration Expenses	108,252	108,252	85,652	22,600
Plant Expenses:				
Personal Services	137,242	137,242	126,819	10,423
Materials and Services	147,333	147,333	107,114	40,219
Capital Outlay	115,000	840,000	734,869	105,131
Debt Service	206,000	206,000	204,163	1,837
Motor Pool	35,000	35,000	35,000	-
Contingency	454,105	363,035	-	363,035
Total Plant Expenses	1,094,680	1,728,610	1,207,965	520,645
Total Operating Expenses	1,202,932	1,836,862	1,293,617	543,245
Operating Income (Loss)	(602,432)	(1,197,432)	(658,890)	(547,948)
Non-Operating Revenues (Expenses):				
Debt Proceeds	-	595,000	-	595,000
Interest Income	3,750	3,750	19,878	16,128
Total Non-Operating Revenues	3,750	598,750	19,878	611,128
Income (Loss) Before Transfers	(598,682)	(598,682)	(639,012)	63,180
Operating Transfers:				
Transfers-In	42,992	42,992	42,992	-
Transfers-Out	(6,323)	(6,323)	(5,596)	727
Net Operating Transfers	36,669	36,669	37,396	727
Change in Fund Balance	(562,013)	(562,013)	(601,616)	63,907
Fund Balance - July 1	902,013	902,013	951,906	(49,893)
Fund Balance - June 30	\$ 340,000	\$ 340,000	\$ 350,290	\$ 10,290

CITY OF JOHN DAY
Sewer Utility Fund Combining Schedules
Statement of Net Position
Year Ended June 30, 2020

	Sewer Fund	Joint Sewer Fund	Totals
<u>ASSETS</u>			
Current Assets:			
Cash with Depositories	\$ (43,065)	\$ 101,280	\$ 58,215
Accounts Receivable - Utility Customers	54,285	6,184	60,469
Accounts Receivable - Others	26,823	-	26,823
Allowance for Doubtful Accounts	(2,903)	-	(2,903)
Total Current Assets	35,140	107,464	142,604
Non-Current Assets:			
Construction in Progress	380,471	-	380,471
Property, Plant, and Equipment	3,877,630	-	3,877,630
Accumulated Depreciation	(2,167,381)	-	(2,167,381)
Net Capital Assets	2,090,720	-	2,090,720
Total Assets	2,125,860	107,464	2,233,324
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pension/OPEB	82,444	54,877	137,321
Total Deferred Outflows of Resources	82,444	54,877	137,321
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	29,428	1,419	30,847
Accrued Liabilities	-	-	-
Accrued Compensated Absences	8,296	10,502	18,798
Customer Deposits	-	-	-
Interest Payable	18,148	-	18,148
Loans Payable - Current Portion	82,267	-	82,267
Total Current Liabilities	138,139	11,921	150,060
Non-Current Liabilities:			
Net Pension Liability/OPEB	215,778	144,104	359,882
Loans Payable - Non-Current Portion	1,181,245	-	1,181,245
Total Non-Current Liabilities	1,397,023	144,104	1,541,126
Total Liabilities	1,535,162	156,024	1,691,186
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pension/OPEB	40,008	27,073	67,081
Total Deferred Inflows of Resources	40,008	27,073	67,081
<u>NET POSITION</u>			
Net Investment in Capital Assets	809,060	-	809,060
Unrestricted	(175,926)	(20,757)	(196,682)
Total Net Position	\$ 633,134	\$ (20,757)	\$ 612,378

CITY OF JOHN DAY
Sewer Utility Fund Combining Schedules
Schedule of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2020

	Sewer Fund	Joint Sewer Fund	Totals
Operating Revenues:			
User Fees	\$ 627,016	\$ 72,257	\$ 699,273
Miscellaneous Income	1,585	515	2,100
Total Operating Revenues	<u>628,601</u>	<u>72,772</u>	<u>701,373</u>
Operating Expenses:			
Personal Services	353,445	240,361	593,806
Supplies, Repairs, and Services	159,260	74,999	234,259
Capital Outlay	-	-	-
Depreciation	51,090	-	51,090
Motor Pool Interfund Charges	30,000	25,000	55,000
Total Operating Expenses	<u>593,795</u>	<u>340,361</u>	<u>934,156</u>
Operating Income (Loss)	<u>34,806</u>	<u>(267,589)</u>	<u>(232,783)</u>
Non-Operating Revenues (Expenses):			
Intergovernmental Revenues	129,716	-	129,716
Product Sales	8,589	-	8,589
Interest Income	2,590	2,531	5,121
Interest Expense	(38,405)	-	(38,405)
Total Non-Operating Revenues	<u>102,490</u>	<u>2,531</u>	<u>105,021</u>
Income (Loss) Before Transfers	<u>137,296</u>	<u>(265,059)</u>	<u>(127,763)</u>
Operating Transfers:			
Transfers-In	-	167,949	167,949
Transfers-Out	(173,545)	(5,596)	(179,141)
Net Operating Transfers	<u>(173,545)</u>	<u>162,353</u>	<u>(11,192)</u>
Change in Net Position	(36,249)	(102,706)	(138,955)
Total Net Position - July 1	<u>669,384</u>	<u>81,949</u>	<u>751,333</u>
Total Net Position - June 30	<u><u>\$ 633,134</u></u>	<u><u>\$ (20,757)</u></u>	<u><u>\$ 612,378</u></u>

CITY OF JOHN DAY
Sewer Utility Fund Combining Schedules
Statement of Cash Flows
Year Ended June 30, 2020

	Sewer Fund	Joint Sewer Fund	Totals
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 597,318	\$ 72,511	\$ 669,829
Cash Paid to Employees	(261,292)	(167,241)	(428,533)
Cash Paid to Suppliers	(227,086)	(100,089)	(327,175)
Net Cash Provided (Used) by Operating Activities	<u>108,940</u>	<u>(194,820)</u>	<u>(85,880)</u>
Cash Flows from Non-Capital Financing Activities:			
Operating Transfers	(173,545)	162,353	(11,192)
Interfund Loans	-	-	-
Intergovernmental Revenues	<u>129,716</u>	<u>-</u>	<u>129,716</u>
Net Cash Provided by Non-Capital Financing Activities	<u>(43,829)</u>	<u>162,353</u>	<u>118,524</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(262,891)	-	(262,891)
Proceeds from Sale of Capital Assets	7,745	-	7,745
Debt Proceeds	-	-	-
Principal Paid on Debt	(82,268)	-	(82,268)
Interest Paid on Debt	<u>(38,405)</u>	<u>-</u>	<u>(38,405)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(375,819)</u>	<u>-</u>	<u>(375,819)</u>
Cash Flows From Investing Activities:			
Interest Received on Investments	<u>2,590</u>	<u>2,531</u>	<u>5,121</u>
Net Cash Provided by Investing Activities	<u>2,590</u>	<u>2,531</u>	<u>5,121</u>
Net Increase (Decrease) in Cash	(308,118)	(29,936)	(338,054)
Cash and Cash Equivalents - July 1	<u>265,053</u>	<u>131,216</u>	<u>396,269</u>
Cash and Cash Equivalents - June 30	<u><u>\$ (43,065)</u></u>	<u><u>\$ 101,280</u></u>	<u><u>\$ 58,215</u></u>

CITY OF JOHN DAY
Sewer Utility Fund Combining Schedules
Statement of Cash Flows
Year Ended June 30, 2020

Reconciliation of Operating Income (Loss)
to Net Cash Provided (Used) By Operating Activities:

Operating Income (Loss)	\$ 34,806	\$ (267,589)	\$ (232,783)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	35,908	-	35,908
(Increase) Decrease In:			
Accounts Receivable	31,283	(262)	31,021
Prepaid Expenses	-	-	-
Net Pension/OPEB Asset/Liability	133,373	102,950	236,323
Deferred Outflow of Resources	(59,241)	(38,067)	(97,308)
Increase (Decrease) In:			
Accounts Payable	(83,681)	(90)	(83,771)
Accrued Liabilities	(1,532)	(821)	(2,353)
Accrued Compensated Absences	(1,641)	1,018	(623)
Customer Deposits	-	-	-
Deferred Inflow of Resources	<u>19,665</u>	<u>8,041</u>	<u>27,706</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 108,940</u>	<u>\$ (194,820)</u>	<u>\$ (85,880)</u>

CITY OF JOHN DAY

Sewer Utility Fund Budgetary Comparison Schedules – Sewer Fund Year Ended June 30, 2020

	Sewer Fund	Joint Sewer Fund	Totals
Reconciliation of Beginning Fund Balance to Beginning Net Position:			
Beginning Fund Balance - Budget Basis	\$ 240,060	\$ 134,809	\$ 374,869
Capital Assets	4,002,954	-	4,002,954
Accumulated Depreciation	(2,116,290)	-	(2,116,290)
Net Pension Liability	(82,405)	(41,154)	(123,559)
Deferred Outflow of Resources	23,203	16,810	40,013
Deferred Inflow of Resources	(20,343)	(19,032)	(39,375)
Accrued Compensated Absences	(9,937)	(9,484)	(19,421)
Loan Payable	(1,345,780)	-	(1,345,780)
Interest Payable	(22,078)	-	(22,078)
	<u>\$ 669,384</u>	<u>\$ 81,949</u>	<u>\$ 751,333</u>
Beginning Net Position	<u>\$ 669,384</u>	<u>\$ 81,949</u>	<u>\$ 751,333</u>

Reconciliation of Change in Fund Balance to Change in Net Position:

Change in Fund Balance - Budget Basis	\$ (235,474)	\$ (29,553)	\$ (265,027)
Assets Purchased and Capitalized	262,891	-	262,891
Depreciation on Capital Assets	(51,090)	-	(51,090)
Change in Loans Payable	82,268	-	82,268
Change in Pension Expense	(100,415)	(74,172)	(174,587)
Change in Accrued Interest	3,930	-	3,930
Change in Accrued Compensated Absences	1,641	1,018	2,659
	<u>\$ (36,249)</u>	<u>\$ (102,707)</u>	<u>\$ (138,956)</u>
Increase (Decrease) in Net Position	<u>\$ (36,249)</u>	<u>\$ (102,707)</u>	<u>\$ (138,956)</u>

Reconciliation of Ending Fund Balance to Ending Net Position:

Ending Fund Balance - Budget Basis	\$ 4,586	\$ 105,256	\$ 109,842
Capital Assets	4,259,227	-	4,259,227
Accumulated Depreciation	(2,167,381)	-	(2,167,381)
Net Pension Liability	(215,778)	(143,316)	(359,094)
Deferred Outflow of Resources	82,444	54,877	137,321
Deferred Inflow of Resources	(40,008)	(27,073)	(67,081)
Accrued Compensated Absences	(8,296)	(10,502)	(18,798)
Loan Payable	(1,263,512)	-	(1,263,512)
Interest Payable	(18,148)	-	(18,148)
	<u>\$ 633,134</u>	<u>\$ (20,757)</u>	<u>\$ 612,377</u>
Ending Net Position	<u>\$ 633,134</u>	<u>\$ (20,757)</u>	<u>\$ 612,377</u>

CITY OF JOHN DAY

Sewer Utility Fund Budgetary Comparison Schedules – Sewer Fund Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
User Fees	\$ 587,500	\$ 587,500	\$ 627,016	\$ 39,516
Grant Proceeds	131,000	131,000	81,441	(49,559)
Intergovernmental Revenues	-	250,000	48,275	(201,725)
Miscellaneous Income	-	-	1,040	1,040
Total Operating Revenues	<u>718,500</u>	<u>968,500</u>	<u>757,772</u>	<u>(210,728)</u>
Operating Expenses:				
Administration Expenses:				
Personal Services	75,637	75,637	66,909	8,728
Materials and Services	53,200	53,200	34,096	19,104
Total Administration Expenses	<u>128,837</u>	<u>128,837</u>	<u>101,005</u>	<u>27,832</u>
Plant Expenses:				
Personal Services	118,145	118,145	115,517	2,628
Materials and Services	78,395	153,395	63,456	89,939
Capital Outlay	308,875	558,875	262,891	295,984
Debt Service	130,450	130,450	110,478	19,972
Motor Pool	30,000	30,000	30,000	-
Contingency	-	-	-	-
Total Plant Expenses	<u>665,865</u>	<u>990,865</u>	<u>582,342</u>	<u>408,523</u>
Agri-Business Expenses				
Personal Services	83,192	83,192	78,866	4,326
Materials and Services	65,900	65,900	62,833	3,067
Debt Service	-	-	14,124	-
Capital Outlay	-	-	-	-
Total Agri-Business Expenses	<u>149,092</u>	<u>149,092</u>	<u>155,823</u>	<u>7,393</u>
Total Operating Expenses	<u>943,794</u>	<u>1,268,794</u>	<u>839,170</u>	<u>443,748</u>
Operating Income (Loss)	<u>(225,294)</u>	<u>(300,294)</u>	<u>(81,398)</u>	<u>218,896</u>
Non-Operating Revenues (Expenses):				
Debt Proceeds	285,000	285,000	-	(285,000)
Property Sale Revenue	-	75,000	8,419	
Product Sale Revenue	86,500	86,500	8,589	(77,911)
Interest Income	1,500	1,500	2,461	961
Total Non-Operating Revenues	<u>373,000</u>	<u>448,000</u>	<u>19,469</u>	<u>(428,531)</u>
Income (Loss) Before Transfers	<u>147,706</u>	<u>147,706</u>	<u>(61,929)</u>	<u>(209,635)</u>
Operating Transfers:				
Transfers-In	-	-	-	-
Transfers-Out	(174,269)	(174,269)	(173,545)	724
Net Operating Transfers	<u>(174,269)</u>	<u>(174,269)</u>	<u>(173,545)</u>	<u>724</u>
Change in Fund Balance	(26,563)	(26,563)	(235,474)	(208,911)
Fund Balance - July 1	<u>206,563</u>	<u>206,563</u>	<u>240,060</u>	<u>33,497</u>
Fund Balance - June 30	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 4,586</u>	<u>\$ (175,414)</u>

CITY OF JOHN DAY

Sewer Utility Fund Budgetary Comparison Schedules – Joint Sewer Fund Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Operating Revenues:				
Intergovernmental Income	\$ 72,036	\$ 72,036	\$ 72,257	\$ 221
Miscellaneous Income	-	-	515	515
Total Operating Revenues	72,036	72,036	72,772	736
Operating Expenses:				
Administration Expenses:				
Personal Services	43,616	43,616	40,832	2,784
Materials and Services	15,650	15,650	8,233	7,417
Total Administration Expenses	59,266	59,266	49,065	10,201
Plant Expenses:				
Personal Services	147,027	147,027	125,589	21,438
Materials and Services	106,730	106,730	67,555	39,175
Motor Pool	25,000	25,000	25,000	-
Contingency	5,000	5,000	-	5,000
Total Plant Expenses	283,757	283,757	218,144	65,613
Total Operating Expenses	343,023	343,023	267,209	75,814
Operating Income (Loss)	(270,987)	(270,987)	(194,437)	76,550
Non-Operating Revenues (Expenses):				
Debt Proceeds	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Interest Income	550	550	2,531	1,981
Total Non-Operating Revenues	550	550	2,531	1,981
Income (Loss) Before Transfers	(270,437)	(270,437)	(191,906)	78,531
Operating Transfers:				
Transfers-In	167,949	167,949	167,949	-
Transfers-Out	(6,320)	(6,320)	(5,596)	724
Net Operating Transfers	161,629	161,629	162,353	724
Change in Fund Balance	(108,808)	(108,808)	(29,553)	79,255
Fund Balance - July 1	108,808	108,808	134,809	26,001
Fund Balance - June 30	\$ -	\$ -	\$ 105,256	\$ 105,256

CITY OF JOHN DAY
Internal Service Fund Combining Schedules
Schedule of Net Position
June 30, 2020

<u>ASSETS</u>	Motor	Unpaid	
	Pool	Compensation	Totals
Current Assets:			
Cash with Depositories	\$ 117,561	\$ 117,682	\$ 235,243
Accounts Receivable - Utility Customers	-	-	-
Accounts Receivable - Others	6,300	-	6,300
Allowance for Doubtful Accounts	-	-	-
Due from Other Funds	-	-	-
Total Current Assets	123,861	117,682	241,543
Non-Current Assets:			
Construction in Progress	104,622	-	104,622
Property, Plant, and Equipment	1,105,359	-	1,105,359
Accumulated Depreciation	(764,647)	-	(764,647)
Net Capital Assets	445,334	-	445,334
Total Assets	569,195	117,682	686,877
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pension/OPEB	16,772	7,733	24,505
Total Deferred Outflows of Resources	16,772	7,733	24,505
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	26,814	-	26,814
Accrued Compensated Absences	5,201	-	5,201
Customer Deposits	-	-	-
Interest Payable	-	-	-
Loans Payable - Current Portion	10,159	-	10,159
Total Current Liabilities	42,174	-	42,174
Non-Current Liabilities:			
Net Pension Liability/OPEB	41,041	20,307	61,348
Loans Payable - Non-Current Portion	34,301	-	34,301
Total Non-Current Liabilities	75,342	20,307	95,649
Total Liabilities	117,516	20,307	137,823
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pension/OPEB	8,274	3,815	12,089
Total Deferred Inflows of Resources	8,274	3,815	12,089
<u>NET POSITION</u>			
Net Investment in Capital Assets	411,033	-	411,033
Unrestricted	49,144	101,293	150,437
Total Net Position	\$ 460,177	\$ 101,293	\$ 561,470

CITY OF JOHN DAY

Internal Service Fund Combining Schedules Schedule of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2020

	Motor Pool	Unpaid Compensation	Totals
Operating Revenues:			
User Fees	\$ 5,318	\$ -	\$ 5,318
Interfund Charges	160,000	8,471	168,471
Miscellaneous Income	2,475	-	2,475
Total Operating Revenues	<u>167,793</u>	<u>8,471</u>	<u>176,264</u>
Operating Expenses:			
Personal Services	67,407	42,047	109,454
Supplies, Repairs, and Services	71,353	-	71,353
Capital Outlay	-	-	-
Depreciation	43,363	-	43,363
Total Operating Expenses	<u>182,123</u>	<u>42,047</u>	<u>224,170</u>
Operating Income (Loss)	<u>(14,330)</u>	<u>(33,576)</u>	<u>(47,906)</u>
Non-Operating Revenues (Expenses):			
Interest Income	3,911	3,003	6,914
Total Non-Operating Revenues	<u>3,911</u>	<u>3,003</u>	<u>6,914</u>
Income (Loss) Before Transfers	<u>(10,419)</u>	<u>(30,573)</u>	<u>(40,992)</u>
Operating Transfers:			
Transfers-In	-	-	-
Transfers-Out	-	-	-
Net Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(10,419)	(30,573)	(40,992)
Total Net Position - July 1	<u>470,596</u>	<u>131,866</u>	<u>602,462</u>
Total Net Position - June 30	<u>\$ 460,177</u>	<u>\$ 101,293</u>	<u>\$ 561,470</u>

CITY OF JOHN DAY
Internal Service Fund Combining Schedules
Schedule of Cash Flows
Year Ended June 30, 2020

	Motor Pool	Unpaid Compensation	Totals
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 162,029	\$ 8,471	\$ 170,500
Cash Paid to Employees	(44,122)	(36,025)	(80,147)
Cash Paid to Suppliers	(63,618)	-	(63,618)
Net Cash Provided			
(Used) by Operating Activities	54,289	(27,554)	26,735
Cash Flows from Non-Capital Financing Activities:			
Operating Transfers	-	-	-
Interfund Loans	-	-	-
Intergovernmental Revenues	-	-	-
Net Cash Provided by			
Non-Capital Financing Activities	-	-	-
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(184,541)	-	(184,541)
Proceeds from Sale of Capital Assets	-	-	-
Debt Proceeds	-	-	-
Principal Paid on Debt	(12,839)	-	(12,839)
Interest Paid on Debt	-	-	-
Net Cash Used for Capital			
and Related Financing Activities	(197,380)	-	(197,380)
Cash Flows From Investing Activities:			
Interest Received on Investments	3,911	3,003	6,914
Net Cash Provided by Investing Activities	3,911	3,003	6,914
Net Increase (Decrease) in Cash	(139,180)	(24,551)	(163,731)
Cash and Cash Equivalents - July 1	256,741	142,233	398,974
Cash and Cash Equivalents - June 30	\$ 117,561	\$ 117,682	\$ 235,243

CITY OF JOHN DAY
Internal Service Fund Combining Schedules
Schedule of Cash Flows
Year Ended June 30, 2020

Reconciliation of Operating Income (Loss)
to Net Cash Provided (Used) By Operating Activities:

Operating Income (Loss)	\$ (14,330)	\$ (33,576)	\$ (47,906)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	43,363	-	43,363
(Increase) Decrease In:			
Accounts Receivable	(5,764)	-	(5,764)
Prepaid Expenses	-	-	-
Net Pension/OPEB Asset/Liability	32,137	14,334	46,471
Deferred Outflow of Resources	(12,866)	(3,653)	(16,519)
Increase (Decrease) In:			
Accounts Payable	7,735	(77)	7,658
Accrued Liabilities	-	-	-
Accrued Compensated Absences	776	-	776
Customer Deposits	-	-	-
Deferred Inflow of Resources	<u>3,238</u>	<u>(4,582)</u>	<u>(1,344)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 54,289</u>	<u>\$ (27,554)</u>	<u>\$ 26,735</u>

CITY OF JOHN DAY
Internal Service Fund Combining Schedules
Reconciliation of Budget Basis to Accrual Basis
Year Ended June 30, 2020

	Motor Pool	Unpaid Compensation	Totals
Reconciliation of Beginning Fund Balance to Beginning Net Position:			
Beginning Fund Balance - Budget Basis	\$ 237,832	\$ 142,156	\$ 379,988
Capital Assets	968,506	-	968,506
Accumulated Depreciation	(721,284)	-	(721,284)
Deferred Outflow of Resources	(8,903)	(5,973)	(14,876)
Net Pension Liability	3,906	4,080	7,986
Deferred Inflow of Resources	(5,036)	(8,397)	(13,433)
Accrued Compensated Absences	(4,425)	-	(4,425)
	<u>\$ 470,596</u>	<u>\$ 131,866</u>	<u>\$ 602,462</u>
Beginning Net Position	<u>\$ 470,596</u>	<u>\$ 131,866</u>	<u>\$ 602,462</u>

Reconciliation of Change in Fund Balance to Change in Net Position:

Change in Fund Balance - Budget Basis	\$ (140,784)	\$ (24,473)	\$ (165,257)
Assets Purchased and Capitalized	79,179	-	79,179
Depreciation on Capital Assets	(43,363)	-	(43,363)
Change in Pension Expense	82,486	(6,100)	76,386
Payments on Long-term Debt	12,839		
Change in Accrued Compensated Absences	(776)	-	(776)
	<u>\$ (10,419)</u>	<u>\$ (30,573)</u>	<u>\$ (53,831)</u>
Increase (Decrease) in Net Position	<u>\$ (10,419)</u>	<u>\$ (30,573)</u>	<u>\$ (53,831)</u>

Reconciliation of Ending Fund Balance to Ending Net Position:

Ending Fund Balance - Budget Basis	\$ 97,596	\$ 117,683	\$ 215,279
Capital Assets	1,209,432	-	1,209,432
Accumulated Depreciation	(764,647)	-	(764,647)
Net Pension Liability	(41,041)	(20,308)	(61,349)
Deferred Outflow of Resources	16,772	7,733	24,505
Deferred Inflow of Resources	(8,274)	(3,815)	(12,089)
Long-term Debt	(44,460)		
Accrued Compensated Absences	(5,201)	-	(5,201)
	<u>\$ 460,177</u>	<u>\$ 101,293</u>	<u>\$ 605,930</u>
Ending Net Position	<u>\$ 460,177</u>	<u>\$ 101,293</u>	<u>\$ 605,930</u>

CITY OF JOHN DAY

Internal Service Fund Budgetary Comparison Schedules – Motor Pool Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Operating Revenues:				
Intergovernmental Income	\$ 5,700	\$ 5,700	\$ 5,318	\$ (382)
Interfund Charges	157,000	157,000	160,000	3,000
Miscellaneous Income	-	-	2,475	2,475
Total Operating Revenues	162,700	162,700	167,793	5,093
Operating Expenses:				
Motor Pool:				
Personal Services	89,157	89,157	44,122	45,035
Materials and Services	82,170	83,000	137,298	(54,298)
Capital Outlay	161,846	115,266	79,179	36,087
Total Motor Pool Expenses	333,173	287,423	260,599	26,824
Police Expenses:				
Materials and Services	30,510	30,510	22,433	8,077
Capital Outlay	-	-	12,839	(12,839)
Total Police Expenses	30,510	30,510	35,272	(4,762)
Fire Expenses:				
Materials and Services	24,390	24,390	16,617	7,773
Capital Outlay	22,280	22,280	-	22,280
Total Fire Expenses	46,670	46,670	16,617	30,053
Total Operating Expenses	410,353	364,603	312,488	52,115
Operating Income (Loss)	(247,653)	(201,903)	(144,695)	(47,022)
Non-Operating Revenues (Expenses):				
Interest Income	1,000	1,000	3,911	(2,911)
Total Non-Operating Revenues	1,000	1,000	3,911	(2,911)
Income (Loss) Before Transfers	(246,653)	(200,903)	(140,784)	(49,933)
Operating Transfers:				
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
Net Operating Transfers	-	-	-	-
Change in Fund Balance	(246,653)	(200,903)	(140,784)	(49,933)
Fund Balance - July 1	246,653	200,903	238,380	(37,477)
Fund Balance - June 30	\$ -	\$ -	\$ 97,596	\$ 97,596

CITY OF JOHN DAY

Internal Service Fund Budgetary Comparison Schedules – Unpaid Compensation Fund Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Operating Revenues:				
Interfund Charges	\$ 8,471	\$ 8,471	\$ 8,471	\$ -
Interest Income	630	630	3,003	2,373
Total Operating Revenues	9,101	9,101	11,474	2,373
Operating Expenses:				
Administration:				
Personal Services	109,712	109,712	35,947	73,765
Total Motor Pool Expenses	109,712	109,712	35,947	73,765
Total Operating Expenses	109,712	109,712	35,947	73,765
Operating Income (Loss)	(100,611)	(100,611)	(24,473)	(71,392)
Non-Operating Revenues (Expenses):				
Interest Income	-	-	-	-
Total Non-Operating Revenues	-	-	-	-
Income (Loss) Before Transfers	(100,611)	(100,611)	(24,473)	(71,392)
Operating Transfers:				
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
Net Operating Transfers	-	-	-	-
Change in Fund Balance	(100,611)	(100,611)	(24,473)	(71,392)
Fund Balance - July 1	100,611	100,611	142,156	(41,545)
Fund Balance - June 30	\$ -	\$ -	\$ 117,683	\$ 117,683



INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

We have audited the basic financial statements of City of John Day as of and for the year ended June 30, 2020, and have issued our report thereon dated December 11, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether City of John Day's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 statements 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.
- 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 for an overexpenditure of \$62,500 related to a loan to the component Urban Renewal Agency in the Community Development Fund.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered City of John Day's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not 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 and use of the council members and management of City of John Day and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Gaslin Accounting CPA's PC

Robert Gaslin CPA
December 11, 2020