

***CITY OF DAYTON, OREGON
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022***

CITY OF DAYTON, OREGON
CITY OFFICIALS
JUNE 30, 2022

<u><i>Name and Address</i></u>	<u><i>Position</i></u>	<u><i>Term Expires</i></u>
Beth Wytoski	Mayor	December 31, 2022
Rosalba Sandoval-Perez	Council President	December 31, 2022
Daniel Holbrook	Council Member	December 31, 2022
Kitty Mackin	Council Member	December 31, 2024
Trini Marquez	Council Member	December 31, 2024
Jim Maguire	Council Member	December 31, 2022
Annette Frank	Council Member	December 31, 2024

Council members receive mail at the City's address

Appointed Officials

Rochelle Roaden
City Manager
P.O. Box 339
Dayton, Oregon 97114

Heather Martin/Paul Elsner, Beery, Elsner & Hammond, LLP
City Attorneys *

City of Newberg
Building Official *

Denny Muchmore, Westech Engineering
City Engineer *

Keil Jenkins, Mid-Willamette Valley Council of Governments
City Planner *

*Contracted Services

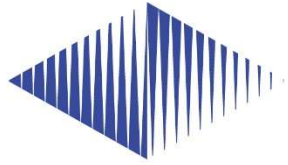
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FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Dayton
Dayton, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the City of Dayton (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position—modified cash basis and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in the summary of significant accounting policies in the notes to the financial statements.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter — Basis of Accounting

We draw attention to the notes to financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in the notes to the financial statements, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Management's discussion and analysis and the supplementary information, which are the responsibility of management, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

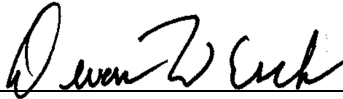
Management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Legal and Regulatory Requirements

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2022, on our consideration of the City'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.

*GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS*

By: 
Devan W. Esch, A Shareholder
December 21, 2022

City of Dayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

The management of the City of Dayton, Oregon presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the City for the fiscal year ended June 30, 2022. Management's Discussion and Analysis (MD&A) is based on currently known facts, decisions, and conditions that existed as of the date of the independent auditor's report. Please read it in conjunction with the City's financial statements which follow this section.

Financial Highlights

	June 30,		change
	2022	2021	
Net Position	\$ 5,150,713	\$ 3,611,370	\$ 1,539,343
Change in Net Position	1,539,343	261,389	1,277,954
Governmental Net Position	1,832,357	1,663,577	168,780
Proprietary Net Position	3,318,356	1,947,793	1,370,563
Change in Governmental Net Position	168,780	24,487	144,293
Change in Proprietary Net Position	1,370,563	236,902	1,133,661

Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements and other information. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements
4. Other information

Government-wide financial statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include:

The Statement of Net Position (Modified Cash Basis). The *statement of net position* presents information on all of the assets and liabilities of the City as of the date on the statement. Net position is what remains after the recognized liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities (Modified Cash Basis). The *statement of activities* presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or decrease net position in total.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include the following:

- General Government
- Public Safety
- Public Works
- Community Development

The business-type activities of the City include the following:

- Water Operations
- Sewer Operations

The government-wide financial statements can be found on pages 9 through 10 of this report.

Fund financial statements – The fund financial statements provide more detailed information about the City’s funds, focusing on its most significant or “major” funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial decisions. By doing so, readers may better understand the long-term impact of the government’s near-term financial decisions.

The City maintains nine individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for those funds that are considered significant (major) to the City taken as a whole. These financial statements report four major funds, the General, Transient Lodging Tax, Local Option Tax, and American Rescue Act funds. The State Revenue Sharing Fund has been combined with the General Fund for presentation purposes. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as supplementary information in the form of combining statements.

The governmental fund financial statements can be found on pages 11 through 12 in the basic financial statements.

The City adopts an annual appropriated budget for all governmental funds. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the General Fund, Transient Lodging Tax Fund, Local Option Tax Fund, American Rescue Act Fund, Street Fund, Street Capital Projects Fund, Building Reserve Fund, Park Capital Projects Fund, and Equipment Replacement Fund.

Proprietary funds - Proprietary funds are used to account for activities where the emphasis is placed on net income determination. All of the City’s proprietary funds are enterprise funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The City uses proprietary funds to account for its water and sewer activity.

The proprietary funds for Water Operations and Sewer Operations are considered to be major funds of the City and are reported separately in the proprietary financial statements in the basic financial statements.

The City adopts an annual appropriated budget for each Proprietary fund. To demonstrate compliance with the budget, budgetary comparison statements have been provided for the proprietary funds as other supplementary information.

The proprietary financial statements can be found on pages 14 through 16 in the basic financial statements.

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. They are an integral part of the basic financial statements and should be read in conjunction with them.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*, including the budgetary comparison schedules, and the combining nonmajor fund financial statements.

Government-Wide Financial Analysis

Statement of Net Position (Modified Cash Basis)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$5,150,713 at the close of fiscal year 2022.

A portion of the City's net position, \$2,833,513, or approximately 55%, represents resources that are subject to external restrictions on how they may be used. The remaining balance is net position - unrestricted totaling \$2,317,200, or approximately 45%.

	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,833,376	\$ 3,318,356	\$ 5,151,732	\$ 1,665,061	\$ 1,947,793	\$ 3,612,854
Other liabilities	1,019	-	1,019	1,484	-	1,484
Net position:						
Restricted	899,373	1,934,140	2,833,513	813,888	713,279	1,527,167
Unrestricted	932,984	1,384,216	2,317,200	849,689	1,234,514	2,084,203
Total Net Position	\$ 1,832,357	\$ 3,318,356	\$ 5,150,713	\$ 1,663,577	\$ 1,947,793	\$ 3,611,370

Statement of Activities (Modified Cash Basis)

The City's net position increased \$1,539,343 during fiscal 2021-2022. This increase is explained in the government and business-type activities as follows:

Governmental activities - The City's net position increased by \$168,780 from governmental activities due to an increase in total revenues and a decrease in total expenses.

	2022			2021		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program Revenues						
Fees, fines and charges for services	\$ 94,878	\$ 1,557,995	\$ 1,652,873	\$ 224,054	\$ 1,498,929	\$ 1,722,983
Operating grants and contributions	536,743	-	536,743	290,075	-	290,075.00
Capital grants and contributions	156,161	1,570,330	1,726,491	179,730	248,222	427,952.00
General Revenues						
Property taxes	502,730	-	502,730	484,420	-	484,420.00
Transient lodging taxes	81,600	-	81,600	68,255	-	68,255.00
Franchise fees	114,835	-	114,835	108,223	-	108,223.00
Intergovernmental	88,601	23,249	111,850	96,757	23,249	120,006.00
Investment earnings	10,064	8,020	18,084	10,443	8,189	18,632.00
Miscellaneous	9,782	4,078	13,860	7,930	4,449	12,379.00
<i>Total Revenues</i>	<u>1,595,394</u>	<u>3,163,672</u>	<u>4,759,066</u>	<u>1,469,887</u>	<u>1,783,038</u>	<u>3,252,925</u>
Expenses						
General government	312,971	-	312,971	252,941	-	252,941
Public safety	302,311	-	302,311	290,746	-	290,746
Public works	537,628	-	537,628	704,397	-	704,397
Community development	241,954	-	241,954	242,316	-	242,316
Water	-	950,395	950,395	-	1,022,533	1,022,533
Sewer	-	874,464	874,464	-	478,603	478,603
<i>Total Expenses</i>	<u>1,394,864</u>	<u>1,824,859</u>	<u>3,219,723</u>	<u>1,490,400</u>	<u>1,501,136</u>	<u>2,991,536</u>
Transfers	(31,750)	31,750	-	45,000	(45,000)	-
Change in Net Position	168,780	1,370,563	1,539,343	24,487	236,902	261,389
Net Position, beginning of year	1,663,577	1,947,793	3,611,370	1,639,090	1,710,891	3,349,981
Net Position, end of year	<u>\$ 1,832,357</u>	<u>\$ 3,318,356</u>	<u>\$ 5,150,713</u>	<u>\$ 1,663,577</u>	<u>\$ 1,947,793</u>	<u>\$ 3,611,370</u>

Major Governmental Funds:

General. The General fund (reported as the combination of the General fund and the State Revenue Sharing fund) is the primary operating fund of the City. Fund balance was \$411,655 at June 30, 2022. The fund balance decreased by \$159,382 during the year mainly due to decreased licenses and permits revenue.

As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 56% of total General fund expenditures.

Transient Lodging Tax. The Transient Lodging Tax Fund accounts for revenues from the transient lodging tax. Expenditure are related to tourism promotion, tourism-related facilities and related administrative costs. The fund balance increased by \$79,744 during the year as a result of prior transient lodging taxes that were collected in the current year.

Local Option Tax. The Local Option Tax fund accounts for revenues and expenditures related to police services. The fund balance decreased by \$30,187 as a result of revenues being nearly equal to expenses during the year.

American Rescue Act. The American Rescue Act Fund accounts for revenues received through the American Rescue Plan Act of 2021. The money is used to respond to the COVID-19 pandemic and its negative economic impacts. The fund balance increased by \$184,320 as a result of the ARPA funds received.

Business-type activities - The City's net position increased by \$1,370,563 from business-type activities. This increase was due to increases in capital grants received.

Major Proprietary Funds:

Water Operations. Fund net position increased by \$622,143 during the year due to increased capital grant revenues.

Sewer Operations. Fund net position increased by \$730,670 as a result of decreased capital acquisitions and transfers to other funds.

Debt Service. Fund net position increased by \$17,750 as a result of decreased principal payments.

Capital Assets and Debt Administration

Capital Assets

The City does not maintain historical cost and depreciation records for capital assets including infrastructure. Therefore, no information for capital assets is presented in the financial statements.

Debt

At the end of the current fiscal year, the City had a total of \$4,445,865 in debt outstanding.

The City's debt is for business-type activities and includes \$2,224,724 in outstanding water system improvement loans from Oregon Business Development Department, and \$2,221,141 in an outstanding USDA loan. The loans are paid from net revenues of the water and sewer systems.

State statutes limit the amount of general obligation debt a government entity may issue up to 3 percent of its total assessed valuation. The City currently has no general obligation debt.

	<u>Business-type Activities</u>	
	<u>2022</u>	<u>2021</u>
OBDD loans	\$ 2,224,724	\$ 2,362,067
USDA loan	2,221,141	2,260,995
	<u>\$ 4,445,865</u>	<u>\$ 4,623,062</u>

Additional information on the City's debt can be found in the notes to the basic financial statements.

Current Year General Fund Budgetary Highlights

There was one supplemental budget adopted for the General fund during the current fiscal year which increased appropriations for Library, Planning, and Building capital expenditures.

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY 2023 budget:

- The City's population will not grow significantly in 2023.
- The City's tax rate is estimated to be 100% of the City's permanent levy rate of \$1.7057 for general operations and \$1.85 for the local option tax levy.
- Assessed values, the basis of property tax revenues, will grow to 3% due to market conditions.
- Interest rates on investments will be similar to 2022.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report should be addressed to Rochelle Roaden, City Manager at P.O. Box 339, Dayton, Oregon 97114.

BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OREGON
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2022

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
ASSETS			
Cash and cash equivalents	\$ 1,833,376	\$ 3,318,356	\$ 5,151,732
LIABILITIES			
Payroll withholdings	1,019	-	1,019
NET POSITION			
Restricted for:			
Debt service	-	82,248	82,248
Public safety	84,600	-	84,600
Streets	515,027	-	515,027
Community development	299,746	-	299,746
Capital acquisitions	-	1,755,467	1,755,467
Customer deposits	-	96,425	96,425
Unrestricted	932,984	1,384,216	2,317,200
<i>Total Net Position</i>	<u>\$ 1,832,357</u>	<u>\$ 3,318,356</u>	<u>\$ 5,150,713</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DAYTON, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
FUNCTIONS/PROGRAMS							
Governmental activities:							
General government	\$ 312,971	\$ 3,026	\$ 304,995	\$ -	\$ (4,950)	\$ -	\$ (4,950)
Public safety	302,311	18,921	-	-	(283,390)	-	(283,390)
Public works	537,628	52,564	217,379	155,661	(112,024)	-	(112,024)
Community development	241,954	20,367	14,369	500	(206,718)	-	(206,718)
<i>Total Governmental activities</i>	1,394,864	94,878	536,743	156,161	(607,082)	-	(607,082)
Business-type activities:							
Water	950,395	1,026,214	-	421,510	-	497,329	497,329
Sewer	874,464	531,781	-	1,148,820	-	806,137	806,137
<i>Total Business-type activities</i>	1,824,859	1,557,995	-	1,570,330	-	1,303,466	1,303,466
<i>Total Activities</i>	<u>\$ 3,219,723</u>	<u>\$ 1,652,873</u>	<u>\$ 536,743</u>	<u>\$ 1,726,491</u>	(607,082)	1,303,466	696,384
General Revenues:							
Property taxes					502,730	-	502,730
Transient lodging taxes					81,600	-	81,600
Franchise taxes					114,835	-	114,835
Intergovernmental					88,601	23,249	111,850
Investment earnings					10,064	8,020	18,084
Miscellaneous					9,782	4,078	13,860
<i>Total General Revenues</i>					807,612	35,347	842,959
Transfers					(31,750)	31,750	-
Change in net position					168,780	1,370,563	1,539,343
Net Position - beginning of year					1,663,577	1,947,793	3,611,370
Net Position - end of year					<u>\$ 1,832,357</u>	<u>\$ 3,318,356</u>	<u>\$ 5,150,713</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DAYTON, OREGON
BALANCE SHEET – GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)
JUNE 30, 2022

	<i>Special Revenue</i>					<i>Total</i>
	<i>General</i>	<i>Transient Lodging Tax</i>	<i>Local Option Tax</i>	<i>American Rescue Plan Act</i>	<i>Other Governmental Funds</i>	
ASSETS						
Cash and cash equivalents	\$ 412,674	\$ 391,687	\$ 84,600	\$ 184,320	\$ 760,095	\$ 1,833,376
LIABILITIES AND FUND BALANCE						
Liabilities						
Payroll withholdings	\$ 1,019	\$ -	\$ -	\$ -	\$ -	\$ 1,019
Fund Balance						
Restricted for:						
Public safety	-	-	84,600	-	-	84,600
Streets	-	-	-	-	515,027	515,027
Community development	-	232,831	-	-	66,915	299,746
Committed to:						
Capital acquisitions	-	-	-	-	178,153	178,153
Community development	-	158,856	-	-	-	158,856
Unassigned	411,655	-	-	184,320	-	595,975
<i>Total Fund Balance</i>	411,655	391,687	84,600	184,320	760,095	1,832,357
<i>Total Liabilities and Fund Balance</i>	\$ 412,674	\$ 391,687	\$ 84,600	\$ 184,320	\$ 760,095	\$ 1,833,376

The accompanying notes are an integral part of the financial statements.

CITY OF DAYTON, OREGON

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2022**

	<i>Special Revenue</i>					<i>Total</i>
	<i>General Fund</i>	<i>Transient Lodging Tax</i>	<i>Local Option Tax</i>	<i>American Rescue Plan Act</i>	<i>Other Governmental Funds</i>	
REVENUES						
Taxes and assessments	\$ 246,338	\$ 81,600	\$ 256,392	\$ -	\$ -	\$ 584,330
Licenses and permits	170,424	-	-	-	6,125	176,549
Intergovernmental	112,554	-	-	304,570	367,415	784,539
Fines and forfeitures	104	-	9,336	-	-	9,440
Miscellaneous	33,888	227	1,397	-	5,024	40,536
<i>Total Revenues</i>	563,308	81,827	267,125	304,570	378,564	1,595,394
EXPENDITURES						
Current						
General government	250,845	-	-	-	-	250,845
Public safety	-	-	301,695	-	-	301,695
Public works	194,291	-	-	-	57,385	251,676
Community development	291,054	2,083	-	-	57,970	351,107
Capital acquisitions	-	-	617	-	238,924	239,541
<i>Total Expenditures</i>	736,190	2,083	302,312	-	354,279	1,394,864
REVENUES OVER (UNDER) EXPENDITURES	(172,882)	79,744	(35,187)	304,570	24,285	200,530
OTHER FINANCING SOURCES (USES)						
Transfers in	38,500	-	5,000	-	171,000	214,500
Transfers out	(25,000)	-	-	(120,250)	(101,000)	(246,250)
<i>Total Other Financing Sources (Uses)</i>	13,500	-	5,000	(120,250)	70,000	(31,750)
NET CHANGE IN FUND BALANCE	(159,382)	79,744	(30,187)	184,320	94,285	168,780
FUND BALANCE, beginning of year	571,037	311,943	114,787	-	665,810	1,663,577
FUND BALANCE, end of year	\$ 411,655	\$ 391,687	\$ 84,600	\$ 184,320	\$ 760,095	\$ 1,832,357

The accompanying notes are an integral part of the financial statements.

CITY OF DAYTON, OREGON

STATEMENT OF FUND NET POSITION – PROPRIETARY FUNDS (MODIFIED CASH BASIS)

JUNE 30, 2022

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,533,082	\$ 1,457,952	\$ 327,322	\$ 3,318,356
FUND NET POSITION				
Restricted for:				
Customer deposits	\$ 62,677	\$ 33,748	\$ -	\$ 96,425
Debt service	-	-	82,248	82,248
Capital acquisitions	756,793	998,674	-	1,755,467
Unrestricted	713,612	425,530	245,074	1,384,216
<i>Total Fund Net Position</i>	<u>\$ 1,533,082</u>	<u>\$ 1,457,952</u>	<u>\$ 327,322</u>	<u>\$ 3,318,356</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DAYTON, OREGON**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2022**

	<i>Water</i>	<i>Sewer</i>	<i>Debt Service</i>	<i>Total</i>
	<u>Operations</u>	<u>Operations</u>		
OPERATING REVENUES				
Charges for services	\$ 1,026,214	\$ 531,781	\$ -	\$ 1,557,995
Miscellaneous	2,430	1,648	-	4,078
<i>Total Operating Revenues</i>	1,028,644	533,429	-	1,562,073
OPERATING EXPENSES				
Personal services	307,778	217,714	-	525,492
Materials and services	251,423	148,276	-	399,699
<i>Total Operating Expenses</i>	559,201	365,990	-	925,191
OPERATING INCOME	469,443	167,439	-	636,882
NONOPERATING REVENUES/EXPENSES				
Intergovernmental	400,000	1,111,000	23,249	1,534,249
Capital acquisitions	(147,983)	(508,474)	-	(656,457)
Debt service				
Principal	-	-	(177,197)	(177,197)
Interest	-	-	(66,014)	(66,014)
Interest revenue	3,673	2,635	1,712	8,020
<i>Total Nonoperating Revenues/Expenses</i>	255,690	605,161	(218,250)	642,601
NET INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	725,133	772,600	(218,250)	1,279,483
Capital contributions	21,510	37,820	-	59,330
Transfers in	55,500	31,250	236,000	322,750
Transfers out	(180,000)	(111,000)	-	(291,000)
CHANGE IN FUND NET POSITION	622,143	730,670	17,750	1,370,563
FUND NET POSITION, beginning of year	910,939	727,282	309,572	1,947,793
FUND NET POSITION (Deficit), end of year	<u>\$ 1,533,082</u>	<u>\$ 1,457,952</u>	<u>\$ 327,322</u>	<u>\$ 3,318,356</u>

The accompanying notes are an integral part of the financial statements.

CITY OF DAYTON, OREGON**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (MODIFIED CASH BASIS)**

YEAR ENDED JUNE 30, 2022

	<u>Water</u> <u>Operations</u>	<u>Sewer</u> <u>Operations</u>	<u>Debt Service</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,028,644	\$ 533,429	\$ -	\$ 1,562,073
Cash paid to employees and others for salaries and benefits	(307,778)	(217,714)	-	(525,492)
Cash paid to suppliers and others	(251,423)	(148,276)	-	(399,699)
<i>Net Cash Provided by Operating Activities</i>	<u>469,443</u>	<u>167,439</u>	<u>-</u>	<u>636,882</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	55,500	31,250	236,000	322,750
Transfers out	(180,000)	(111,000)	-	(291,000)
<i>Net Cash Provided by (Used for) Non-Capital Financing Activities</i>	<u>(124,500)</u>	<u>(79,750)</u>	<u>236,000</u>	<u>31,750</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Intergovernmental revenue	400,000	1,111,000	23,249	1,534,249
Purchase of capital assets	(147,983)	(508,474)	-	(656,457)
Interest paid on debt	-	-	(66,014)	(66,014)
Principal paid on debt	-	-	(177,197)	(177,197)
Capital contributions	21,510	37,820	-	59,330
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>273,527</u>	<u>640,346</u>	<u>(219,962)</u>	<u>693,911</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	3,673	2,635	1,712	8,020
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	<u>622,143</u>	<u>730,670</u>	<u>17,750</u>	<u>1,370,563</u>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>910,939</u>	<u>727,282</u>	<u>309,572</u>	<u>1,947,793</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,533,082</u>	<u>\$ 1,457,952</u>	<u>\$ 327,322</u>	<u>\$ 3,318,356</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 469,443	\$ 167,439	\$ -	\$ 636,882
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 469,443</u>	<u>\$ 167,439</u>	<u>\$ -</u>	<u>\$ 636,882</u>

The accompanying notes are an integral part of the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Dayton, Oregon was incorporated in 1880 under the provisions of the Oregon Statutes. The City is governed by a city council and mayor who are responsible for rulemaking, budget preparation and enforcement, expenditure approval, and hiring of the City management personnel. The mayor and six council members are elected by vote of the general public.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Position (Modified Cash Basis) presents all the recorded assets and liabilities of the City. Net position, representing assets less liabilities, is shown in two components: restricted for special purposes, amounts which must be spent in accordance with legal restrictions; and unrestricted, the amount available for ongoing City activities.

The Statement of Activities (Modified Cash Basis) demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the City has governmental (general, special revenue and capital projects) and proprietary type (enterprise) funds. Major individual governmental funds, and major individual proprietary funds are reported

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplementary information.

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Government accounting standards set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the government and proprietary combined) for the determination of major funds.

The City reports the following major governmental funds:

General Fund

This fund accounts for the financial operations of the City not accounted for in any other fund. Principal sources of revenues are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for general administration.

State Revenue Sharing Fund

This fund accounts for state fund resources and expenditures are for general operations. This fund is included with the General Fund for reporting purposes.

Transient Lodging Tax Fund

This fund accounts for transient lodging taxes received that will be spent on tourism promotion, tourism-related facilities and related administrative costs, with some restrictions.

Local Option Tax Fund

This fund accounts for the property tax revenue received from a special levy approved by the voters. The money is used primarily to pay for police services.

American Rescue Plan Act Fund

This fund accounts for revenues received through the American Rescue Plan Act of 2021. The money is used to respond to the COVID-19 pandemic and its negative economic impacts.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following nonmajor governmental funds:

Street Fund

This fund accounts for street maintenance and improvements. The primary source of revenues is from motor vehicle fuel taxes and expenditures are for street maintenance and improvements.

Street Capital Projects Fund

This fund accounts for money set aside for street improvements. The principal revenues are from transfers in and the primary expenditures are for street improvements.

Building Reserve Fund

This fund accounts for money set aside for building improvements. The principal revenues are from transfers in and primary expenditures are for building improvements.

Park Capital Projects Fund

This fund accounts for money set aside for park improvements. The principal revenues are transfers from the General Fund and primary expenditures are for park projects.

Equipment Replacement Reserve Fund

This fund accounts for money set aside for equipment purchases. The principal revenues are from transfers from the General Fund and primary expenditures are for equipment purchases.

The City reports the following proprietary operations as major. They are used to account for the acquisition, operation, and maintenance of the sewer and water systems. These funds are entirely or predominantly self-supported through user charges to customers.

Water Operations

This fund accounts for the operations, maintenance, capital construction projects and payments of principal and interest on loans for the water system, which are funded through utility fees and debt proceeds.

Sewer Operations

This fund accounts for the operations, maintenance, capital construction projects and payments of principal and interest on loans for the sewer system, which are funded through utility fees and debt proceeds.

Debt Service Fund

This fund accounts for the accumulation of resources and payment of principal and interest on loans. Interest earnings and transfers from other funds are the primary source of revenues.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

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 takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's City Manager uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

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. This classification is also used to report any negative fund balance amounts in other governmental funds.

When expenditures are paid for purposes in which both net position - restricted and net position - unrestricted are available, the City deems net position - restricted to be spent first.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements. Budgetary Special Revenue Funds whose primary source of funding is transfers from the General Fund must be reported as part of the General Fund. Therefore, in the Governmental Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, the State Revenue Sharing Fund has been combined with the General Fund.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by the GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, long-term liabilities such as debt are only reported in the notes to the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the proprietary funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, and materials and supplies. All revenues not considered operating are reported as nonoperating.

Cash and Cash Equivalents

The City maintains cash and cash equivalents in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents. The City considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments are stated at cost, which approximates fair value.

Property Taxes

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

Capital Assets

The City does not maintain historical cost or depreciation records for capital assets. Therefore, capital assets are not reported in the notes to the financial statements.

Long-Term Debt

Long-term debt is presented only in the notes to the financial statements. Payments of principal and interest are recorded as expenditures / expenses when paid.

CITY OF DAYTON, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Compensated Absences

Accumulated unpaid vacation and comp time pay is not accrued. Earned but unpaid sick pay is recorded as an expenditure when paid. The amount payable for accumulated vacation and comp time at June 30, 2022 was \$42,797.

Budgets and Budgetary Accounting

The City adopts the budget on an object basis (personnel services, materials and services, capital outlay, debt service), for all funds except the General fund, where the budget is adopted on a departmental basis. Therefore, cash expenditures of a fund may not legally exceed that object's appropriations for cash expenditures. The City Council may amend the budget to expend unforeseen revenues by supplemental appropriations. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

Use of Estimates

The preparation of basic financial statements, in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the year ended June 30, 2022. Actual results may differ from such estimates.

CASH AND CASH EQUIVALENTS

Cash	
Cash on hand	\$ 350
Deposits with financial institutions	300,258
Investments	
Local Government Investment Pool	4,851,124
	<hr/>
	\$ 5,151,732
	<hr/> <hr/>

Deposits

At year end, the book balance of the City's bank deposits (checking account) was \$300,272 and the bank balance was \$282,743. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2022, \$32,743 of the City's bank balances was covered by the PFCP.

Custodial Risk – Local Government Investment Pool

For the LGIP, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short Term Fund is the LGIP for local governments and was established by the 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 (ORS 294.805 to 294.895). At June 30, 2022, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality.

CITY OF DAYTON, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

CASH AND CASH EQUIVALENTS (Continued)

Local Government Investment Pool (Continued)

Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting its investments to the LGIP.

LONG-TERM DEBT

As a result of the use of the modified cash basis of accounting in this report, obligations related to long-term debt and other obligations are not reported as liabilities in the financial statements. Long-term debt transactions for the year were as follows:

	<i>Outstanding July 1, 2021</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2022</i>	<i>Due Within One Year</i>
<i>Direct Placement - Business-type activities</i>				
Note payable to Infrastructure Finance Authority (Oregon Business Development Department)	\$ 1,987,538	\$ (123,458)	\$ 1,864,080	\$ 124,692
Note payable to Infrastructure Finance Authority (Oregon Business Development Department)	374,529	(13,885)	360,644	14,024
USDA Sewer Improvement Loan	2,260,995	(39,854)	2,221,141	40,602
	<u>\$ 4,623,062</u>	<u>\$ (177,197)</u>	<u>\$ 4,445,865</u>	<u>\$ 179,318</u>

In relation to the 2005 Infrastructure Finance Authority borrowing, the City of Dayton made a loan to the City of Lafayette in the amount of \$600,000, which is collateralized by wells. The loan is to be repaid in annual installments of \$23,249 including interest at 1% through November 2033. The balance receivable at June 30, 2022 was \$261,666.

Loans payable – Business Type Activities

Infrastructure Finance Authority (OBDD): On September 30, 2002 the City entered into a loan agreement with the Oregon Business Development Division for water system improvements. The loan was for \$3,383,000 and calls for annual payments of \$143,333. The loan bears interest at 1%. Final maturity is December 1, 2032. In the event of default OBDD may declare all amounts immediately due and payable and pursue any remedies that are legally available.

CITY OF DAYTON, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

LONG-TERM DEBT (Continued)

Infrastructure Finance Authority (OBDD): On November 18, 2014 the City entered into a loan agreement with the Oregon Business Development Division for water system improvements. The loan was for \$910,000 with a \$455,000 conditional forgivable portion which was forgiven in June 2015. The loan calls for annual payments of \$17,630 and bears interest at 1%. Final maturity is December 1, 2044. In the event of default OBDD may declare all amounts immediately due and payable and pursue any remedies that are legally available.

USDA Sewer Improvement Loan: On December 6, 2019 the City refinanced the existing loan with Oregon DEQ in the amount of \$2,300,000 through the U.S. Department of Agriculture. The loan will bear interest at 1.874% and will be repaid in equal installments over 40 years. In the event of default USDA may pursue any remedies that are legally available.

Future maturities of unmatured principal and interest for the fiscal years ending June 30 are as follows:

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2023	\$ 179,318	\$ 63,893	\$ 243,211
2024	181,466	61,745	243,211
2025	183,534	59,678	243,212
2026	185,846	57,366	243,212
2027	188,079	55,132	243,211
2028-2032	974,849	241,209	1,216,058
2033-2037	892,133	180,897	1,073,030
2038-2042	361,428	137,962	499,390
2043-2047	357,336	106,741	464,077
2048-2052	335,232	76,008	411,240
2053-2057	367,857	43,383	411,240
2058-2061	238,788	9,050	247,838
	<u>\$ 4,445,865</u>	<u>\$ 1,093,065</u>	<u>\$ 5,538,930</u>

PENSION PLAN

Plan Description - City employees are provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

CITY OF DAYTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee's hiring date and employment class (general service or police/fire). All City employees are eligible to participate after six months of covered employment. Details applicable to police/fire employees are noted in [square brackets] where different.

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67% [2.00%]. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years, and are eligible to retire at age 55 [50]. Tier One benefits are reduced if retirement occurs prior to age 58 [55] with less than 30 [25] years of service; Tier Two benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58 [55].

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50% [1.80%]. Employees are fully vested after completing 600 hours of service in each of five calendar years, and are eligible to retire at age 58 [53] with 30 [25] years of service, or at age 65 [60] otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

CITY OF DAYTON, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2022 were 19.37% for Tier One/Tier Two employees, 15.52% for OPSRP general service employees, and 19.88% for OPSRP police/fire employees. The City's total contributions to PERS were \$103,426 for fiscal year ended June 30, 2022.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2022 were based on the December 31, 2019 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan described further at the end of this note.

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2022, the City reported a net pension liability of \$522,276 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on a December 31, 2019 actuarial valuation, rolled forward to the measurement 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 PERS relative to the projected contributions of all participating employers, as actuarially determined. The City's proportion was 0.004364% as of the June 30, 2021 measurement date, compared to 0.003875% as of June 30, 2020.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2019 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.40%, projected salary increases of 3.40%, investment rate of return of 6.90%, and mortality rates based on the Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs. These assumptions were based on the results of the December 31, 2019 actuarial experience study.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned.

The discount rate used to measure the total pension liability was 6.90%. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using discount rates of 5.90%, 6.90%, and 7.90%.

CITY OF DAYTON, OREGON
 NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

	<u>1% Decrease (5.90%)</u>	<u>Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Proportionate share of the net pension liability	\$ 1,025,625	\$ 522,276	\$ 101,155

Pension Plan Fiduciary Net Position – Detailed information about PERS’ net position is available in its separately issued financial report.

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$30,865 for the year ended June 30, 2022. Employees are fully vested after completing 600 hours of service in each of five calendar years. PERS contracts with VOYA Financial to administer the IAP.

INTERFUND TRANSFERS (BUDGETARY BASIS)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 28,500	\$ 25,000
Local Option Tax	5,000	-
American Rescue Act	-	120,250
Street Capital Projects	50,000	-
State Revenue Sharing	10,000	-
Street	-	101,000
Park Capital Projects	5,000	-
Building Reserve	30,000	-
Equipment Replacement Reserve	86,000	-
Water Utility	55,500	430,000
Sewer Utility	31,250	121,000
Water Utility Capital	250,000	-
Sewer Utility Capital	10,000	-
Debt Service	236,000	-
	<u>\$ 797,250</u>	<u>\$ 797,250</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. There were no open claims at the time of this report. No insurance settlements have exceeded coverage in the last three years.

SUPPLEMENTARY INFORMATION

CITY OF DAYTON, OREGON

**RECONCILIATION OF BUDGETARY FUNDS TO REPORTING FUNDS – GENERAL FUND –
BALANCE SHEET (BUDGETARY BASIS)**

JUNE 30, 2022

	<u>Budgetary funds</u>		<u>Total (reported as General Fund)</u>
	<u>General</u>	<u>State Revenue Sharing</u>	
ASSETS			
Cash and cash equivalents	\$ 366,852	\$ 45,822	\$ 412,674
LIABILITIES AND FUND BALANCE			
Liabilities			
Payroll withholdings	\$ 1,019	\$ -	\$ 1,019
Fund Balance			
Unassigned	365,833	45,822	411,655
Total Liabilities and Fund Balance	\$ 366,852	\$ 45,822	\$ 412,674

CITY OF DAYTON, OREGON**RECONCILIATION OF BUDGETARY FUNDS TO REPORTING FUNDS – GENERAL FUND –
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2022**

	Budgetary funds		Total (reported as General Fund)
	General	State Revenue Sharing	
REVENUES			
Taxes and assessments	\$ 246,338	\$ -	\$ 246,338
Licenses and permits	170,424	-	170,424
Intergovernmental	79,966	32,588	112,554
Fines and forfeitures	104	-	104
Miscellaneous	33,775	113	33,888
<i>Total Revenues</i>	530,607	32,701	563,308
EXPENDITURES			
General government	216,640	34,205	250,845
Public works	194,291	-	194,291
Community development	289,830	1,224	291,054
<i>Total Expenditures</i>	700,761	35,429	736,190
REVENUES OVER (UNDER) EXPENDITURES	(170,154)	(2,728)	(172,882)
OTHER FINANCING SOURCES (USES)			
Transfers in	28,500	10,000	38,500
Transfers out	(25,000)	-	(25,000)
<i>Total Other Financing Sources (Uses)</i>	3,500	10,000	13,500
NET CHANGE IN FUND BALANCE	(166,654)	7,272	(159,382)
FUND BALANCE, beginning of year	532,487	38,550	571,037
FUND BALANCE, end of year	\$ 365,833	\$ 45,822	\$ 411,655

CITY OF DAYTON, OREGON

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	<i>Special Revenue</i>	<i>Capital Projects</i>			<i>Capital Projects Equipment Replacement Reserve</i>	<i>Total</i>
	<i>Street</i>	<i>Street Capital Projects</i>	<i>Building Reserve</i>	<i>Park Capital Projects</i>		
ASSETS						
Cash and cash equivalents	\$ 211,479	\$ 253,548	\$ 206,978	\$ 66,915	\$ 21,175	\$ 760,095
Fund Balance						
Restricted for:						
Streets	\$ 211,479	\$ 253,548	\$ 50,000	\$ -	\$ -	\$ 515,027
Community development	-	-	-	66,915	-	66,915
Committed to:						
Capital acquisitions	-	-	156,978	-	21,175	178,153
<i>Total Fund Balance</i>	<u>211,479</u>	<u>253,548</u>	<u>206,978</u>	<u>66,915</u>	<u>21,175</u>	<u>760,095</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 211,479</u>	<u>\$ 253,548</u>	<u>\$ 206,978</u>	<u>\$ 66,915</u>	<u>\$ 21,175</u>	<u>\$ 760,095</u>

CITY OF DAYTON, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	<i>Special Revenue</i>	<i>Capital Projects</i>			<i>Equipment Replacement Reserve</i>	<i>Total</i>
	<i>Street</i>	<i>Street Capital Projects</i>	<i>Building Reserve</i>	<i>Park Capital Projects</i>		
REVENUES						
Licenses and permits	\$ -	\$ 5,625	\$ -	\$ 500	\$ -	\$ 6,125
Intergovernmental	217,379	150,036	-	-	-	367,415
Miscellaneous	753	1,524	949	1,494	304	5,024
<i>Total Revenues</i>	218,132	157,185	949	1,994	304	378,564
EXPENDITURES						
Current						
Public works	57,385	-	-	-	-	57,385
Community development	57,970	-	-	-	-	57,970
Capital acquisitions	8,104	110,898	22,013	-	97,909	238,924
<i>Total Expenditures</i>	123,459	110,898	22,013	-	97,909	354,279
REVENUES OVER (UNDER) EXPENDITURES	94,673	46,287	(21,064)	1,994	(97,605)	24,285
OTHER FINANCING SOURCES (USES)						
Transfers in	-	50,000	30,000	5,000	86,000	171,000
Transfers out	(101,000)	-	-	-	-	(101,000)
<i>Total Other Financing Sources (Uses)</i>	(101,000)	50,000	30,000	5,000	86,000	70,000
NET CHANGE IN FUND BALANCE	(6,327)	96,287	8,936	6,994	(11,605)	94,285
FUND BALANCE, beginning of year	217,806	157,261	198,042	59,921	32,780	665,810
FUND BALANCE, end of year	\$ 211,479	\$ 253,548	\$ 206,978	\$ 66,915	\$ 21,175	\$ 760,095

CITY OF DAYTON, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 221,000	\$ 227,000	\$ 246,338	\$ 19,338
Licenses and permits	124,200	154,200	170,424	16,224
Intergovernmental	85,200	90,700	79,966	(10,734)
Fines and forfeitures	100	100	104	4
Miscellaneous	4,750	21,750	33,775	12,025
<i>Total Revenues</i>	435,250	493,750	530,607	36,857
EXPENDITURES				
Administration	220,729	236,179	216,640	19,539
Parks	208,338	208,338	185,343	22,995
Library	126,656	126,656	104,487	22,169
Planning	103,186	103,186	91,364	11,822
Building program	95,853	119,315	102,927	16,388
Contingency	47,080	66,668	-	66,668
<i>Total Expenditures</i>	801,842	860,342	700,761	159,581
REVENUES OVER (UNDER)	(366,592)	(366,592)	(170,154)	196,438
OTHER FINANCING SOURCES (USES)				
Transfers in	28,500	28,500	28,500	-
Transfers out	(25,000)	(25,000)	(25,000)	-
NET CHANGE IN FUND BALANCE	(363,092)	(363,092)	(166,654)	196,438
FUND BALANCE, beginning of year	363,092	363,092	532,487	169,395
FUND BALANCE, end of year	\$ -	\$ -	\$ 365,833	\$ 365,833

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – STATE REVENUE SHARING FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 32,588	\$ 2,588
Miscellaneous	600	600	113	(487)
<i>Total Revenues</i>	30,600	30,600	32,701	2,101
EXPENDITURES				
Materials and services	54,940	54,940	34,205	20,735
Capital outlay	6,400	6,400	1,224	5,176
<i>Total Expenditures</i>	61,340	61,340	35,429	25,911
REVENUES OVER (UNDER) EXPENDITURES	(30,740)	(30,740)	(2,728)	28,012
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	10,000	-
NET CHANGE IN FUND BALANCE	(20,740)	(20,740)	7,272	28,012
FUND BALANCE, beginning of year	20,740	20,740	38,550	17,810
FUND BALANCE, end of year	\$ -	\$ -	\$ 45,822	\$ 45,822

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – TRANSIENT LODGING TAX FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 58,000	\$ 58,000	\$ 81,600	\$ 23,600
Miscellaneous	300	300	227	(73)
<i>Total Revenues</i>	58,300	58,300	81,827	23,527
EXPENDITURES				
Materials and services	2,810	2,810	2,083	727
Contingency	258,437	258,437	-	258,437
<i>Total Expenditures</i>	261,247	261,247	2,083	259,164
NET CHANGE IN FUND BALANCE	(202,947)	(202,947)	79,744	282,691
FUND BALANCE, beginning of year	302,947	302,947	311,943	8,996
FUND BALANCE, end of year	\$ 100,000	\$ 100,000	\$ 391,687	\$ 291,687

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – LOCAL OPTION TAX FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 226,500	\$ 226,500	\$ 256,392	\$ 29,892
Fines and forfeitures	8,500	8,500	9,336	836
Miscellaneous	1,000	1,000	1,397	397
<i>Total Revenues</i>	236,000	236,000	267,125	31,125
EXPENDITURES				
Personnel services	67,452	67,452	61,878	5,574
Materials and services	254,900	254,900	239,817	15,083
Capital outlay	2,000	2,000	617	1,383
Contingency	2,488	2,488	-	2,488
<i>Total Expenditures</i>	326,840	326,840	302,312	24,528
REVENUES OVER (UNDER) EXPENDITURES	(90,840)	(90,840)	(35,187)	55,653
OTHER FINANCING SOURCES				
Transfers in	5,000	5,000	5,000	-
NET CHANGE IN FUND BALANCE	(85,840)	(85,840)	(30,187)	55,653
FUND BALANCE, beginning of year	85,840	85,840	114,787	28,947
FUND BALANCE, end of year	\$ -	\$ -	\$ 84,600	\$ 84,600

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – AMERICAN RESCUE ACT FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 560,000	\$ 560,000	\$ 304,570	\$ (255,430)
<i>Total Revenues</i>	560,000	560,000	304,570	(255,430)
EXPENDITURES				
Contingency	439,750	439,750	-	439,750
REVENUES OVER (UNDER) EXPENDITURES	120,250	120,250	304,570	184,320
OTHER FINANCING SOURCES				
Transfers out	(120,250)	(120,250)	(120,250)	-
NET CHANGE IN FUND BALANCE	-	-	184,320	184,320
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 184,320	\$ 184,320

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – STREET FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 217,379	\$ 37,379
Miscellaneous	600	600	753	153
<i>Total Revenues</i>	180,600	180,600	218,132	37,532
EXPENDITURES				
Personnel services	61,981	61,981	57,385	4,596
Materials and services	87,937	87,937	57,970	29,967
Capital outlay	21,500	21,500	8,104	13,396
Contingency	106,255	65,255	-	65,255
<i>Total Expenditures</i>	277,673	236,673	123,459	113,214
REVENUES OVER (UNDER) EXPENDITURES	(97,073)	(56,073)	94,673	150,746
OTHER FINANCING SOURCES (USES)				
Transfers out	(65,000)	(106,000)	(101,000)	5,000
NET CHANGE IN FUND BALANCE	(162,073)	(162,073)	(6,327)	155,746
FUND BALANCE, beginning of year	162,073	162,073	217,806	55,733
FUND BALANCE, end of year	\$ -	\$ -	\$ 211,479	\$ 211,479

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – STREET CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 4,500	\$ 4,500	\$ 5,625	\$ 1,125
Intergovernmental	850,000	850,000	150,036	(699,964)
Miscellaneous	1,000	1,000	1,524	524
<i>Total Revenues</i>	855,500	855,500	157,185	(698,315)
EXPENDITURES				
Capital outlay	925,000	925,000	110,898	814,102
Contingency	50,760	50,760	-	50,760
<i>Total Expenditures</i>	975,760	975,760	110,898	864,862
REVENUES OVER (UNDER) EXPENDITURES	(120,260)	(120,260)	46,287	166,547
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
NET CHANGE IN FUND BALANCE	(70,260)	(70,260)	96,287	166,547
FUND BALANCE, beginning of year	70,260	70,260	157,261	87,001
FUND BALANCE, end of year	\$ -	\$ -	\$ 253,548	\$ 253,548

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – BUILDING RESERVE FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 500	\$ 500	\$ 949	\$ 449
EXPENDITURES				
Capital outlay	40,000	40,000	22,013	17,987
Contingency	83,275	83,275	-	83,275
<i>Total Expenditures</i>	<u>123,275</u>	<u>123,275</u>	<u>22,013</u>	<u>101,262</u>
REVENUES OVER (UNDER) EXPENDITURES	(122,775)	(122,775)	(21,064)	101,711
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(92,775)	(92,775)	8,936	101,711
FUND BALANCE, beginning of year	<u>192,775</u>	<u>192,775</u>	<u>198,042</u>	<u>5,267</u>
FUND BALANCE, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 206,978</u>	<u>\$ 106,978</u>

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – PARK CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 400	\$ 400	\$ 500	\$ 100
Miscellaneous	1,000	1,000	1,494	494
<i>Total Revenues</i>	1,400	1,400	1,994	594
EXPENDITURES				
Capital outlay	45,000	45,000	-	45,000
Contingency	11,743	11,743	-	11,743
<i>Total Expenditures</i>	56,743	56,743	-	56,743
REVENUES OVER (UNDER) EXPENDITURES	(55,343)	(55,343)	1,994	57,337
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
NET CHANGE IN FUND BALANCE	(50,343)	(50,343)	6,994	57,337
FUND BALANCE, beginning of year	50,343	50,343	59,921	9,578
FUND BALANCE, end of year	\$ -	\$ -	\$ 66,915	\$ 66,915

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – EQUIPMENT REPLACEMENT RESERVE FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 550	\$ 550	\$ 304	\$ (246)
EXPENDITURES				
Capital outlay	64,000	105,000	97,909	7,091
Contingency	20,868	20,868	-	20,868
<i>Total Expenditures</i>	<u>84,868</u>	<u>125,868</u>	<u>97,909</u>	<u>27,959</u>
REVENUES OVER (UNDER) EXPENDITURES	(84,318)	(125,318)	(97,605)	27,713
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>50,000</u>	<u>91,000</u>	<u>86,000</u>	<u>(5,000)</u>
NET CHANGE IN FUND BALANCE	(34,318)	(34,318)	(11,605)	22,713
FUND BALANCE, beginning of year	<u>34,318</u>	<u>34,318</u>	<u>32,780</u>	<u>(1,538)</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,175</u>	<u>\$ 21,175</u>

CITY OF DAYTON, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
WATER OPERATIONS
YEAR ENDED JUNE 30, 2022**

	<u>Water Utility</u>	<u>Water Utility Capital</u>	<u>Interfund Eliminations</u>	<u>Total Water Operations</u>
REVENUES				
Charges for services	\$ 1,026,214	\$ -	\$ -	\$ 1,026,214
Intergovernmental	-	400,000	-	400,000
Miscellaneous	3,416	2,687	-	6,103
<i>Total Revenues</i>	1,029,630	402,687	-	1,432,317
EXPENDITURES				
Personnel services	307,778	-	-	307,778
Materials and services	251,423	-	-	251,423
Capital outlay	2,493	145,490	-	147,983
<i>Total Expenditures</i>	561,694	145,490	-	707,184
REVENUES OVER (UNDER) EXPENDITURES	467,936	257,197	-	725,133
OTHER FINANCING SOURCES (USES)				
Capital contributions	-	21,510	-	21,510
Transfers in	55,500	250,000	(250,000)	55,500
Transfers out	(430,000)	-	250,000	(180,000)
<i>Total Other Financing Sources (Uses)</i>	(374,500)	271,510	-	(102,990)
NET CHANGE IN FUND BALANCE	93,436	528,707	-	622,143
FUND BALANCE, beginning of year	682,853	228,086	-	910,939
FUND BALANCE, end of year	\$ 776,289	\$ 756,793	\$ -	\$ 1,533,082

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – WATER UTILITY FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 855,700	\$ 855,700	\$ 1,026,214	\$ 170,514
Miscellaneous	3,000	3,000	3,416	416
<i>Total Revenues</i>	858,700	858,700	1,029,630	170,930
EXPENDITURES				
Personnel services	325,932	325,932	307,778	18,154
Materials and services	429,250	429,250	251,423	177,827
Capital outlay	30,000	30,000	2,493	27,507
Contingency	40,111	40,111	-	40,111
<i>Total Expenditures</i>	825,293	825,293	561,694	263,599
REVENUES OVER (UNDER) EXPENDITURES	33,407	33,407	467,936	434,529
OTHER FINANCING SOURCES (USES)				
Transfers in	55,500	55,500	55,500	-
Transfers out	(430,000)	(430,000)	(430,000)	-
<i>Total Other Financing Sources (Uses)</i>	(374,500)	(374,500)	(374,500)	-
NET CHANGE IN FUND BALANCE	(341,093)	(341,093)	93,436	434,529
FUND BALANCE, beginning of year	416,093	416,093	682,853	266,760
FUND BALANCE, end of year	\$ 75,000	\$ 75,000	\$ 776,289	\$ 701,289

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – WATER UTILITY CAPITAL FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ -	\$ 400,000	\$ 400,000	\$ -
Miscellaneous	2,000	2,000	2,687	687
<i>Total Revenues</i>	2,000	402,000	402,687	687
EXPENDITURES				
Capital outlay	369,000	769,000	145,490	623,510
Contingency	11,494	11,494	-	11,494
<i>Total Expenditures</i>	380,494	780,494	145,490	635,004
REVENUES OVER (UNDER) EXPENDITURES	(378,494)	(378,494)	257,197	635,691
OTHER FINANCING SOURCES (USES)				
Capital contributions	16,968	16,968	21,510	4,542
Transfers in	250,000	250,000	250,000	-
<i>Total Other Financing Sources and Uses</i>	266,968	266,968	271,510	4,542
NET CHANGE IN FUND BALANCE	(111,526)	(111,526)	528,707	640,233
FUND BALANCE, beginning of year	111,526	111,526	228,086	116,560
FUND BALANCE, end of year	\$ -	\$ -	\$ 756,793	\$ 756,793

CITY OF DAYTON, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
SEWER OPERATIONS**

YEAR ENDED JUNE 30, 2022

	<u>Sewer Utility</u>	<u>Sewer Utility Capital</u>	<u>Interfund Eliminations</u>	<u>Total Sewer Operations</u>
REVENUES				
Charges for services	\$ 531,781	\$ -	\$ -	\$ 531,781
Intergovernmental	-	1,111,000	-	1,111,000
Miscellaneous	2,636	1,647	-	4,283
<i>Total Revenues</i>	534,417	1,112,647	-	1,647,064
EXPENDITURES				
Personnel services	217,714	-	-	217,714
Materials and services	148,276	-	-	148,276
Capital outlay	38,259	470,215	-	508,474
<i>Total Expenditures</i>	404,249	470,215	-	874,464
REVENUES OVER (UNDER) EXPENDITURES	130,168	642,432	-	772,600
OTHER FINANCING SOURCES (USES)				
Capital contributions	-	37,820	-	37,820
Transfers in	31,250	10,000	(10,000)	31,250
Transfers out	(121,000)	-	10,000	(111,000)
<i>Total Other Financing Sources (Uses)</i>	(89,750)	47,820	-	(41,930)
NET CHANGE IN FUND BALANCE	40,418	690,252	-	730,670
FUND BALANCE, beginning of year	418,860	308,422	-	727,282
FUND BALANCE, end of year	<u>\$ 459,278</u>	<u>\$ 998,674</u>	<u>\$ -</u>	<u>\$ 1,457,952</u>

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – SEWER FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 496,000	\$ 496,000	\$ 531,781	\$ 35,781
Miscellaneous	1,250	1,250	2,636	1,386
<i>Total Revenues</i>	497,250	497,250	534,417	37,167
EXPENDITURES				
Personnel services	228,869	228,869	217,714	11,155
Materials and services	243,325	243,325	148,276	95,049
Capital outlay	94,000	94,000	38,259	55,741
Contingency	34,357	34,357	-	34,357
<i>Total Expenditures</i>	600,551	600,551	404,249	196,302
REVENUES OVER (UNDER) EXPENDITURES	(103,301)	(103,301)	130,168	233,469
OTHER FINANCING SOURCES (USES)				
Transfers in	31,250	31,250	31,250	-
Transfers out	(121,000)	(121,000)	(121,000)	-
NET CHANGE IN FUND BALANCE	(193,051)	(193,051)	40,418	233,469
FUND BALANCE, beginning of year	293,051	293,051	418,860	125,809
FUND BALANCE, end of year	\$ 100,000	\$ 100,000	\$ 459,278	\$ 359,278

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – SEWER UTILITY CAPITAL FUND
YEAR ENDED JUNE 30, 2022**

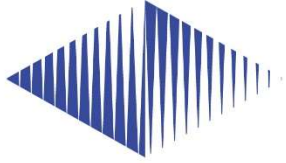
	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 1,500,000	\$ 2,611,000	\$ 1,111,000	\$ (1,500,000)
Miscellaneous	1,500	1,500	1,647	147
<i>Total Revenues</i>	1,501,500	2,612,500	1,112,647	(1,499,853)
EXPENDITURES				
Capital outlay	1,665,000	2,776,000	470,215	2,305,785
Contingency	43,051	43,051	-	43,051
<i>Total Expenditures</i>	1,708,051	2,819,051	470,215	2,348,836
REVENUES OVER (UNDER) EXPENDITURES	(206,551)	(206,551)	642,432	848,983
OTHER FINANCING SOURCES (USES)				
Capital contributions	30,256	30,256	37,820	7,564
Transfers in	10,000	10,000	10,000	-
<i>Total Other Financing Sources (Uses)</i>	40,256	40,256	47,820	7,564
NET CHANGE IN FUND BALANCE	(166,295)	(166,295)	690,252	856,547
FUND BALANCE, beginning of year	266,295	266,295	308,422	42,127
FUND BALANCE, end of year	\$ 100,000	\$ 100,000	\$ 998,674	\$ 898,674

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 23,249	\$ 23,249	\$ 23,249	\$ -
Miscellaneous	1,000	1,000	1,712	712
<i>Total Revenues</i>	24,249	24,249	24,961	712
EXPENDITURES				
Debt service				
Principal	178,150	178,150	177,197	953
Interest	65,061	65,061	66,014	(953)
<i>Total Expenditures</i>	243,211	243,211	243,211	-
REVENUES OVER (UNDER) EXPENDITURES	(218,962)	(218,962)	(218,250)	712
OTHER FINANCING SOURCES (USES)				
Transfers in	236,000	236,000	236,000	-
NET CHANGE IN FUND BALANCE	17,038	17,038	17,750	712
FUND BALANCE, beginning of year	309,091	309,091	309,572	481
FUND BALANCE, end of year	\$ 326,129	\$ 326,129	\$ 327,322	\$ 1,193

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Members of the City Council
City of Dayton
Dayton, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Dayton, Oregon (the City) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 21, 2022.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

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.

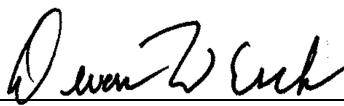
Internal Control Over Financial Reporting

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

Restriction on Use

This report is intended solely for the information and use of the City Council and management of the City of Dayton, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Devan W. Esch, A Shareholder
December 21, 2022