



# GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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December 21, 2022

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

We have audited the financial statements of City of Dayton (the City) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 21, 2022. Professional standards require that we advise you of the following matters relating to our audit.

## **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated September 12, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## **Significant Risks Identified**

We have identified the following significant risks:

- The possibility that management could override the system of controls. This risk is always identified and addressed by our planned audit procedures. This is not indicative of any unusual circumstances observed within your organization.
- The possibility of expenditures being misclassified to avoid overexpenditures of budgeted appropriations. This is not indicative of any unusual circumstances observed within your organization.

## **Qualitative Aspects of the City's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the current year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The financial statement disclosures are neutral, consistent, and clear.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Attached is a list of misstatements that we identified as a result of our audit procedures that were brought to the attention of, and were corrected by management.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated December 21, 2022.

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

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

Very truly yours,

*Grove, Mueller & Swank, P.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

Client: **27390 - City of Dayton**  
 Engagement: **Audit 2022 - City of Dayton**  
 Period Ending: **6/30/2022**  
 Trial Balance: **3000 - TB**  
 Workpaper: **1400.01 - AJE's to attach**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>		<b>3701.02</b>		
to record PY AJE's not recorded by client				
100.000.101.000	Cash in US Bank		11,687.73	
100.000.400.000	Working Capital		1,307.04	
101.000.400.000	Working Capital		1,733.53	
105.000.400.000	Working Capital		2.56	
200.000.400.000	Working Capital		840.57	
300.000.400.000	Working Capital		4,517.58	
400.000.400.000	Working Capital		4,593.49	
100.000.288.000	Fund Equity			1,307.04
100.000.400.000	Working Capital			11,687.73
101.000.101.000	CASH IN US BANK			1,733.53
105.000.101.000	Cash in US Bank			2.56
200.000.101.000	CASH IN US BANK			840.57
300.000.101.000	CASH IN US BANK			4,517.58
400.000.101.000	CASH IN US BANK			4,593.49
<b>Total</b>			<b><u>24,682.50</u></b>	<b><u>24,682.50</u></b>



## City of Dayton

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www.ci.dayton.or.us

December 21, 2022

Grove, Mueller & Swank, P.C.  
475 Cottage Street NE, Suite 200  
Salem, OR 97301

This representation letter is provided in connection with your audit of the financial statements of the City of Dayton (the City) as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the City in accordance with the modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 21, 2022, the following representations made to you during your audit.

### Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 12, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with the modified cash basis of accounting and for preparation of the supplemental information in accordance with the applicable criteria.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.

7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
9. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the modified cash basis of accounting.
10. All events subsequent to the date of the financial statements that would require adjustment or disclosure have been properly adjusted or disclosed.
11. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording into our books and records and reflected in the financial statements.
12. All funds and activities are properly classified.
13. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
16. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
19. All interfund and intra-entity transactions and balances have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. The City does not maintain historical cost or depreciation records for capital assets.
22. With respect to the individual fund financial statements and schedules, and other financial schedules:
  - a) We acknowledge our responsibility for presenting the individual fund financial statements and schedules, and other financial schedules in accordance with the modified cash basis of accounting.

- b) We believe the combining and individual fund financial statements and schedules, and other financial schedules, including its form and content, is fairly presented in accordance with the modified cash basis of accounting.
- c) The methods of measurement and presentation of the individual fund financial statements and schedules, and other financial schedules have not changed from those used in the prior period.

23. With respect to the preparation of the financial statements and related notes, we have performed the following:

- Made all management decisions and performed all management functions;
- Assigned a competent individual to oversee the services;
- Evaluated the adequacy of the services performed;
- Evaluated and accepted responsibility for the result of the service performed; and
- Established and maintained internal controls, including monitoring ongoing activities.

## Information Provided

24. We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit;
  - Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
25. All transactions have been recorded in the accounting records and are reflected in the financial statements.
26. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
27. We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
28. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
29. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the City's financial statements communicated by employees, former employees, vendors, regulators, or others.
30. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
31. We have disclosed to you the identity of all the City's related parties and all the related party relationships and transactions of which we are aware.
32. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
33. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
34. We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
35. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.



36. There are no:

- Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
- Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
- Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).

37. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

38. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

  
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Rochelle Roaden, City Manager

  
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Dawn Beveridge, City Accountant