
City of Dayton, Oregon

Annual Financial Report
Year Ended June 30, 2024

redw
Advisors & CPAs

CITY OF DAYTON, OREGON
CITY OFFICIALS
JUNE 30, 2024

| <u>Name and Address</u> | <u>Position</u> | <u>Term Expires</u> |
|--------------------------------|------------------------|----------------------------|
| Annette Frank | Mayor | December 31, 2026 |
| Luke Wildhaber | Council President | December 31, 2026 |
| Kitty Mackin | Council Member | December 31, 2024 |
| Jim Maguire | Council Member | December 31, 2026 |
| Drew Hildebrandt | Council Member | December 31, 2024 |
| Rosalba Sandoval-Perez | Council Member | December 31, 2026 |
| Scott Hover | Council Member | December 31, 2024 |

Council members receive mail at the City's address

Appointed Officials

Cynthia Park
Interim City Manager
P.O. Box 339
Dayton, Oregon 97114

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

Brooks Bateman, City of Newberg
Building Official *

Denny Muchmore, Westech Engineering, Inc
City Engineer *

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

*Contracted Services

CITY OF DAYTON, OREGON
TABLE OF CONTENTS

| | <u>Page</u> |
|--|--------------------|
| FINANCIAL SECTION | |
| Independent Auditor's Report | 1-3 |
| Management's Discussion and Analysis | 4-9 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Position (Modified Cash Basis) | 10 |
| Statement of Activities (Modified Cash Basis) | 11 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds-(Modified Cash Basis) | 12 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | |
| Governmental Funds (Modified Cash Basis) | 13 |
| Statement of Fund Net Position – Proprietary Funds (Modified Cash Basis) | 14 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | |
| (Modified Cash Basis) | 15 |
| Statement of Cash Flows – Proprietary Funds (Modified Cash Basis) | 16 |
| Notes to Basic Financial Statements | 17-30 |
| Supplementary Information | |
| Governmental Funds | |
| Reconciliation of Budgetary Funds to Reporting Funds – General Fund | |
| Balance Sheet (Budgetary Basis) | 31 |
| Reconciliation of Budgetary Funds to Reporting Funds – General Fund | |
| Statement of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis) | 32 |
| Combining Balance Sheet – Nonmajor Governmental Funds | 33 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | |
| – Nonmajor Governmental Funds | 34 |
| Schedules of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis) – | |
| Budget and Actual | |
| General Fund | 35 |
| State Revenue Sharing Fund | 36 |
| Transient Lodging Tax Fund | 37 |
| Street Fund | 38 |
| Building Reserve Fund | 39 |
| Street Capital Projects Fund | 40 |
| Local Option Tax Fund | 41 |
| American Rescue Plan Act Fund | 42 |
| Park Capital Projects Fund | 43 |
| Equipment Replacement Reserve Fund | 44 |
| Proprietary Funds | |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – | |
| Water Operations | 45 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis) – | |
| Budget and Actual | |
| Water Utility Fund | 46 |
| Water Utility Capital Fund | 47 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – | |
| Sewer Operations | 48 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis) – | |
| Budget and Actual | |
| Sewer Utility Fund | 49 |
| Sewer Utility Capital Fund | 50 |
| Debt Service Fund | 51 |

CITY OF DAYTON, OREGON
TABLE OF CONTENTS (Continued)

| | <i><u>Page</u></i> |
|---|---------------------------|
| <i>COMPLIANCE SECTION</i> | |
| Independent Auditor's Report Required by Oregon State Regulations | 52-53 |

FINANCIAL SECTION

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, 2024, 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, 2024, 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 Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated May 29, 2025, 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.

A handwritten signature in black ink, appearing to read "Devan W. Esch". The signature is fluid and cursive, with the first name "Devan" and last name "Esch" clearly distinguishable.

Devan W. Esch, Principal
For REDW LLC
Salem, Oregon
May 29, 2025

City of Dayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2024

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, 2024. 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 |
|-------------------------------------|--------------|--------------|----------------|
| | 2024 | 2023 | |
| Net Position | \$ 1,660,385 | \$ 4,712,662 | \$ (3,052,277) |
| Change in Net Position | (3,052,277) | (438,051) | (2,614,226) |
| Governmental Net Position | 1,007,105 | 1,488,722 | (481,617) |
| Proprietary Net Position | 653,280 | 3,223,940 | (2,570,660) |
| Change in Governmental Net Position | (481,617) | (343,635) | (137,982) |
| Change in Proprietary Net Position | (2,570,660) | (94,416) | (2,476,244) |

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 10 through 11 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 ten individual budgetary 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 five major funds, the General, Transient Lodging Tax, Local Option Tax, American Rescue Act funds, and Street Capital Projects. The State Revenue Sharing Fund has been combined with the General Fund for presentation purposes. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as supplementary information in the form of combining statements.

The governmental fund financial statements can be found on pages 13 through 16 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, State Revenue Sharing Fund, Transient Lodging Tax Fund, Local Option Tax Fund, American Rescue Plan Act Fund, Street Capital Projects Fund, Street Fund, Building Reserve Fund, Park Capital Projects Fund, and Equipment Replacement Reserve 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 \$1,660,385 at the close of fiscal year 2024.

A portion of the City's net position, \$934,521 or approximately 56%, represents resources that are subject to external restrictions on how they may be used. The remaining balance is net position - unrestricted totaling \$725,864, or approximately 44%.

| | 2024 | | | 2023 | | |
|--------------------------|----------------------------|-----------------------------|--------------|----------------------------|-----------------------------|--------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Current and other assets | \$ 1,006,275 | \$ 653,280 | \$ 1,659,555 | \$ 1,489,419 | \$ 3,223,940 | \$ 4,713,359 |
| Other liabilities | (830) | - | (830) | 697 | - | 697 |
| Net position: | | | | | | |
| Restricted | 529,522 | 470,396 | 999,918 | 697,274 | 2,074,198 | 2,771,472 |
| Unrestricted | 477,583 | 182,884 | 660,467 | 791,448 | 1,149,742 | 1,941,190 |
| Total Net Position | \$ 1,007,105 | \$ 653,280 | \$ 1,660,385 | \$ 1,488,722 | \$ 3,223,940 | \$ 4,712,662 |

Statement of Activities (Modified Cash Basis)

The City's net position decreased \$3,052,277 during fiscal 2023-2024. This decrease is explained in the government and business-type activities as follows:

Governmental activities - The City's net position decreased by \$481,635 from governmental activities due to a greater increase in total expenses compared to the increase in total revenues.

| | 2024 | | | 2023 | | |
|--------------------------------------|----------------------------|---------------------------------|---------------------|----------------------------|---------------------------------|---------------------|
| | Governmental Activities | Business- type Activities | Total | Governmental Activities | Business- type Activities | Total |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Fees, fines and charges for services | \$ 116,482 | \$ 1,745,658 | \$ 1,862,140 | \$ 236,752 | \$ 1,606,059 | \$ 1,842,811 |
| Operating grants and contributions | 228,020 | - | 228,020 | 530,244 | - | 530,244 |
| Capital grants and contributions | 297,783 | - | 297,783 | 657,262 | 87,242 | 744,504 |
| General Revenues | | | | | | |
| Property taxes | 551,887 | - | 551,887 | 527,302 | - | 527,302 |
| Transient lodging taxes | 86,210 | - | 86,210 | 70,364 | - | 70,364 |
| Franchise fees | 119,424 | - | 119,424 | 112,365 | - | 112,365 |
| Intergovernmental | 87,498 | 23,248 | 110,746 | 91,010 | 23,249 | 114,259 |
| Investment earnings | 81,865 | 65,838 | 147,703 | 55,152 | 44,025 | 99,177 |
| Miscellaneous | 12,475 | 65,306 | 77,781 | 5,376 | 24,153 | 29,529 |
| <i>Total Revenues</i> | <u>1,581,644</u> | <u>1,900,050</u> | <u>3,481,694</u> | <u>2,285,827</u> | <u>1,784,728</u> | <u>4,070,555</u> |
| Expenses | | | | | | |
| General government | 329,745 | - | 329,745 | 323,277 | - | 323,277 |
| Public safety | 338,410 | - | 338,410 | 318,261 | - | 318,261 |
| Public works | 1,069,996 | - | 1,069,996 | 1,370,293 | - | 1,370,293 |
| Community development | 361,910 | - | 361,910 | 203,641 | - | 203,641 |
| Water | - | 1,696,772 | 1,696,772 | - | 1,106,835 | 1,106,835 |
| Sewer | - | 5,868,475 | 5,868,475 | - | 1,186,299 | 1,186,299 |
| <i>Total Expenses</i> | <u>2,100,061</u> | <u>7,565,247</u> | <u>9,665,308</u> | <u>2,215,472</u> | <u>2,293,134</u> | <u>4,508,606</u> |
| Loan proceeds | - | 3,131,336 | 3,131,336 | - | - | - |
| Transfers | <u>36,800</u> | <u>(36,800)</u> | <u>-</u> | <u>(413,990)</u> | <u>413,990</u> | <u>-</u> |
| Change in Net Position | (481,617) | (2,570,661) | (3,052,278) | (343,635) | (94,416) | (438,051) |
| Net Position, beginning of year | <u>1,488,722</u> | <u>3,223,941</u> | <u>4,712,663</u> | <u>1,832,357</u> | <u>3,318,356</u> | <u>5,150,713</u> |
| Net Position, end of year | <u>\$ 1,007,105</u> | <u>\$ 653,280</u> | <u>\$ 1,660,385</u> | <u>\$ 1,488,722</u> | <u>\$ 3,223,940</u> | <u>\$ 4,712,662</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 \$175,735 on June 30, 2024. The fund balance decreased by \$197,416 during the year mainly due to increased public works expenses.

As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 20% of total General fund expenditures.

Transient Lodging Tax. The Transient Lodging Tax Fund accounts for revenues from the transient lodging tax. Expenditures are related to tourism promotion, tourism-related facilities, and related administrative costs. The fund balance decreased by \$46,496 during the year.

Street. The Street Fund accounts for revenues and expenditures related to general street maintenance and improvements. The fund balance increased by \$12,694 as a result of revenues exceeding current year expenditures.

Building Reserve. The Building Reserve Fund contains amounts committed to the construction of City facilities. The fund balance decreased by \$93,378 as a result of significant capital outlay in the current year.

Street Capital Projects. The Street Capital Projects fund accounts for revenues and expenditures related to street improvements. The fund balance increased by \$4,237 as a result revenue being higher than budget and expenditures being less than budget.

Business-type activities - The City's net position decreased by \$2,570,642 from business-type activities. This decrease was due to a decrease in revenues and an increase in expenditures.

Major Proprietary Funds:

Water Operations. Fund net position decreased by \$481,486 during the year primarily due to current year capital outlay of about \$675,000.

Sewer Operations. Fund net position decreased by \$2,218,566 during the year primarily due to current year capital outlay of about \$5,300,000. This was partially offset by loan proceeds of about \$3.1 million.

Debt Service. Fund net position increased by \$129,393 from the prior year.

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 \$7,211,558 in debt outstanding.

The City's debt is for business-type activities and includes \$1,945,905 in outstanding water system improvement loans from Oregon Business Development Department, \$2,134,317 in an outstanding USDA loan, and \$3,131,336 in new loan proceeds from the Clean Water State Revolving Fund loan program. 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 three percent of its total assessed valuation. The City currently has no general obligation debt.

| | <u>Business-type Activities</u> | |
|------------|---------------------------------|---------------------|
| | <u>2024</u> | <u>2023</u> |
| OBDD loans | \$ 1,945,905 | \$ 2,086,008 |
| USDA loan | 2,134,317 | 2,180,539 |
| CWSRF loan | 3,131,336 | - |
| | <u>\$ 7,211,558</u> | <u>\$ 4,266,547</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 to ensure adequate funds are available for Administration, Parks, Building, and planning to pay for increased expenses; and certain adjustments are necessary to ensure adequate funds are available within the Sewer fund and the State Revenue Sharing Fund.

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 2025 budget:

- The budget includes a 3% cost of living adjustment.
- 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.

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 Jeremy Caudle, 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, 2024

| | <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Totals</i> |
|----------------------------------|---|--|----------------------|
| <i>ASSETS</i> | | | |
| Cash and cash equivalents | \$ 1,006,275 | \$ 653,280 | \$ 1,659,555 |
| <i>LIABILITIES</i> | | | |
| Payroll withholdings | (830) | - | (830) |
| <i>NET POSITION</i> | | | |
| Restricted for: | | | |
| Debt service | - | 105,873 | 105,873 |
| Public safety | 41,492 | - | 41,492 |
| Streets | 313,673 | - | 313,673 |
| Community development | 174,357 | - | 174,357 |
| Capital acquisitions | - | 362,698 | 362,698 |
| Customer deposits | - | 1,825 | 1,825 |
| Unrestricted | 477,583 | 182,884 | 660,467 |
| <i>Total Net Position</i> | \$ 1,007,105 | \$ 653,280 | \$ 1,660,385 |

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, 2024**

| | | <i>Program Revenues</i> | | | <i>Net (Expenses) Revenues and Changes in Net Position</i> | | |
|---|---------------------|---|---|---|--|-------------------------------------|---------------------|
| | <i>Expenses</i> | <i>Fees, Fines and Charges for Services</i> | <i>Operating Grants and Contributions</i> | <i>Capital Grants and Contributions</i> | <i>Governmental Activities</i> | <i>Business-type Activities</i> | <i>Total</i> |
| FUNCTIONS/PROGRAMS | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 329,745 | \$ 2,250 | \$ 3,579 | \$ - | \$ (323,916) | \$ - | \$ (323,916) |
| Public safety | 338,410 | 32,845 | - | - | (305,565) | - | (305,565) |
| Public works | 1,069,996 | 51,169 | 210,883 | 297,783 | (510,161) | - | (510,161) |
| Community development | 361,910 | 30,218 | 13,558 | - | (318,134) | - | (318,134) |
| <i>Total Governmental activities</i> | 2,100,061 | 116,482 | 228,020 | 297,783 | (1,457,776) | - | (1,457,776) |
| Business-type activities: | | | | | | | |
| Water | 1,696,771 | 1,166,856 | - | - | - | (529,915) | (529,915) |
| Sewer | 5,868,475 | 578,802 | - | - | - | (5,289,673) | (5,289,673) |
| <i>Total Business-type activities</i> | 7,565,246 | 1,745,658 | - | - | - | (5,819,588) | (5,819,588) |
| <i>Total Activities</i> | <u>\$ 9,665,307</u> | <u>\$ 1,862,140</u> | <u>\$ 228,020</u> | <u>\$ 297,783</u> | (1,457,776) | (5,819,588) | (7,277,364) |
| General Revenues: | | | | | | | |
| Property taxes | | | | | 551,887 | - | 551,887 |
| Transient lodging taxes | | | | | 86,210 | - | 86,210 |
| Franchise taxes | | | | | 119,424 | - | 119,424 |
| Intergovernmental | | | | | 87,498 | 23,248 | 110,746 |
| Investment earnings | | | | | 81,865 | 65,838 | 147,703 |
| Miscellaneous | | | | | 12,475 | 65,306 | 77,781 |
| <i>Total General Revenues</i> | | | | | 939,359 | 154,392 | 1,093,751 |
| <i>Proceeds from issuance of debt</i> | | | | | - | 3,131,336 | 3,131,336 |
| <i>Transfers</i> | | | | | 36,800 | (36,800) | - |
| <i>Change in net position</i> | | | | | (481,617) | (2,570,660) | (3,052,277) |
| <i>Net Position - beginning of year</i> | | | | | 1,488,722 | 3,223,940 | 4,712,662 |
| <i>Net Position - end of year</i> | | | | | <u>\$ 1,007,105</u> | <u>\$ 653,280</u> | <u>\$ 1,660,385</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, 2024**

| | <i>Special Revenue</i> | | | <i>Capital Projects</i> | | <i>Other</i> | |
|---|------------------------|----------------------------------|---------------|-------------------------|------------------------------------|-------------------------------|--------------|
| | <i>General</i> | <i>Transient Lodging Tax</i> | <i>Street</i> | <i>Building Reserve</i> | <i>Street Capital Projects</i> | <i>Governmental Funds</i> | <i>Total</i> |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 174,923 | \$ 271,955 | \$ 198,276 | \$ 120,542 | \$ 115,397 | \$ 125,182 | \$ 1,006,275 |
| LIABILITIES AND FUND BALANCE | | | | | | | |
| Liabilities | | | | | | | |
| Payroll withholdings | \$ (830) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (830) |
| Fund Balance | | | | | | | |
| Restricted for: | | | | | | | |
| Public safety | - | - | - | - | - | 41,492 | 41,492 |
| Streets | - | - | 198,276 | - | 115,397 | - | 313,673 |
| Community development | - | 127,568 | - | - | - | 46,789 | 174,357 |
| Committed to: | | | | | | | |
| Capital acquisitions | - | - | - | 120,542 | - | 36,943 | 157,485 |
| Community development | - | 144,387 | - | - | - | - | 144,387 |
| Unassigned | 175,753 | - | - | - | - | (42) | 175,711 |
| <i>Total Fund Balance</i> | 175,753 | 271,955 | 198,276 | 120,542 | 115,397 | 125,182 | 1,007,105 |
| <i>Total Liabilities and Fund Balance</i> | \$ 174,923 | \$ 271,955 | \$ 198,276 | \$ 120,542 | \$ 115,397 | \$ 125,182 | \$ 1,006,275 |

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, 2024**

| | | <i>Special Revenue</i> | | <i>Capital Projects</i> | | <i>Other</i> | |
|---|---------------------|----------------------------------|---------------|-------------------------|------------------------------------|-------------------------------|--------------|
| | <i>General Fund</i> | <i>Transient Lodging Tax</i> | <i>Street</i> | <i>Building Reserve</i> | <i>Street Capital Projects</i> | <i>Governmental Funds</i> | <i>Total</i> |
| REVENUES | | | | | | | |
| Taxes and assessments | \$ 270,424 | \$ 86,210 | \$ - | \$ - | \$ - | \$ - | \$ 356,634 |
| Licenses and permits | 172,693 | - | - | - | - | 281,462 | 454,155 |
| Intergovernmental | 115,865 | - | 210,883 | - | 297,783 | - | 624,531 |
| Fines and forfeitures | 223 | - | - | - | - | 21,585 | 21,808 |
| Miscellaneous | 67,839 | 1,867 | 6,721 | 7,744 | 12,428 | 27,915 | 124,514 |
| <i>Total Revenues</i> | 627,044 | 88,077 | 217,604 | 7,744 | 310,211 | 330,962 | 1,581,642 |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| General government | 282,865 | - | - | - | - | - | 282,865 |
| Public works | 245,500 | - | 132,982 | - | - | 337,171 | 715,653 |
| Community development | 320,077 | 110,573 | - | - | - | - | 430,650 |
| Capital acquisitions | - | - | 1,929 | 121,122 | 355,974 | 191,867 | 670,892 |
| <i>Total Expenditures</i> | 848,442 | 110,573 | 134,911 | 121,122 | 355,974 | 529,038 | 2,100,059 |
| REVENUES OVER (UNDER) | | | | | | | |
| EXPENDITURES | (221,398) | (22,496) | 82,693 | (113,378) | (45,763) | (198,076) | (518,417) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 24,000 | - | - | 20,000 | 50,000 | 40,000 | 134,000 |
| Transfers out | - | (24,000) | (70,000) | - | - | (3,200) | (97,200) |
| <i>Total Other Financing Sources (Uses)</i> | 24,000 | (24,000) | (70,000) | 20,000 | 50,000 | 36,800 | 36,800 |
| NET CHANGE IN FUND BALANCE | (197,398) | (46,496) | 12,693 | (93,378) | 4,237 | (161,276) | (481,617) |
| FUND BALANCE, beginning of year | 373,151 | 318,451 | 185,582 | 213,920 | 111,160 | 286,458 | 1,488,722 |
| FUND BALANCE, end of year | \$ 175,753 | \$ 271,955 | \$ 198,275 | \$ 120,542 | \$ 115,397 | \$ 125,182 | \$ 1,007,105 |

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, 2024**

| | <i>Water Operations</i> | <i>Sewer Operations</i> | <i>Debt Service</i> | <i>Total</i> |
|---------------------------------|------------------------------------|------------------------------------|----------------------------|---------------------|
| <i>ASSETS</i> | | | | |
| <i>Current assets</i> | | | | |
| Cash and cash equivalents | \$ 1,112,456 | \$ (941,345) | \$ 482,169 | \$ 653,280 |
| <i>FUND NET POSITION</i> | | | | |
| Restricted for: | | | | |
| Customer deposits | \$ 1,186 | \$ 639 | \$ - | \$ 1,825 |
| Debt service | - | - | 105,873 | 105,873 |
| Capital acquisitions | 362,698 | - | - | 362,698 |
| Unrestricted | 748,572 | (941,984) | 376,296 | 182,884 |
| <i>Total Fund Net Position</i> | <i>\$ 1,112,456</i> | <i>\$ (941,345)</i> | <i>\$ 482,169</i> | <i>\$ 653,280</i> |

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, 2024**

| | <i>Water Operations</i> | <i>Sewer Operations</i> | <i>Debt Service</i> | <i>Total</i> |
|--|------------------------------------|------------------------------------|----------------------------|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,166,854 | \$ 578,802 | \$ - | \$ 1,745,656 |
| Miscellaneous | 24,900 | 40,408 | - | 65,308 |
| <i>Total Operating Revenues</i> | 1,191,754 | 619,210 | - | 1,810,964 |
| OPERATING EXPENSES | | | | |
| Personal services | 374,573 | 270,123 | - | 644,696 |
| Materials and services | 402,865 | 314,925 | - | 717,790 |
| <i>Total Operating Expenses</i> | 777,438 | 585,048 | - | 1,362,486 |
| OPERATING INCOME | 414,316 | 34,162 | - | 448,478 |
| NONOPERATING REVENUES/EXPENSES | | | | |
| Intergovernmental | - | - | 23,249 | 23,249 |
| Issuance of debt | - | 3,131,336 | - | 3,131,336 |
| Capital acquisitions | (676,120) | (5,283,428) | - | (5,959,548) |
| Debt service | | | | |
| Principal | - | - | (182,132) | (182,132) |
| Interest | - | - | (61,080) | (61,080) |
| Interest revenue | 30,318 | 21,544 | 13,976 | 65,838 |
| <i>Total Nonoperating Revenues/Expenses</i> | (645,802) | (2,130,548) | (205,987) | (2,982,337) |
| NET INCOME BEFORE TRANSFERS AND CONTRIBUTIONS | (231,486) | (2,096,386) | (205,987) | (2,533,859) |
| Transfers in | - | 43,200 | 335,380 | 378,580 |
| Transfers out | (250,000) | (165,380) | - | (415,380) |
| CHANGE IN FUND NET POSITION | (481,486) | (2,218,566) | 129,393 | (2,570,659) |
| FUND NET POSITION, beginning of year | 1,593,942 | 1,277,221 | 352,776 | 3,223,939 |
| FUND NET POSITION (Deficit), end of year | \$ 1,112,456 | \$ (941,345) | \$ 482,169 | \$ 653,280 |

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, 2024**

| | <i>Water Operations</i> | <i>Sewer Operations</i> | <i>Debt Service</i> | <i>Total</i> |
|---|------------------------------------|------------------------------------|----------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 1,191,754 | \$ 619,210 | \$ - | \$ 1,810,964 |
| Cash paid to employees and others for salaries and benefits | (374,573) | (270,123) | - | (644,696) |
| Cash paid to suppliers and others | (402,865) | (314,925) | - | (717,790) |
| <i>Net Cash Provided by (Used for) Operating Activities</i> | <u>414,316</u> | <u>34,162</u> | <u>-</u> | <u>448,478</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in | - | 43,200 | 335,380 | 378,580 |
| Transfers out | (250,000) | (165,380) | - | (415,380) |
| <i>Net Cash Provided by (Used for) Non-Capital Financing Activities</i> | <u>(250,000)</u> | <u>(122,180)</u> | <u>335,380</u> | <u>(36,800)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Intergovernmental revenue | - | - | 23,249 | 23,249 |
| Purchase of capital assets | (676,120) | (5,283,428) | - | (5,959,548) |
| Proceeds from issuance of debt | - | 3,131,336 | - | 3,131,336 |
| Interest paid on debt | - | - | (61,080) | (61,080) |
| Principal paid on debt | - | - | (182,132) | (182,132) |
| <i>Net Cash Used for Capital and Related Financing Activities</i> | <u>(676,120)</u> | <u>(2,152,092)</u> | <u>(219,963)</u> | <u>(3,048,175)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest received | <u>30,318</u> | <u>21,544</u> | <u>13,976</u> | <u>65,838</u> |
| <i>Increase (Decrease) in Cash and Cash Equivalents</i> | <u>(481,486)</u> | <u>(2,218,566)</u> | <u>129,393</u> | <u>(2,570,659)</u> |
| CASH AND CASH EQUIVALENTS, Beginning of year | <u>1,593,942</u> | <u>1,277,221</u> | <u>352,776</u> | <u>3,223,939</u> |
| CASH AND CASH EQUIVALENTS, End of year | <u><u>\$ 1,112,456</u></u> | <u><u>\$ (941,345)</u></u> | <u><u>\$ 482,169</u></u> | <u><u>\$ 653,280</u></u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income | <u>\$ 414,316</u> | <u>\$ 34,162</u> | <u>\$ -</u> | <u>\$ 448,478</u> |
| <i>Net Cash Provided by Operating Activities</i> | <u><u>\$ 414,316</u></u> | <u><u>\$ 34,162</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 448,478</u></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

CITY OF DAYTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

as separate columns in the fund financial statements. Nonmajor 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.

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.

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following nonmajor governmental funds:

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.

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.

CITY OF DAYTON, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

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, 2024

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, 2024 was \$26,055.

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, 2024. Actual results may differ from such estimates.

CASH AND CASH EQUIVALENTS

Cash

| | |
|--------------------------------------|---------|
| Cash on hand | \$ 350 |
| Deposits with financial institutions | 204,594 |

Investments

| | |
|----------------------------------|--------------|
| Local Government Investment Pool | 1,454,611 |
| | <hr/> |
| | \$ 1,659,555 |
| | <hr/> |

Deposits

At year end, the book balance of the City's bank deposits (checking account) was \$204,594 and the bank balance was \$332,532. 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.

CITY OF DAYTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

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, 2024, \$82,532 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, 2024, 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, 2024

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, 2023</i> | <i>Issued</i> | <i>Matured/ Redeemed During Year</i> | <i>Outstanding June 30, 2024</i> | <i>Due Within One Year</i> |
|---|---|---------------------|--|--|--------------------------------|
| <i>Direct Placement - Business-type activities</i> | | | | | |
| Note payable to Infrastructure Finance Authority (Oregon Business Development Department) | \$ 1,739,388 | \$ - | \$ (125,939) | \$ 1,613,449 | \$ 127,199 |
| Note payable to Infrastructure Finance Authority (Oregon Business Development Department) | 346,620 | - | (14,164) | 332,456 | 14,306 |
| USDA Sewer Improvement Loan | 2,174,921 | - | (40,604) | 2,134,317 | 42,029 |
| Clean Water State Revolving Fund Loan | - | 3,131,336 | - | 3,131,336 | - |
| | <u>\$ 4,260,929</u> | <u>\$ 3,131,336</u> | <u>\$ (180,707)</u> | <u>\$ 7,211,558</u> | <u>\$ 183,534</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, 2024 was \$220,197.

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, 2024****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.

USDA requires a Debt Service Reserve, which is fully funded at \$82,248. There is also a requirement for an annual deposit of \$14,544 to the Short-Lived Assets Reserve (SLAR). The annual deposit was not made as of June 30, 2024. The balance in the SLAR was \$15,000 as of June 30, 2024 and June 30, 2023.

Clean Water State Revolving Fund (CWSRF): On March 5, 2021, the City entered into a \$750,000 loan agreement with the State of Oregon, acting through its Department of Environmental Quality (DEQ), with an interest rate of 1.72%. However, the City did not draw down the loan of \$750,000. On July 26, 2023, the loan was amended to a principal amount of \$6,000,000, with \$500,000 forgiven, resulting in a net loan amount of \$5,500,000. The amended loan carries an interest rate of 1% and will be repaid in two annual installments over 30 years. In case of default, the DEQ may pursue legally available remedies. Additionally, there is a requirement for a loan reserve of \$106,337. The City's debt service fund balance stands at \$482,169.

As of June 30, 2024, the City had drawn down \$3,131,336 for Sewer Utility Capital expenditure. No repayments were made during the year.

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

| <i>Fiscal Year Ending June 30,</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
|---|-------------------------|------------------------|----------------------|
| 2025 | \$ 183,534 | \$ 59,678 | \$ 243,212 |
| 2026 | 348,618 | 110,348 | 458,966 |
| 2027 | 352,483 | 106,482 | 458,965 |
| 2028 | 356,395 | 102,570 | 458,965 |
| 2029 | 360,252 | 98,714 | 458,966 |
| 2030-2034 | 1,862,693 | 432,188 | 2,294,881 |
| 2035-2039 | 1,534,890 | 330,189 | 1,865,079 |
| 2040-2044 | 1,328,424 | 249,738 | 1,578,162 |
| 2045-2049 | 1,338,072 | 169,514 | 1,507,586 |
| 2050-2054 | 1,456,120 | 142,037 | 1,598,157 |
| 2055-2059 | 381,813 | 29,427 | 411,240 |
| 2060-2061 | 76,929 | 1,554 | 78,483 |
| | <u>\$ 9,580,222</u> | <u>* \$ 1,832,440</u> | <u>\$ 11,412,662</u> |

* The future debt payments schedule includes the \$5.5 million CWSRF loan; however, the City has only drawn down \$3.1 million as of June 30, 2024.

CITY OF DAYTON, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

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>

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee's hire 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 nonretired 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.

CITY OF DAYTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

PENSION PLAN (Continued)

Upon the death of a nonretired 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).

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 2024 were 21.92% for Tier One/Tier Two employees, 18.33% for OPSRP general service employees, and 23.12% for OPSRP police/fire employees. The City's total contributions to PERS were \$152,618 for fiscal year ended June 30, 2024.

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 2024 were based on the December 31, 2021 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, 2024, the City reported a net pension liability of \$1,055,085 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was based on a December 31, 2021 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 0.005633% as of the June 30, 2023 measurement date, compared to 0.005071% as of June 30, 2022.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2021 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, 2021 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.

CITY OF DAYTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2024

PENSION PLAN (Continued)

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%.

| | 1% Decrease (5.90%) | Discount Rate (6.90%) | 1% Increase (7.90%) |
|---|--------------------------------|----------------------------------|--------------------------------|
| Proportionate share of the net pension liability | \$ 1,742,801 | \$ 1,055,085 | \$ 479,539 |

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 \$44,506 for the year ended June 30, 2024. 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.

EXPENDITURES IN EXCESS OF APPROPRIATIONS

Oregon law prohibits disbursements of a fund in excess of Council approved appropriations. Disbursements in excess of appropriations in individual funds occurred as follows:

| <i>Fund/Appropriation Category</i> | <i>Budget</i> | <i>Actual</i> | <i>Variance</i> |
|---|----------------------|----------------------|------------------------|
| <i>General</i> | | | |
| Planning | \$ 94,449 | \$ 129,117 | \$ (34,668) |
| <i>Sewer Utility</i> | | | |
| Materials and services | 282,836 | 314,925 | (32,089) |

CITY OF DAYTON, OREGON**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2024**

INTERFUND TRANSFERS (BUDGETARY BASIS)

| <i>Fund</i> | <i>Transfers In</i> | <i>Transfers Out</i> |
|-------------------------------|----------------------------|-----------------------------|
| General | \$ 19,000 | \$ - |
| Transient Lodging Tax | - | 24,000 |
| Street | - | 70,000 |
| Building Reserve | 20,000 | - |
| Street Capital Projects | 50,000 | - |
| State Revenue Sharing | 5,000 | - |
| American Rescue Act | - | 3,200 |
| Equipment Replacement Reserve | 40,000 | - |
| Water Utility | - | 350,000 |
| Water Utility Capital | 100,000 | - |
| Sewer Utility | - | 175,380 |
| Sewer Utility Capital | 53,200 | - |
| Debt Service | 335,380 | - |
| | <u>\$ 622,580</u> | <u>\$ 622,580</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.

DEFICIT FUND BALANCE

The Sewer Utility Capital Fund have deficit fund balances as of June 30, 2024, of \$1,016,465. The deficits were primarily due to expenditures exceeding the related fund revenues. The deficits will be recovered through future revenues and transfers from the entities' business enterprises and other funds.

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, 2024**

| | Budgetary funds | | Total (reported as General Fund) |
|---|------------------------|----------------------------------|---|
| | General | State Revenue Sharing | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 157,275 | \$ 17,648 | \$ 174,923 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Payroll withholdings | \$ (830) | \$ - | \$ (830) |
| Fund Balance | | | |
| Unassigned | 158,105 | 17,648 | 175,753 |
| Total Liabilities and Fund Balance | \$ 157,275 | \$ 17,648 | \$ 174,923 |

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, 2024**

| | Budgetary funds | | | Total (reported as General Fund) |
|---|------------------------|----------------------------------|--------------------|---|
| | General | State Revenue Sharing | Elimination | |
| REVENUES | | | | |
| Taxes and assessments | \$ 270,424 | \$ - | \$ - | \$ 270,424 |
| Licenses and permits | 172,693 | - | - | 172,693 |
| Intergovernmental | 84,869 | 30,996 | - | 115,865 |
| Fines and forfeitures | 223 | - | - | 223 |
| Miscellaneous | 63,095 | 4,744 | - | 67,839 |
| <i>Total Revenues</i> | 591,304 | 35,740 | - | 627,044 |
| EXPENDITURES | | | | |
| General government | 223,536 | 59,329 | - | 282,865 |
| Public works | 245,500 | - | - | 245,500 |
| Community development | 319,539 | 538 | - | 320,077 |
| <i>Total Expenditures</i> | 788,575 | 59,867 | - | 848,442 |
| REVENUES OVER (UNDER) EXPENDITURES | (197,271) | (24,127) | - | (221,398) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 19,000 | 5,000 | - | 24,000 |
| NET CHANGE IN FUND BALANCE | (178,271) | (19,127) | - | (197,398) |
| FUND BALANCE, beginning of year | 336,376 | 36,775 | - | 373,151 |
| FUND BALANCE, end of year | \$ 158,105 | \$ 17,648 | \$ - | \$ 175,753 |

CITY OF DAYTON, OREGON**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS****JUNE 30, 2024**

| | <i>Special Revenue</i> | <i>Capital Projects</i> | | | |
|---|-----------------------------|---|----------------------------------|--|--------------|
| | <i>Local Option Tax</i> | <i>American Rescue Plan Act</i> | <i>Park Capital Projects</i> | <i>Equipment Replacement Reserve</i> | <i>Total</i> |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 41,492 | \$ (42) | \$ 46,789 | \$ 36,943 | \$ 125,182 |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fund Balance | | | | | |
| Restricted for: | | | | | |
| Public safety | 41,492 | - | - | - | 41,492 |
| Community development | - | - | 46,789 | - | 46,789 |
| Committed to: | | | | | |
| Capital acquisitions | - | - | - | 36,943 | 36,943 |
| Unassigned | - | (42) | - | - | (42) |
| <i>Total Fund Balance</i> | 41,492 | (42) | 46,789 | 36,943 | 125,182 |
| <i>Total Liabilities and Fund Balance</i> | \$ 41,492 | \$ (42) | \$ 46,789 | \$ 36,943 | \$ 125,182 |

CITY OF DAYTON, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

| | <i>Special Revenue</i> | <i>Capital Projects</i> | | | |
|---|-----------------------------|---|----------------------------------|--|--------------|
| | <i>Local Option Tax</i> | <i>American Rescue Plan Act</i> | <i>Park Capital Projects</i> | <i>Equipment Replacement Reserve</i> | <i>Total</i> |
| REVENUES | | | | | |
| Licenses and permits | \$ 281,462 | \$ - | \$ - | \$ - | \$ 281,462 |
| Fines and forfeitures | 21,585 | - | - | - | 21,585 |
| Miscellaneous | 11,394 | 1,844 | 12,188 | 2,489 | 27,915 |
| <i>Total Revenues</i> | 314,441 | 1,844 | 12,188 | 2,489 | 330,962 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Public works | 337,171 | - | - | - | 337,171 |
| Capital acquisitions | 1,195 | - | 142,661 | 48,011 | 191,867 |
| <i>Total Expenditures</i> | 338,366 | - | 142,661 | 48,011 | 529,038 |
| REVENUES OVER (UNDER) EXPENDITURES | (23,925) | 1,844 | (130,473) | (45,522) | (198,076) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 40,000 | 40,000 |
| Transfers out | - | (3,200) | - | - | (3,200) |
| <i>Total Other Financing Sources (Uses)</i> | - | (3,200) | - | 40,000 | 36,800 |
| NET CHANGE IN FUND BALANCE | (23,925) | (1,356) | (130,473) | (5,522) | (161,276) |
| FUND BALANCE, beginning of year | 65,417 | 1,314 | 177,262 | 42,465 | 286,458 |
| FUND BALANCE (Deficit), end of year | \$ 41,492 | \$ (42) | \$ 46,789 | \$ 36,943 | \$ 125,182 |

CITY OF DAYTON, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2024**

| | Budget Amounts | | | |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Taxes and assessments | \$ 252,000 | \$ 252,000 | \$ 270,424 | \$ 18,424 |
| Licenses and permits | 191,125 | 191,125 | 172,693 | (18,432) |
| Intergovernmental | 97,250 | 97,250 | 84,869 | (12,381) |
| Fines and forfeitures | - | - | 223 | 223 |
| Miscellaneous | 49,150 | 49,150 | 63,095 | 13,945 |
| <i>Total Revenues</i> | 589,525 | 589,525 | 591,304 | 1,779 |
| EXPENDITURES | | | | |
| Administration | 249,376 | 249,376 | 223,536 | 25,840 |
| Parks | 180,120 | 180,120 | 172,821 | 7,299 |
| Library | 158,285 | 158,285 | 146,718 | 11,567 |
| Planning | 94,449 | 94,449 | 129,117 | (34,668) |
| Building program | 119,670 | 119,670 | 116,383 | 3,287 |
| Contingency | 50,763 | 50,763 | - | 50,763 |
| <i>Total Expenditures</i> | 852,663 | 852,663 | 788,575 | 64,088 |
| REVENUES OVER (UNDER) EXPENDITURES | (263,138) | (263,138) | (197,271) | 65,867 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 10,000 | 10,000 | 19,000 | 9,000 |
| Transfers out | (10,000) | (10,000) | - | 10,000 |
| <i>Total Other Financing Sources (Uses)</i> | - | - | 19,000 | 19,000 |
| NET CHANGE IN FUND BALANCE | (263,138) | (263,138) | (178,271) | 84,867 |
| FUND BALANCE, beginning of year | 263,138 | 263,138 | 336,376 | 73,238 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 158,105 | \$ 158,105 |

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, 2024**

| | Budget Amounts | | Actual | Variance |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 32,000 | \$ 32,000 | \$ 30,996 | \$ (1,004) |
| Miscellaneous | 1,000 | 1,000 | 4,744 | 3,744 |
| <i>Total Revenues</i> | 33,000 | 33,000 | 35,740 | 2,740 |
| EXPENDITURES | | | | |
| Materials and services | 65,900 | 65,900 | 59,329 | 6,571 |
| Capital outlay | 1,000 | 1,000 | 538 | 462 |
| <i>Total Expenditures</i> | 66,900 | 66,900 | 59,867 | 7,033 |
| REVENUES OVER (UNDER) EXPENDITURES | (33,900) | (33,900) | (24,127) | 9,773 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 8,000 | 8,000 | 5,000 | (3,000) |
| NET CHANGE IN FUND BALANCE | (25,900) | (25,900) | (19,127) | 6,773 |
| FUND BALANCE, beginning of year | 25,900 | 25,900 | 36,775 | 10,875 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 17,648 | \$ 17,648 |

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, 2024**

| | Budget Amounts | | Actual | Variance |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes and assessments | \$ 70,000 | \$ 70,000 | \$ 86,210 | \$ 16,210 |
| Miscellaneous | 200 | 200 | 1,867 | 1,667 |
| <i>Total Revenues</i> | 70,200 | 70,200 | 88,077 | 17,877 |
| EXPENDITURES | | | | |
| Personal services | 65,748 | 65,748 | 50,057 | 15,691 |
| Materials and services | 82,743 | 82,742 | 60,516 | 22,226 |
| Capital outlay | 25,000 | 25,000 | - | 25,000 |
| Contingency | 82,482 | 82,483 | - | 82,483 |
| <i>Total Expenditures</i> | 255,973 | 255,973 | 110,573 | 145,400 |
| REVENUES OVER (UNDER) EXPENDITURES | (185,773) | (185,773) | (22,496) | 163,277 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (18,000) | (18,000) | (24,000) | (6,000) |
| NET CHANGE IN FUND BALANCE | (203,773) | (203,773) | (46,496) | 157,277 |
| FUND BALANCE, beginning of year | 303,773 | 303,773 | 318,451 | 14,678 |
| FUND BALANCE, end of year | \$ 100,000 | \$ 100,000 | \$ 271,955 | \$ 171,955 |

CITY OF DAYTON, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – STREET FUND
YEAR ENDED JUNE 30, 2024**

| | Budget Amounts | | Actual | Variance |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 200,000 | \$ 200,000 | \$ 210,883 | \$ 10,883 |
| Miscellaneous | 2,600 | 2,600 | 6,722 | 4,122 |
| <i>Total Revenues</i> | 202,600 | 202,600 | 217,605 | 15,005 |
| EXPENDITURES | | | | |
| Personnel services | 65,392 | 65,392 | 63,889 | 1,503 |
| Materials and services | 103,250 | 103,250 | 69,093 | 34,157 |
| Capital outlay | 22,500 | 22,500 | 1,929 | 20,571 |
| Contingency | 2,600 | 2,600 | - | 2,600 |
| <i>Total Expenditures</i> | 193,742 | 193,742 | 134,911 | 58,831 |
| REVENUES OVER (UNDER) EXPENDITURES | 8,858 | 8,858 | 82,694 | 73,836 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (120,000) | (120,000) | (70,000) | 50,000 |
| NET CHANGE IN FUND BALANCE | (111,142) | (111,142) | 12,694 | 123,836 |
| FUND BALANCE, beginning of year | 161,142 | 161,142 | 185,582 | 24,440 |
| FUND BALANCE, end of year | \$ 50,000 | \$ 50,000 | \$ 198,276 | \$ 148,276 |

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, 2024**

| | Budget Amounts | | | |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Miscellaneous | \$ 1,500 | \$ 1,500 | \$ 7,744 | \$ 6,244 |
| EXPENDITURES | | | | |
| Capital outlay | 135,000 | 135,000 | 121,122 | 13,878 |
| Contingency | 5,203 | 5,203 | - | 5,203 |
| <i>Total Expenditures</i> | 140,203 | 140,203 | 121,122 | 19,081 |
| REVENUES OVER (UNDER) EXPENDITURES | (138,703) | (138,703) | (113,378) | 25,325 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 25,000 | 25,000 | 20,000 | (5,000) |
| NET CHANGE IN FUND BALANCE | (113,703) | (113,703) | (93,378) | 20,325 |
| FUND BALANCE, beginning of year | 213,703 | 213,703 | 213,920 | 217 |
| FUND BALANCE, end of year | \$ 100,000 | \$ 100,000 | \$ 120,542 | \$ 20,542 |

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, 2024**

| | Budget Amounts | | Actual | Variance |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses and permits | \$ 2,250 | \$ 2,250 | \$ - | \$ (2,250) |
| Intergovernmental | 250,000 | 250,000 | 297,783 | 47,783 |
| Miscellaneous | 4,000 | 4,000 | 12,428 | 8,428 |
| <i>Total Revenues</i> | 256,250 | 256,250 | 310,211 | 53,961 |
| EXPENDITURES | | | | |
| Capital outlay | 400,000 | 400,000 | 355,974 | 44,026 |
| REVENUES OVER (UNDER) EXPENDITURES | (143,750) | (143,750) | (45,763) | 97,987 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 100,000 | 100,000 | 50,000 | (50,000) |
| NET CHANGE IN FUND BALANCE | (43,750) | (43,750) | 4,237 | 47,987 |
| FUND BALANCE, beginning of year | 69,874 | 69,874 | 111,160 | 41,286 |
| FUND BALANCE, end of year | \$ 26,124 | \$ 26,124 | \$ 115,397 | \$ 89,273 |

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, 2024**

| | Budget Amounts | | Actual | Variance |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes and assessments | \$ 261,500 | \$ 261,500 | \$ 281,462 | \$ 19,962 |
| Fines and forfeitures | 7,000 | 7,000 | 21,585 | 14,585 |
| Miscellaneous | 1,400 | 1,400 | 11,394 | 9,994 |
| <i>Total Revenues</i> | 269,900 | 269,900 | 314,441 | 44,541 |
| EXPENDITURES | | | | |
| Personnel services | 79,804 | 79,804 | 78,108 | 1,696 |
| Materials and services | 259,772 | 259,772 | 259,063 | 709 |
| Capital outlay | 1,750 | 1,750 | 1,195 | 555 |
| Contingency | 492 | 492 | - | 492 |
| <i>Total Expenditures</i> | 341,818 | 341,818 | 338,366 | 3,452 |
| REVENUES OVER (UNDER) EXPENDITURES | (71,918) | (71,918) | (23,925) | 47,993 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 10,000 | 10,000 | - | (10,000) |
| NET CHANGE IN FUND BALANCE | (61,918) | (61,918) | (23,925) | 37,993 |
| FUND BALANCE, beginning of year | 61,918 | 61,918 | 65,417 | 3,499 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 41,492 | \$ 41,492 |

CITY OF DAYTON, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – AMERICAN RESCUE PLAN ACT FUND
YEAR ENDED JUNE 30, 2024**

| | <i>Budget Amounts</i> | | <i>Actual</i> | <i>Variance</i> |
|--|-----------------------|--------------|---------------|-----------------|
| | <i>Original</i> | <i>Final</i> | | |
| REVENUES | | | | |
| Miscellaneous | \$ - | \$ - | \$ 1,844 | \$ 1,844 |
| REVENUES OVER (UNDER) | | | | |
| EXPENDITURES | - | - | 1,844 | 1,844 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (490,255) | (490,255) | (3,200) | 487,055 |
| NET CHANGE IN FUND BALANCE | (490,255) | (490,255) | (1,356) | 488,899 |
| FUND BALANCE, beginning of year | 490,255 | 490,255 | 1,314 | (488,941) |
| FUND BALANCE (Deficit), end of year | \$ - | \$ - | \$ (42) | \$ (42) |

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, 2024**

| | Budget Amounts | | | |
|--|-----------------------|--------------|---------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Licenses and permits | \$ 400 | \$ 400 | \$ - | \$ (400) |
| Intergovernmental | 75,000 | 75,000 | - | (75,000) |
| Miscellaneous | 4,000 | 4,000 | 12,188 | 8,188 |
| <i>Total Revenues</i> | 79,400 | 79,400 | 12,188 | (67,212) |
| EXPENDITURES | | | | |
| Materials and services | 75,000 | 75,000 | - | 75,000 |
| Capital outlay | 159,500 | 159,500 | 142,661 | 16,839 |
| <i>Total Expenditures</i> | 234,500 | 234,500 | 142,661 | 91,839 |
| NET CHANGE IN FUND BALANCE | (155,100) | (155,100) | (130,473) | 24,627 |
| FUND BALANCE, beginning of year | 165,960 | 165,960 | 177,262 | 11,302 |
| FUND BALANCE, end of year | \$ 10,860 | \$ 10,860 | \$ 46,789 | \$ 35,929 |

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, 2024**

| | Budget Amounts | | | |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Miscellaneous | \$ 550 | \$ 550 | \$ 2,489 | \$ 1,939 |
| EXPENDITURES | | | | |
| Capital outlay | 85,000 | 85,000 | 48,011 | 36,989 |
| Contingency | 26,443 | 26,443 | - | 26,443 |
| <i>Total Expenditures</i> | 111,443 | 111,443 | 48,011 | 63,432 |
| REVENUES OVER (UNDER) EXPENDITURES | (110,893) | (110,893) | (45,522) | 65,371 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 70,000 | 70,000 | 40,000 | (30,000) |
| NET CHANGE IN FUND BALANCE | (40,893) | (40,893) | (5,522) | 35,371 |
| FUND BALANCE, beginning of year | 40,893 | 40,893 | 42,465 | 1,572 |
| FUND BALANCE, end of year | \$ - | \$ - | \$ 36,943 | \$ 36,943 |

CITY OF DAYTON, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
WATER OPERATIONS
YEAR ENDED JUNE 30, 2024**

| | <i>Water Utility</i> | <i>Water Utility Capital</i> | <i>Interfund Eliminations</i> | <i>Total Water Operations</i> |
|---|---------------------------------|---|--|--|
| REVENUES | | | | |
| Charges for services | \$ 1,166,854 | \$ - | \$ - | \$ 1,166,854 |
| Miscellaneous | 33,295 | 21,923 | - | 55,218 |
| <i>Total Revenues</i> | 1,200,149 | 21,923 | - | 1,222,072 |
| EXPENDITURES | | | | |
| Personnel services | 374,573 | - | - | 374,573 |
| Materials and services | 402,865 | - | - | 402,865 |
| Capital outlay | 17,776 | 658,344 | - | 676,120 |
| <i>Total Expenditures</i> | 795,214 | 658,344 | - | 1,453,558 |
| REVENUES OVER (UNDER) EXPENDITURES | 404,935 | (636,421) | - | (231,486) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 100,000 | (100,000) | - |
| Transfers out | (350,000) | - | 100,000 | (250,000) |
| <i>Total Other Financing Sources (Uses)</i> | (350,000) | 100,000 | - | (250,000) |
| NET CHANGE IN FUND BALANCE | 54,935 | (536,421) | - | (481,486) |
| FUND BALANCE, beginning of year | 694,823 | 899,119 | - | 1,593,942 |
| FUND BALANCE, end of year | \$ 749,758 | \$ 362,698 | \$ - | \$ 1,112,456 |

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, 2024**

| | Budget Amounts | | | |
|---|------------------------|---------------------|----------------------|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance</u> |
| REVENUES | | | | |
| Charges for services | \$ 1,060,300 | \$ 1,060,300 | \$ 1,166,854 | \$ 106,554 |
| Miscellaneous | 5,000 | 5,000 | 33,295 | 28,295 |
| | | | | |
| <i>Total Revenues</i> | 1,065,300 | 1,065,300 | 1,200,149 | 134,849 |
| | | | | |
| EXPENDITURES | | | | |
| Personnel services | 392,906 | 392,906 | 374,573 | 18,333 |
| Materials and services | 473,214 | 473,214 | 402,865 | 70,349 |
| Capital outlay | 33,000 | 33,000 | 17,776 | 15,224 |
| Contingency | 53,234 | 53,234 | - | 53,234 |
| | | | | |
| <i>Total Expenditures</i> | 952,354 | 952,354 | 795,214 | 157,140 |
| | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | 112,946 | 112,946 | 404,935 | 291,989 |
| | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (605,000) | (605,000) | (350,000) | 255,000 |
| | | | | |
| NET CHANGE IN FUND BALANCE | (492,054) | (492,054) | 54,935 | 546,989 |
| | | | | |
| FUND BALANCE, beginning of year | 567,054 | 567,054 | 694,823 | 127,769 |
| | | | | |
| FUND BALANCE, end of year | \$ 75,000 | \$ 75,000 | \$ 749,758 | \$ 674,758 |

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, 2024**

| | Budget Amounts | | | |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Miscellaneous | \$ 3,000 | \$ 3,000 | \$ 21,923 | \$ 18,923 |
| EXPENDITURES | | | | |
| Capital outlay | 1,293,201 | 1,293,201 | 658,344 | 634,857 |
| Contingency | 28,464 | 28,464 | - | 28,464 |
| <i>Total Expenditures</i> | 1,321,665 | 1,321,665 | 658,344 | 663,321 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,318,665) | (1,318,665) | (636,421) | 682,244 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital contributions | 16,968 | 16,968 | - | (16,968) |
| Transfers in | 415,000 | 415,000 | 100,000 | (315,000) |
| <i>Total Other Financing Sources (Uses)</i> | 431,968 | 431,968 | 100,000 | (331,968) |
| NET CHANGE IN FUND BALANCE | (886,697) | (886,697) | (536,421) | 350,276 |
| FUND BALANCE, beginning of year | 936,697 | 936,697 | 899,119 | (37,578) |
| FUND BALANCE, end of year | \$ 50,000 | \$ 50,000 | \$ 362,698 | \$ 312,698 |

CITY OF DAYTON, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
SEWER OPERATIONS
YEAR ENDED JUNE 30, 2024**

| | <i>Sewer Utility</i> | <i>Sewer Utility Capital</i> | <i>Interfund Eliminations</i> | <i>Total Sewer Operations</i> |
|---|---------------------------------|---|--|--|
| REVENUES | | | | |
| Charges for services | \$ 578,802 | \$ - | \$ - | \$ 578,802 |
| Miscellaneous | 48,511 | 13,441 | - | 61,952 |
| <i>Total Revenues</i> | 627,313 | 13,441 | - | 640,754 |
| EXPENDITURES | | | | |
| Personnel services | 270,123 | - | - | 270,123 |
| Materials and services | 314,925 | - | - | 314,925 |
| Capital outlay | 2,209 | 5,281,219 | - | 5,283,428 |
| <i>Total Expenditures</i> | 587,257 | 5,281,219 | - | 5,868,476 |
| REVENUES OVER (UNDER) EXPENDITURES | 40,056 | (5,267,778) | - | (5,227,722) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 53,200 | (10,000) | 43,200 |
| Transfers out | (175,380) | - | 10,000 | (165,380) |
| Proceeds from issuance of debt | - | 3,131,336 | - | 3,131,336 |
| <i>Total Other Financing Sources (Uses)</i> | (175,380) | 3,184,536 | - | 3,009,156 |
| NET CHANGE IN FUND BALANCE | (135,324) | (2,083,242) | - | (2,218,566) |
| FUND BALANCE, beginning of year | 210,462 | 1,066,759 | - | 1,277,221 |
| FUND BALANCE (Deficit), end of year | \$ 75,138 | \$ (1,016,483) | \$ - | \$ (941,345) |

CITY OF DAYTON, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) –
BUDGET AND ACTUAL – SEWER UTILITY FUND
YEAR ENDED JUNE 30, 2024**

| | Budget Amounts | | | |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Charges for services | \$ 651,912 | \$ 651,912 | \$ 578,802 | \$ (73,110) |
| Miscellaneous | 21,250 | 21,250 | 48,511 | 27,261 |
| <i>Total Revenues</i> | 673,162 | 673,162 | 627,313 | (45,849) |
| EXPENDITURES | | | | |
| Personnel services | 299,073 | 299,073 | 270,123 | 28,950 |
| Materials and services | 282,836 | 282,836 | 314,925 | (32,089) |
| Capital outlay | 16,500 | 16,500 | 2,209 | 14,291 |
| <i>Total Expenditures</i> | 598,409 | 598,409 | 587,257 | 11,152 |
| REVENUES OVER (UNDER) EXPENDITURES | 74,753 | 74,753 | 40,056 | (34,697) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (271,000) | (271,000) | (175,380) | 95,620 |
| NET CHANGE IN FUND BALANCE | (196,247) | (196,247) | (135,324) | 60,923 |
| FUND BALANCE, beginning of year | 231,965 | 231,965 | 210,462 | (21,503) |
| FUND BALANCE, end of year | \$ 35,718 | \$ 35,718 | \$ 75,138 | \$ 39,420 |

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, 2024**

| | Budget Amounts | | | |
|---|-----------------------|------------------|-----------------------|-----------------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Miscellaneous | \$ 2,000 | \$ 2,000 | \$ 13,441 | \$ 11,441 |
| EXPENDITURES | | | | |
| Materials and services | 10,000 | 10,000 | - | 10,000 |
| Capital outlay | 7,190,000 | 7,190,000 | 5,281,219 | 1,908,781 |
| Contingency | 37,443 | 37,443 | - | 37,443 |
| <i>Total Expenditures</i> | <u>7,237,443</u> | <u>7,237,443</u> | <u>5,281,219</u> | <u>1,956,224</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (7,235,443) | (7,235,443) | (5,267,778) | 1,967,665 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital contributions | 15,128 | 15,128 | - | (15,128) |
| Transfers in | 640,255 | 640,255 | 53,200 | (587,055) |
| Proceeds from issuance of debt | 5,500,000 | 5,500,000 | 3,131,336 | (2,368,664) |
| <i>Total Other Financing Sources (Uses)</i> | <u>6,155,383</u> | <u>6,155,383</u> | <u>3,184,536</u> | <u>(2,970,847)</u> |
| NET CHANGE IN FUND BALANCE | (1,080,060) | (1,080,060) | (2,083,242) | (1,003,182) |
| FUND BALANCE, beginning of year | <u>1,080,060</u> | <u>1,080,060</u> | <u>1,066,759</u> | <u>(13,301)</u> |
| FUND BALANCE (Deficit), end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,016,483)</u> | <u>\$ (1,016,483)</u> |

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, 2024**

| | Budget Amounts | | | |
|---|-----------------------|--------------|---------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES | | | | |
| Intergovernmental | \$ 23,249 | \$ 23,249 | \$ 23,249 | \$ - |
| Miscellaneous | 1,000 | 1,000 | 13,976 | 12,976 |
| <i>Total Revenues</i> | 24,249 | 24,249 | 37,225 | 12,976 |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | 181,012 | 181,012 | 182,132 | (1,120) |
| Interest | 161,654 | 161,654 | 61,080 | 100,574 |
| <i>Total Expenditures</i> | 342,666 | 342,666 | 243,212 | 99,454 |
| REVENUES OVER (UNDER) EXPENDITURES | (318,417) | (318,417) | (205,987) | 112,430 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 236,000 | 236,000 | 335,380 | 99,380 |
| NET CHANGE IN FUND BALANCE | (82,417) | (82,417) | 129,393 | 211,810 |
| FUND BALANCE, beginning of year | 349,677 | 349,677 | 352,776 | 3,099 |
| FUND BALANCE, end of year | \$ 267,260 | \$ 267,260 | \$ 482,169 | \$ 214,909 |

COMPLIANCE SECTION

***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, 2024, and have issued our report thereon dated May 29, 2025.

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, except for the following:

- Omission of the annual deposit to the Short-lived Annual Reserve (SLAR) as detailed in the notes to the financial statements on page 26
- Expenditures in excess of appropriations as detailed in the notes to the basic financial statements on page 29
- The deficit fund balance as detailed in the notes to the basic financial statements on page 30
- Except for the general fund, the FY23/24 budget was adopted at the category level instead of at the organization unit/program as required by local budget law.

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.

A handwritten signature in black ink, appearing to read "Devan W. Esch". The signature is fluid and cursive, with the first name "Devan" and last name "Esch" clearly distinguishable.

Devan W. Esch, Principal
For REDW LLC
Salem, Oregon
May 29, 2025