

***CITY OF DAYTON, OREGON
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020***

CITY OF DAYTON, OREGON
CITY OFFICIALS
JUNE 30, 2020

<u><i>Name and Address</i></u>	<u><i>Position</i></u>	<u><i>Term Expires</i></u>
Beth Wytoski	Mayor	December 31, 2022
Darrick Price	Council President	December 31, 2022
Daniel Holbrook	Council Member	December 31, 2022
Kitty Mackin	Council Member	December 31, 2020
Trini Marquez	Council Member	December 31, 2020
John Collins	Council Member	December 31, 2020
Rosalba Sandoval-Perez	Council Member	December 31, 2022

Council members receive mail at the City's address

Appointed Officials

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

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

City of Newberg
Building Official *

Denny Muchmore, Westech Engineering
City Engineer *

Jim Jacks, Mid-Willamette Valley Council of Governments
City Planner *

*Contracted Services

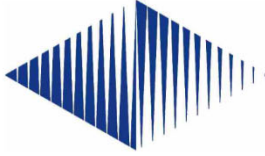
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FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Dayton
P.O. Box 339
Dayton, Oregon 97114

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in the notes to the financial statements; this includes 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 Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the modified cash basis 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 of Dayton, as of June 30, 2020, and the respective changes in modified cash basis financial position and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in the notes to the financial statements.

Basis of Accounting

We draw attention to the notes to financial statements, which describe 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.

Other Matters

Report on Supplemental and Other Information

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

The supplemental 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 on the basis of accounting described in notes to the financial statements.

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 it.

Other Legal and Regulatory Requirements

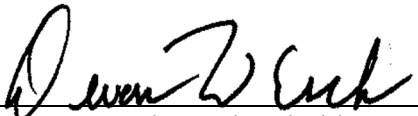
Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2020, 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.

Report Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 17, 2020, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: 
Devan W. Esch, A Shareholder
December 17, 2020

City of Dayton, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2020

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, 2020. 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
	2020	2019	
Net Position	\$ 3,349,981	\$ 3,094,756	\$ 255,225
Change in Net Position	255,225	291,595	(36,370)
Governmental Net Position	1,639,090	1,521,369	117,721
Proprietary Net Position	1,710,891	1,573,387	137,504
Change in Governmental Net Position	117,721	140,865	(23,144)
Change in Proprietary Net Position	137,504	150,730	(13,226)

Overview of the Financial Statements

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

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

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

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

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

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

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

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

- Water Operations
- Sewer Operations

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

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

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

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

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

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

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

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

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

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

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

The proprietary financial statements can be found on pages 13 through 14 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 *supplemental 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 \$3,349,981 at the close of fiscal year 2020.

A portion of the City's net position, \$1,409,172, or approximately 42%, represents resources that are subject to external restrictions on how they may be used. The remaining balance is net position - unrestricted totaling \$1,940,809, or approximately 58%.

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,641,685	\$ 1,710,891	\$ 3,352,576	\$ 1,525,609	\$ 1,573,387	\$ 3,098,996
Other liabilities	2,595	-	2,595	4,240	-	4,240
Net position:						
Restricted	851,842	557,330	1,409,172	583,814	344,646	928,460
Unrestricted	787,248	1,153,561	1,940,809	937,555	1,228,741	2,166,296
Total Net Position	\$ 1,639,090	\$ 1,710,891	\$ 3,349,981	\$ 1,521,369	\$ 1,573,387	\$ 3,094,756

Statement of Activities (Modified Cash Basis)

The City's net position increased \$255,225 during fiscal 2019-2020. This increase is explained in the government and business-type activities as follows:

Governmental activities - The City's net position increased by \$117,721 from governmental activities despite a decrease in total revenues and increase in total expenses.

	2020			2019		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program Revenues						
Fees, fines and charges for services	\$ 78,116	\$ 1,453,233	\$ 1,531,349	\$ 104,944	\$ 1,418,691	\$ 1,523,635
Operating grants and contributions	214,163	-	214,163	224,447	-	224,447.00
Capital grants and contributions	-	922,541	922,541	1,225	11,806	13,031.00
General Revenues						
Property taxes	470,174	-	470,174	453,234	-	453,234.00
Transient lodging tax	76,257	-	76,257	-	-	-
Franchise fees	121,139	-	121,139	172,566	-	172,566.00
Intergovernmental	85,969	-	85,969	85,581	-	85,581.00
Issuance of debt	-	2,592,280	2,592,280	-	1,886,720	1,886,720.00
Investment earnings	27,506	21,502	49,008	32,053	38,518	70,571.00
Miscellaneous	3,277	12,866	16,143	5,148	1,504	6,652.00
<i>Total Revenues</i>	<u>1,076,601</u>	<u>5,002,422</u>	<u>6,079,023</u>	<u>1,079,198</u>	<u>3,357,239</u>	<u>4,436,437</u>
Expenses						
General government	217,980	-	217,980	196,461	-	196,461
Public safety	300,767	-	300,767	313,272	-	313,272
Public works	260,752	-	260,752	290,776	-	290,776
Community development	204,381	-	204,381	172,824	-	172,824
Water	-	1,014,167	1,014,167	-	825,276	825,276
Sewer	-	3,825,751	3,825,751	-	2,346,233	2,346,233
<i>Total Expenses</i>	<u>983,880</u>	<u>4,839,918</u>	<u>5,823,798</u>	<u>973,333</u>	<u>3,171,509</u>	<u>4,144,842</u>
Transfers	25,000	(25,000)	-	35,000	(35,000)	-
Change in Net Position	117,721	137,504	255,225	140,865	150,730	291,595
Net Position, beginning of year	1,521,369	1,573,387	3,094,756	1,380,504	1,422,657	2,803,161
Net Position, end of year	<u>\$ 1,639,090</u>	<u>\$ 1,710,891</u>	<u>\$ 3,349,981</u>	<u>\$ 1,521,369</u>	<u>\$ 1,573,387</u>	<u>\$ 3,094,756</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 \$523,278 at June 30, 2020. The fund balance decreased by \$270,118 during the year mainly due to transfers to other funds.

As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 95% of total General fund expenditures.

Transient Lodging Tax. The Transient Lodging Tax Fund accounts for revenues from the transient lodging tax. Expenditure are related to tourism promotion, tourism-related facilities and related administrative costs. The fund balance increased by \$244,918 during the year as a result of prior transient lodging taxes that were transferred from the General fund and current year taxes collected.

Local Option Tax. The Local Option Tax fund accounts for revenues and expenditures related to police services.

The fund balance increased by \$5,697 as a result of revenues being nearly equal to expenses during the year.

Street Capital Projects. The Street Capital Projects fund is restricted for construction and repair of City streets. The fund balance increased by \$47,662 during the year as a result of decreased capital acquisitions.

Building Reserve. The Building Reserve fund contains amounts committed to the construction of City facilities. The fund balance increased by \$31,869 as a result of transfers from the General fund.

Business-type activities - The City's net position increased by \$137,504 from business-type activities. This increase was due to increases in utility user fees and proceeds from the issuance of debt.

Major Proprietary Funds:

Water Operations. Fund net position decreased by \$39,608 during the year due to increased expenditures related to capital acquisitions.

Sewer Operations. Fund net position increased by \$172,264 as a result of proceeds from the issuance of debt and grants received during the 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 \$4,798,050 in debt outstanding.

The City's debt is for business-type activities and includes \$2,498,050 in outstanding water system improvement loans from Oregon Business Development Department, and \$2,300,000 in an outstanding USDA loan. The loans are paid from net revenues of the water and sewer systems.

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

	<u>Business-type Activities</u>	
	<u>2020</u>	<u>2019</u>
OBDD loans	\$ 2,498,050	\$ 2,632,687
DEQ State Revolving Loan	-	2,007,720
USDA loan	2,300,000	-
	<u>\$ 4,798,050</u>	<u>\$ 4,640,407</u>

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

Current Year General Fund Budgetary Highlights

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

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the long-term impacts of the local economy were examined in conjunction with business decisions made by the City. The following are the major assumptions used in developing the FY 2020 budget:

- The City's population will not grow significantly in 2021.
- The City's tax rate is estimated to be 100% of the City's permanent levy rate of \$1.7057 for general operations and \$1.85 for the local option tax levy.
- Assessed values, the basis of property tax revenues, will grow to 3% due to market conditions.
- Interest rates on investments will be similar to 2020.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF DAYTON, OREGON
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 1,641,685	\$ 1,710,891	\$ 3,352,576
LIABILITIES			
Payroll withholdings	2,595	-	2,595
NET POSITION			
Restricted for:			
Debt service	-	82,248	82,248
Public safety	145,925	-	145,925
Streets	468,781	-	468,781
Community development	237,136	-	237,136
Capital acquisitions	-	384,985	384,985
Customer deposits	-	90,097	90,097
Unrestricted	787,248	1,153,561	1,940,809
<i>Total Net Position</i>	\$ 1,639,090	\$ 1,710,891	\$ 3,349,981

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, 2020

	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expenses) Revenues and Changes in Net Position</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	\$ 217,980	\$ 3,682	\$ 9,675	\$ -	\$ (204,623)	\$ -	\$ (204,623)
Public safety	300,767	18,837	-	-	(281,930)	-	(281,930)
Public works	260,752	27,255	193,321	-	(40,176)	-	(40,176)
Community development	204,381	28,342	11,167	-	(164,872)	-	(164,872)
<i>Total Governmental activities</i>	983,880	78,116	214,163	-	(691,601)	-	(691,601)
Business-type activities:							
Water	1,014,167	987,913	-	-	-	(26,254)	(26,254)
Sewer	3,825,751	465,320	-	922,541	-	(2,437,890)	(2,437,890)
<i>Total Business-type activities</i>	4,839,918	1,453,233	-	922,541	-	(2,464,144)	(2,464,144)
<i>Total Activities</i>	<u>\$ 5,823,798</u>	<u>\$ 1,531,349</u>	<u>\$ 214,163</u>	<u>\$ 922,541</u>	(691,601)	(2,464,144)	(3,155,745)
General Revenues:							
Property taxes					470,174	-	470,174
Transient lodging taxes					76,257	-	76,257
Franchise taxes					121,139	-	121,139
Intergovernmental					85,969	-	85,969
Investment earnings					27,506	21,502	49,008
Miscellaneous					3,277	12,866	16,143
<i>Total General Revenues</i>					784,322	34,368	818,690
<i>Proceeds from issuance of debt</i>					-	2,592,280	2,592,280
<i>Transfers</i>					25,000	(25,000)	-
Change in net position					117,721	137,504	255,225
Net Position - beginning of year					1,521,369	1,573,387	3,094,756
Net Position - end of year					<u>\$ 1,639,090</u>	<u>\$ 1,710,891</u>	<u>\$ 3,349,981</u>

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

CITY OF DAYTON, OREGON
BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Special Revenue</u>			<u>Capital Projects</u>		<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General</u>	<u>Transient Lodging Tax</u>	<u>Local Option Tax</u>	<u>Street Capital Projects</u>	<u>Building Reserve</u>		
ASSETS							
Cash and cash equivalents	\$ 525,873	\$ 244,918	\$ 145,925	\$ 275,330	\$ 169,780	\$ 279,859	\$ 1,641,685
LIABILITIES AND FUND BALANCE							
Liabilities							
Payroll withholdings	\$ 2,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,595
Fund Balance							
Restricted for:							
Public safety	-	-	145,925	-	-	-	145,925
Streets	-	-	-	275,330	30,000	163,451	468,781
Community development	-	177,794	-	-	-	59,342	237,136
Committed to:							
Capital acquisitions	-	-	-	-	139,780	57,066	196,846
Community development	-	67,124	-	-	-	-	67,124
Unassigned	523,278	-	-	-	-	-	523,278
<i>Total Fund Balance</i>	<u>523,278</u>	<u>244,918</u>	<u>145,925</u>	<u>275,330</u>	<u>169,780</u>	<u>279,859</u>	<u>1,639,090</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 525,873</u>	<u>\$ 244,918</u>	<u>\$ 145,925</u>	<u>\$ 275,330</u>	<u>\$ 169,780</u>	<u>\$ 279,859</u>	<u>\$ 1,641,685</u>

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

CITY OF DAYTON, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	<i>Special Revenue</i>			<i>Capital Projects</i>		<i>Other Governmental Funds</i>	<i>Total</i>
	<i>General Fund</i>	<i>Transient Lodging Tax</i>	<i>Local Option Tax</i>	<i>Street Capital Projects</i>	<i>Building Reserve</i>		
REVENUES							
Taxes and assessments	\$ 240,167	\$ 76,257	\$ 239,789	\$ -	\$ -	\$ -	\$ 556,213
Licenses and permits	152,066	-	-	-	-	-	152,066
Intergovernmental	102,943	-	-	-	-	193,321	296,264
Fines and forfeitures	122	-	12,933	-	-	-	13,055
Miscellaneous	41,184	606	3,742	4,084	2,545	6,842	59,003
<i>Total Revenues</i>	<u>536,482</u>	<u>76,863</u>	<u>256,464</u>	<u>4,084</u>	<u>2,545</u>	<u>200,163</u>	<u>1,076,601</u>
EXPENDITURES							
Current							
General government	216,444	-	-	-	-	-	216,444
Public safety	-	-	298,324	-	-	-	298,324
Public works	131,184	-	-	-	-	111,016	242,200
Community development	205,170	747	-	-	-	-	205,917
Capital acquisitions	-	-	2,443	6,422	10,676	1,454	20,995
<i>Total Expenditures</i>	<u>552,798</u>	<u>747</u>	<u>300,767</u>	<u>6,422</u>	<u>10,676</u>	<u>112,470</u>	<u>983,880</u>
REVENUES OVER (UNDER) EXPENDITURES	(16,316)	76,116	(44,303)	(2,338)	(8,131)	87,693	92,721
OTHER FINANCING SOURCES (USES)							
Transfers in	20,000	178,802	50,000	50,000	40,000	35,000	373,802
Transfers out	(273,802)	(10,000)	-	-	-	(65,000)	(348,802)
<i>Total Other Financing Sources (Uses)</i>	<u>(253,802)</u>	<u>168,802</u>	<u>50,000</u>	<u>50,000</u>	<u>40,000</u>	<u>(30,000)</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCE	(270,118)	244,918	5,697	47,662	31,869	57,693	117,721
FUND BALANCE, beginning of year	793,396	-	140,228	227,668	137,911	222,166	1,521,369
FUND BALANCE, end of year	<u>\$ 523,278</u>	<u>\$ 244,918</u>	<u>\$ 145,925</u>	<u>\$ 275,330</u>	<u>\$ 169,780</u>	<u>\$ 279,859</u>	<u>\$ 1,639,090</u>

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

CITY OF DAYTON, OREGON

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

JUNE 30, 2020

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>(Nonmajor) Debt Service</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 811,563	\$ 607,538	\$ 291,790	\$ 1,710,891
LIABILITIES				
	\$ -	\$ -	\$ -	\$ -
FUND NET POSITION				
Restricted for:				
Customer deposits	58,563	31,534	-	90,097
Debt service	-	-	82,248	82,248
Capital acquisitions	185,898	199,087	-	384,985
Unrestricted	567,102	376,917	209,542	1,153,561
<i>Total Net Position</i>	<u>\$ 811,563</u>	<u>\$ 607,538</u>	<u>\$ 291,790</u>	<u>\$ 1,710,891</u>

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

CITY OF DAYTON, OREGON**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****(MODIFIED CASH BASIS) - PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2020**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>(Nonmajor) Debt Service</i>	<i>Total</i>
OPERATING REVENUES				
Charges for services	\$ 964,664	\$ 465,320	\$ -	\$ 1,429,984
Miscellaneous	7,589	5,277	-	12,866
<i>Total Operating Revenues</i>	972,253	470,597	-	1,442,850
OPERATING EXPENSES				
Personal services	254,250	187,244	-	441,494
Materials and services	278,555	114,287	-	392,842
<i>Total Operating Expenses</i>	532,805	301,531	-	834,336
OPERATING INCOME	439,448	169,066	-	608,514
NONOPERATING REVENUES/EXPENSES				
Intergovernmental	-	922,541	23,249	945,790
Issuance of debt	-	2,592,280	-	2,592,280
Capital acquisitions	(320,398)	(1,209,190)	-	(1,529,588)
Debt service				
Principal	-	-	(134,637)	(134,637)
Interest	-	-	(41,357)	(41,357)
Interest revenue	9,842	7,067	4,593	21,502
Payment on refunded debt	-	-	(2,300,000)	(2,300,000)
<i>Total Nonoperating Revenues/Expenses</i>	(310,556)	2,312,698	(2,448,152)	(446,010)
NET INCOME BEFORE TRANSFERS	128,892	2,481,764	(2,448,152)	162,504
Transfers in	6,500	3,500	2,453,000	2,463,000
Transfers out	(175,000)	(2,313,000)	-	(2,488,000)
CHANGE IN FUND NET POSITION	(39,608)	172,264	4,848	137,504
FUND NET POSITION, beginning of year	851,171	435,274	286,942	1,573,387
FUND NET POSITION, end of year	\$ 811,563	\$ 607,538	\$ 291,790	\$ 1,710,891

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

CITY OF DAYTON, OREGON

STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS) - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2020

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>(Nonmajor) Debt Service</i>	<i>Total</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 972,253	\$ 470,597	\$ -	\$ 1,442,850
Cash paid to employees and others for salaries and benefits	(254,250)	(187,244)	-	(441,494)
Cash paid to suppliers and others	(278,555)	(114,287)	-	(392,842)
<i>Net Cash Provided by Operating Activities</i>	439,448	169,066	-	608,514
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	6,500	3,500	2,453,000	2,463,000
Transfers out	(175,000)	(2,313,000)	-	(2,488,000)
<i>Net Cash Used for Non-Capital Financing Activities</i>	(168,500)	(2,309,500)	2,453,000	(25,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Intergovernmental revenue	-	922,541	23,249	945,790
Purchase of capital assets	(320,398)	(1,209,190)	-	(1,529,588)
Proceeds from issuance of debt	-	2,592,280	-	2,592,280
Interest paid on debt	-	-	(41,357)	(41,357)
Principal paid on debt	-	-	(134,637)	(134,637)
Payment on refunded debt	-	-	(2,300,000)	(2,300,000)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(320,398)	2,305,631	(2,452,745)	(467,512)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	9,842	7,067	4,593	21,502
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	(39,608)	172,264	4,848	137,504
CASH AND CASH EQUIVALENTS, Beginning of year	851,171	435,274	286,942	1,573,387
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 811,563</u>	<u>\$ 607,538</u>	<u>\$ 291,790</u>	<u>\$ 1,710,891</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 439,448	\$ 169,066	\$ -	\$ 608,514
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 439,448</u>	<u>\$ 169,066</u>	<u>\$ -</u>	<u>\$ 608,514</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 rule-making, budget preparation and enforcement, expenditure approval, and hiring of the City management personnel. The mayor and six council members are elected by vote of the general public.

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

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

Basic Financial Statements

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

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

Basis of Presentation

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

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

The City reports the following major governmental funds:

General Fund

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

State Revenue Sharing Fund

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

Transient Lodging Tax Fund

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

Local Option Tax Fund

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

Street Capital Projects Fund

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

Building Reserve Fund

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following nonmajor governmental funds:

Street Fund

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

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.

The City reports the following nonmajor proprietary funds:

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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 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.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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, 2020

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, 2020 was \$34,128.

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 financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues and expenditures / expenses as of and for the year ended June 30, 2020. Actual results may differ from such estimates.

CASH AND CASH EQUIVALENTS

Cash	
Cash on hand	\$ 350
Deposits with financial institutions	675,605
Investments	
Local Government Investment Pool	2,676,621
	<hr/>
	\$ 3,352,576
	<hr/> <hr/>

Deposits

At year end, the book balance of the City's bank deposits (checking account) was \$675,605 and the bank balance was \$700,085. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2020, \$450,085 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, 2020, 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, 2020

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, 2019</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2020</i>	<i>Due Within One Year</i>
<i>Direct Placement - Business-type activities</i>					
Note payable to Infrastructure Finance Authority (Oregon Business Development Department)	\$ 2,230,798	\$ -	\$ (121,025)	\$ 2,109,773	\$ 122,235
Note payable to Infrastructure Finance Authority (Oregon Business Development Department)	401,889	-	(13,612)	388,277	13,748
Oregon DEQ State Revolving Loan	2,007,720	292,280	(2,300,000)	-	-
USDA Sewer Improvement Loan	-	2,300,000	-	2,300,000	39,005
	<u>\$ 4,640,407</u>	<u>\$ 2,592,280</u>	<u>\$ (2,434,637)</u>	<u>\$ 4,798,050</u>	<u>\$ 174,988</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 at June 30, 2020 was \$302,319.

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, 2020

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.

Oregon DEQ State Revolving Loan: On May 15, 2017 the City entered into an agreement with the Oregon Department of Environmental Quality (DEQ) to borrow a maximum of \$2,500,000 (later amended to a maximum of \$2,300,000) for improvements to their wastewater system. At the completion of the wastewater improvement project on December 6, 2019, this loan was refinanced through the U.S. Department of Agriculture.

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

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

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2021	\$ 174,988	\$ 68,224	\$ 243,212
2022	177,197	66,014	243,211
2023	179,318	63,893	243,211
2024	181,466	61,745	243,211
2025	183,534	59,678	243,212
2026-2030	951,763	264,295	1,216,058
2031-2035	1,010,638	205,473	1,216,111
2036-2040	491,795	151,181	642,976
2041-2045	379,843	119,494	499,337
2046-2050	323,005	88,235	411,240
2051-2055	354,457	56,783	411,240
2056-2060	388,972	22,268	411,240
2061-2065	1,074	20	1,094
	<u>\$ 4,798,050</u>	<u>\$ 1,227,303</u>	<u>\$ 6,025,353</u>

PENSION PLAN

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

CITY OF DAYTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2020

PENSION PLAN (Continued)

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

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

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

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

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

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

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

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

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

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

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

CITY OF DAYTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2020

PENSION PLAN (Continued)

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2020 were 18.16% for Tier One/Tier Two employees, 11.33% for OPSRP general service employees, and 15.96% for OPSRP police/fire employees. The City's total contributions to PERS were \$95,239, for fiscal year ended June 30, 2020.

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 2020 were based on the December 31, 2017 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, 2020, the City reported a net pension liability of \$561,482 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on a December 31, 2017 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 0.00324601% as of the June 30, 2019 measurement date, compared to 0.00401704% as of June 30, 2018.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2017 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 2.50%, projected salary increases of 3.50%, investment rate of return of 7.20%, and mortality rates based on the RP-2014 sex-distinct mortality tables, with generational adjustments per scale BB. These assumptions were based on the results of an actuarial experience study for the four-year period ending December 31, 2016.

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

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

The discount rate used to measure the total pension liability was 7.20%. 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 6.20%, 7.20%, and 8.20%.

CITY OF DAYTON, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2020

PENSION PLAN (Continued)

	<u>1% Decrease</u> <u>(6.20%)</u>	<u>Discount Rate</u> <u>(7.20%)</u>	<u>1% Increase</u> <u>(8.20%)</u>
Proportionate share of the net pension liability	\$ 899,164	\$ 561,482	\$ 278,889

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

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. As permitted, the City has opted to pick-up the contributions on behalf of employees; contributions were \$30,287 for the year ended June 30, 2020. Employees are fully vested after completing 600 hours of service in each of five calendar years. PERS contracts with VOYA Financial to administer the IAP.

INTERFUND TRANSFERS (BUDGETARY BASIS)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 153,302
Local Option Tax	50,000	-
Transient Lodging Tax	178,802	10,000
Street Capital Projects	50,000	-
State Revenue Sharing	20,000	120,500
Street	-	65,000
Park Capital Projects	5,000	-
Building Reserve	40,000	-
Equipment Replacement Reserve	30,000	-
Water Utility	6,500	490,000
Sewer	3,500	113,000
Water Utility Capital	315,000	-
Sewer Utility Capital	100,000	2,300,000
Debt Service	2,453,000	-
	<u>\$ 3,251,802</u>	<u>\$ 3,251,802</u>

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

CONTINGENCIES

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

OVEREXPENDITURE OF APPROPRIATIONS

During the year, the City had expenditures in excess of appropriations within the Debt Service Fund as a result of the refinance of existing debt. These overexpenditures are not in violation of Local Budget Law under ORS 294.338(4).

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 17, 2020, the date on which the financial statements were available to be issued. As a result of the recent coronavirus pandemic (COVID-19), numerous sectors of the economy are suffering damage and the long-term economic and business consequences of this remain unknown. The extent to which this will impact the City is uncertain.

Subsequent to year end, the City received \$61,204 in reimbursement basis COVID relief funding for expenditures through November 2020.

SUPPLEMENTAL INFORMATION

CITY OF DAYTON, OREGON
RECONCILIATION OF BUDGETARY TO REPORTING FUNDS
BALANCE SHEET (BUDGETARY BASIS) - GENERAL FUND
JUNE 30, 2020

	<i>Budgetary funds</i>		<i>Total (reported as General Fund)</i>
	<i>General</i>	<i>State Revenue Sharing</i>	
ASSETS			
Cash and cash equivalents	\$ 502,255	\$ 23,618	\$ 525,873
LIABILITIES AND FUND BALANCE			
Liabilities			
Payroll withholdings	\$ 2,595	\$ -	\$ 2,595
Fund Balance			
Unassigned	499,660	23,618	523,278
<i>Total Liabilities and Fund Balance</i>	<i>\$ 502,255</i>	<i>\$ 23,618</i>	<i>\$ 525,873</i>

CITY OF DAYTON, OREGON*RECONCILIATION OF BUDGETARY TO REPORTING FUNDS**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) - GENERAL FUND**YEAR ENDED JUNE 30, 2020*

	<i>Budgetary funds</i>		<i>Total (reported as General Fund)</i>
	<i>General</i>	<i>State Revenue Sharing</i>	
REVENUES			
Taxes and assessments	\$ 240,167	\$ -	\$ 240,167
Licenses and permits	152,066	-	152,066
Intergovernmental	73,474	29,469	102,943
Fines and forfeitures	122	-	122
Miscellaneous	40,881	303	41,184
<i>Total Revenues</i>	506,710	29,772	536,482
EXPENDITURES			
General government	180,009	36,435	216,444
Public works	131,184	-	131,184
Community development	203,634	1,536	205,170
<i>Total Expenditures</i>	514,827	37,971	552,798
REVENUES OVER (UNDER) EXPENDITURES	(8,117)	(8,199)	(16,316)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	20,000	20,000
Transfers out	(153,302)	(120,500)	(273,802)
<i>Total Other Financing Sources (Uses)</i>	(153,302)	(100,500)	(253,802)
NET CHANGE IN FUND BALANCE	(161,419)	(108,699)	(270,118)
FUND BALANCE, beginning of year	661,079	132,317	793,396
FUND BALANCE, end of year	\$ 499,660	\$ 23,618	\$ 523,278

CITY OF DAYTON, OREGON
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	<i>Special Revenue</i>	<i>Capital Projects</i>		<i>Total</i>
	<i>Street</i>	<i>Park Capital Projects</i>	<i>Equipment Replacement Reserve</i>	
ASSETS				
Cash and cash equivalents	\$ 163,451	\$ 59,342	\$ 57,066	\$ 279,859
LIABILITIES AND FUND BALANCE				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Restricted for:				
Streets	163,451	-	-	163,451
Community development	-	59,342	-	59,342
Committed to:				
Capital acquisitions	-	-	57,066	57,066
<i>Total Fund Balance</i>	163,451	59,342	57,066	279,859
Total Liabilities and Fund Balance	\$ 163,451	\$ 59,342	\$ 57,066	\$ 279,859

CITY OF DAYTON, OREGON

*COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020*

	<i>Special Revenue</i>	<i>Capital Projects</i>		<i>Total</i>
	<i>Street</i>	<i>Park Capital Projects</i>	<i>Equipment Replacement Reserve</i>	
REVENUES				
Intergovernmental	\$ 193,321	\$ -	\$ -	\$ 193,321
Miscellaneous	2,019	4,005	818	6,842
<i>Total Revenues</i>	195,340	4,005	818	200,163
EXPENDITURES				
Current				
Public works	111,016	-	-	111,016
Capital acquisitions	1,454	-	-	1,454
<i>Total Expenditures</i>	112,470	-	-	112,470
REVENUES OVER (UNDER) EXPENDITURES	82,870	4,005	818	87,693
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,000	30,000	35,000
Transfers out	(65,000)	-	-	(65,000)
<i>Total Other Financing Sources (Uses)</i>	(65,000)	5,000	30,000	(30,000)
NET CHANGE IN FUND BALANCE	17,870	9,005	30,818	57,693
FUND BALANCE, beginning of year	145,581	50,337	26,248	222,166
FUND BALANCE, end of year	\$ 163,451	\$ 59,342	\$ 57,066	\$ 279,859

CITY OF DAYTON, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes and assessments	\$ 222,100	\$ 222,100	\$ 240,167	\$ 18,067
Licenses and permits	126,100	130,100	152,066	21,966
Intergovernmental	72,000	72,000	73,474	1,474
Fines and forfeitures	-	-	122	122
Miscellaneous	32,550	32,550	40,881	8,331
<i>Total Revenues</i>	<u>452,750</u>	<u>456,750</u>	<u>506,710</u>	<u>49,960</u>
EXPENDITURES				
Administration	205,630	205,630	180,009	25,621
Parks	178,379	178,379	121,302	57,077
Library	94,605	96,605	82,332	14,273
Planning	96,006	97,006	66,939	30,067
Building Program	114,373	115,373	64,245	51,128
Contingency	49,062	49,062	-	49,062
<i>Total Expenditures</i>	<u>738,055</u>	<u>742,055</u>	<u>514,827</u>	<u>227,228</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(285,305)</u>	<u>(285,305)</u>	<u>(8,117)</u>	<u>277,188</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(153,302)</u>	<u>(153,302)</u>	<u>(153,302)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(438,607)</u>	<u>(438,607)</u>	<u>(161,419)</u>	<u>277,188</u>
FUND BALANCE, beginning of year	<u>683,607</u>	<u>683,607</u>	<u>661,079</u>	<u>(22,528)</u>
FUND BALANCE, end of year	<u>\$ 245,000</u>	<u>\$ 245,000</u>	<u>\$ 499,660</u>	<u>\$ 254,660</u>

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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 29,469	\$ 4,469
Miscellaneous	400	400	303	(97)
<i>Total Revenues</i>	25,400	25,400	29,772	4,372
EXPENDITURES				
Materials and services	41,136	41,136	36,435	4,701
Capital outlay	12,000	12,000	1,536	10,464
<i>Total Expenditures</i>	53,136	53,136	37,971	15,165
REVENUES OVER (UNDER) EXPENDITURES	(27,736)	(27,736)	(8,199)	19,537
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Transfers out	(120,500)	(120,500)	(120,500)	-
<i>Total Other Financing Sources (Uses)</i>	(100,500)	(100,500)	(100,500)	-
NET CHANGE IN FUND BALANCE	(128,236)	(128,236)	(108,699)	19,537
FUND BALANCE, beginning of year	128,236	128,236	132,317	4,081
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,618</u>	<u>\$ 23,618</u>

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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes and assessments	\$ 65,000	\$ 65,000	\$ 76,257	\$ 11,257
Miscellaneous	400	400	606	206
<i>Total Revenues</i>	65,400	65,400	76,863	11,463
EXPENDITURES				
Materials and services	1,325	1,325	747	578
Contingency	170,661	160,661	-	160,661
<i>Total Expenditures</i>	171,986	161,986	747	161,239
REVENUES OVER (UNDER) EXPENDITURES	(106,586)	(96,586)	76,116	172,702
OTHER FINANCING SOURCES (USES)				
Transfers in	178,802	178,802	178,802	-
Transfers out	-	(10,000)	(10,000)	-
<i>Total Other Financing Sources (Uses)</i>	178,802	168,802	168,802	-
NET CHANGE IN FUND BALANCE	72,216	72,216	244,918	172,702
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	<u>\$ 72,216</u>	<u>\$ 72,216</u>	<u>\$ 244,918</u>	<u>\$ 172,702</u>

CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) -
BUDGET AND ACTUAL - LOCAL OPTION TAX FUND
YEAR JUNE 30, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes and assessments	\$ 222,000	\$ 222,000	\$ 239,789	\$ 17,789
Fines and forfeitures	30,250	30,250	12,933	(17,317)
Miscellaneous	1,000	1,000	3,742	2,742
<i>Total Revenues</i>	<u>253,250</u>	<u>253,250</u>	<u>256,464</u>	<u>3,214</u>
EXPENDITURES				
Personnel services	59,097	59,097	54,970	4,127
Materials and services	278,715	278,715	243,354	35,361
Capital outlay	3,500	3,500	2,443	1,057
Contingency	100,643	100,643	-	100,643
<i>Total Expenditures</i>	<u>441,955</u>	<u>441,955</u>	<u>300,767</u>	<u>141,188</u>
REVENUES OVER (UNDER) EXPENDITURES	(188,705)	(188,705)	(44,303)	144,402
OTHER FINANCING SOURCES				
Transfers in	50,000	50,000	50,000	-
NET CHANGE IN FUND BALANCE	(138,705)	(138,705)	5,697	144,402
FUND BALANCE, beginning of year	<u>138,705</u>	<u>138,705</u>	<u>140,228</u>	<u>1,523</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,925</u>	<u>\$ 145,925</u>

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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Licenses and permits	\$ 11,250	\$ 11,250	\$ -	\$ (11,250)
Intergovernmental	150,000	150,000	-	(150,000)
Miscellaneous	3,000	3,000	4,084	1,084
<i>Total Revenues</i>	<u>164,250</u>	<u>164,250</u>	<u>4,084</u>	<u>(160,166)</u>
EXPENDITURES				
Capital outlay	<u>397,000</u>	<u>397,000</u>	<u>6,422</u>	<u>390,578</u>
REVENUES OVER (UNDER) EXPENDITURES	(232,750)	(232,750)	(2,338)	230,412
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(182,750)	(182,750)	47,662	230,412
FUND BALANCE, beginning of year	<u>229,067</u>	<u>229,067</u>	<u>227,668</u>	<u>(1,399)</u>
FUND BALANCE, end of year	<u>\$ 46,317</u>	<u>\$ 46,317</u>	<u>\$ 275,330</u>	<u>\$ 229,013</u>

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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous	\$ 1,500	\$ 1,500	\$ 2,545	\$ 1,045
EXPENDITURES				
Capital outlay	20,000	20,000	10,676	9,324
Contingency	56,781	56,781	-	56,781
<i>Total Expenditures</i>	<u>76,781</u>	<u>76,781</u>	<u>10,676</u>	<u>66,105</u>
REVENUES OVER (UNDER) EXPENDITURES	(75,281)	(75,281)	(8,131)	67,150
OTHER FINANCING SOURCES				
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(35,281)	(35,281)	31,869	67,150
FUND BALANCE, beginning of year	<u>135,281</u>	<u>135,281</u>	<u>137,911</u>	<u>2,630</u>
FUND BALANCE, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 169,780</u>	<u>\$ 69,780</u>

CITY OF DAYTON, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) -
BUDGET AND ACTUAL - STREET FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 160,000	\$ 160,000	\$ 193,321	\$ 33,321
Miscellaneous	1,100	1,100	2,019	919
<i>Total Revenues</i>	161,100	161,100	195,340	34,240
EXPENDITURES				
Personnel services	54,979	54,979	49,768	5,211
Materials and services	83,418	83,418	61,248	22,170
Capital outlay	6,500	6,500	1,454	5,046
Contingency	76,328	76,328	-	76,328
<i>Total Expenditures</i>	221,225	221,225	112,470	108,755
REVENUES OVER (UNDER) EXPENDITURES	(60,125)	(60,125)	82,870	142,995
OTHER FINANCING SOURCES (USES)				
Transfers out	(65,000)	(65,000)	(65,000)	-
NET CHANGE IN FUND BALANCE	(125,125)	(125,125)	17,870	142,995
FUND BALANCE, beginning of year	125,125	125,125	145,581	20,456
FUND BALANCE, end of year	\$ -	\$ -	\$ 163,451	\$ 163,451

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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Licenses and permits	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Miscellaneous	3,000	3,000	4,005	1,005
<i>Total Revenues</i>	4,000	4,000	4,005	5
EXPENDITURES				
Capital outlay	35,000	35,000	-	35,000
Contingency	18,052	18,052	-	18,052
<i>Total Expenditures</i>	53,052	53,052	-	53,052
REVENUES OVER (UNDER) EXPENDITURES	(49,052)	(49,052)	4,005	53,057
OTHER FINANCING SOURCES				
Transfers in	5,000	5,000	5,000	-
NET CHANGE IN FUND BALANCE	(44,052)	(44,052)	9,005	53,057
FUND BALANCE, beginning of year	44,052	44,052	50,337	6,285
FUND BALANCE, end of year	\$ -	\$ -	\$ 59,342	\$ 59,342

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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Miscellaneous	\$ 550	\$ 550	\$ 818	\$ 268
EXPENDITURES				
Capital outlay	10,000	10,000	-	10,000
Contingency	46,775	46,775	-	46,775
<i>Total Expenditures</i>	<u>56,775</u>	<u>56,775</u>	<u>-</u>	<u>56,775</u>
REVENUES OVER (UNDER) EXPENDITURES	(56,225)	(56,225)	818	57,043
OTHER FINANCING SOURCES				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(26,225)	(26,225)	30,818	57,043
FUND BALANCE, beginning of year	<u>26,225</u>	<u>26,225</u>	<u>26,248</u>	<u>23</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,066</u>	<u>\$ 57,066</u>

CITY OF DAYTON, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
WATER OPERATIONS
YEAR ENDED JUNE 30, 2020**

	<u>Water Utility</u>	<u>Water Utility Capital</u>	<u>Interfund Eliminations</u>	<u>Total Water Operations</u>
REVENUES				
Charges for services	\$ 964,664	\$ -	\$ -	\$ 964,664
Miscellaneous	10,226	7,205	-	17,431
<i>Total Revenues</i>	974,890	7,205	-	982,095
EXPENDITURES				
Personnel services	254,250	-	-	254,250
Materials and services	278,555	-	-	278,555
Capital outlay	6,896	313,502	-	320,398
<i>Total Expenditures</i>	539,701	313,502	-	853,203
REVENUES OVER (UNDER) EXPENDITURES	435,189	(306,297)	-	128,892
OTHER FINANCING SOURCES (USES)				
Transfers in	6,500	315,000	(315,000)	6,500
Transfers out	(490,000)	-	315,000	(175,000)
<i>Total Other Financing Sources (Uses)</i>	(483,500)	315,000	-	(168,500)
NET CHANGE IN FUND BALANCE	(48,311)	8,703	-	(39,608)
FUND BALANCE, beginning of year	673,976	177,195	-	851,171
FUND BALANCE, end of year	<u>\$ 625,665</u>	<u>\$ 185,898</u>	<u>\$ -</u>	<u>\$ 811,563</u>

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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 917,400	\$ 910,900	\$ 964,664	\$ 53,764
Miscellaneous	7,000	7,000	10,226	3,226
<i>Total Revenues</i>	924,400	917,900	974,890	56,990
EXPENDITURES				
Personnel services	305,176	305,176	254,250	50,926
Materials and services	398,935	398,935	278,555	120,380
Capital outlay	13,000	13,000	6,896	6,104
Contingency	158,061	158,061	-	158,061
<i>Total Expenditures</i>	875,172	875,172	539,701	335,471
REVENUES OVER (UNDER) EXPENDITURES	49,228	42,728	435,189	392,461
OTHER FINANCING SOURCES (USES)				
Transfers in	-	6,500	6,500	-
Transfers out	(490,000)	(490,000)	(490,000)	-
<i>Total Other Financing Sources (Uses)</i>	(490,000)	(483,500)	(483,500)	-
NET CHANGE IN FUND BALANCE	(440,772)	(440,772)	(48,311)	392,461
FUND BALANCE, beginning of year	640,773	640,773	673,976	33,203
FUND BALANCE, end of year	\$ 200,001	\$ 200,001	\$ 625,665	\$ 425,664

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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Licenses and permits	\$ 42,420	\$ 42,420	\$ -	\$ (42,420)
Miscellaneous	2,500	2,500	7,205	4,705
<i>Total Revenues</i>	44,920	44,920	7,205	(37,715)
EXPENDITURES				
Capital outlay	490,005	490,005	313,502	176,503
REVENUES OVER (UNDER) EXPENDITURES	(445,085)	(445,085)	(306,297)	138,788
OTHER FINANCING SOURCES (USES)				
Transfers in	315,000	315,000	315,000	-
NET CHANGE IN FUND BALANCE	(130,085)	(130,085)	8,703	138,788
FUND BALANCE, beginning of year	130,085	130,085	177,195	47,110
FUND BALANCE, end of year	\$ -	\$ -	\$ 185,898	\$ 185,898

CITY OF DAYTON, OREGON**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
SEWER OPERATIONS****YEAR ENDED JUNE 30, 2020**

	<u>Sewer Utility</u>	<u>Sewer Utility Capital</u>	<u>Interfund Eliminations</u>	<u>Total Sewer Operations</u>
REVENUES				
Charges for services	\$ 465,320	\$ -	\$ -	\$ 465,320
Intergovernmental	-	922,541	-	922,541
Miscellaneous	7,926	4,418	-	12,344
<i>Total Revenues</i>	473,246	926,959	-	1,400,205
EXPENDITURES				
Personnel services	187,244	-	-	187,244
Materials and services	114,287	-	-	114,287
Capital outlay	8,659	1,200,531	-	1,209,190
<i>Total Expenditures</i>	310,190	1,200,531	-	1,510,721
REVENUES OVER (UNDER) EXPENDITURES	163,056	(273,572)	-	(110,516)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,500	100,000	(100,000)	3,500
Transfers out	(113,000)	(2,300,000)	100,000	(2,313,000)
Proceeds from issuance of debt	-	2,592,280	-	2,592,280
<i>Total Other Financing Sources (Uses)</i>	(109,500)	392,280	-	282,780
NET CHANGE IN FUND BALANCE	53,556	118,708	-	172,264
FUND BALANCE, beginning of year	354,895	80,379	-	435,274
FUND BALANCE, end of year	\$ 408,451	\$ 199,087	\$ -	\$ 607,538

CITY OF DAYTON, OREGON**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) -
BUDGET AND ACTUAL - SEWER FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 451,600	\$ 448,100	\$ 465,320	\$ 17,220
Miscellaneous	4,250	4,250	7,926	3,676
<i>Total Revenues</i>	455,850	452,350	473,246	20,896
EXPENDITURES				
Personnel services	220,528	220,528	187,244	33,284
Materials and services	213,225	213,225	114,287	98,938
Capital outlay	60,275	60,275	8,659	51,616
Contingency	111,801	111,801	-	111,801
<i>Total Expenditures</i>	605,829	605,829	310,190	295,639
REVENUES OVER (UNDER) EXPENDITURES	(149,979)	(153,479)	163,056	316,535
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,500	3,500	-
Transfers out	(113,000)	(113,000)	(113,000)	-
<i>Total Other Financing Sources (Uses)</i>	(113,000)	(109,500)	(109,500)	-
NET CHANGE IN FUND BALANCE	(262,979)	(262,979)	53,556	316,535
FUND BALANCE, beginning of year	347,979	347,979	354,895	6,916
FUND BALANCE, end of year	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 408,451</u>	<u>\$ 323,451</u>

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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 1,000,000	\$ 1,307,870	\$ 922,541	\$ (385,329)
Licenses and permits	75,640	75,640	-	(75,640)
Miscellaneous	4,800	4,800	4,418	(382)
<i>Total Revenues</i>	1,080,440	1,388,310	926,959	(461,351)
EXPENDITURES				
Capital outlay	1,045,000	1,352,870	1,200,531	152,339
Contingency	42,151	42,151	-	42,151
<i>Total Expenditures</i>	1,087,151	1,395,021	1,200,531	194,490
REVENUES OVER (UNDER) EXPENDITURES	(6,711)	(6,711)	(273,572)	(266,861)
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	-	-	(2,300,000)	(2,300,000) *
Proceeds from issuance of debt	-	-	2,592,280	2,592,280
<i>Total Other Financing Sources (Uses)</i>	100,000	100,000	392,280	292,280
NET CHANGE IN FUND BALANCE	93,289	93,289	118,708	25,419
FUND BALANCE, beginning of year	56,711	56,711	80,379	23,668
FUND BALANCE, end of year	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 199,087</u>	<u>\$ 49,087</u>

* Transfers out occurred as a result of debt issuance in order to provide funds for payment of existing loan, therefore this is not considered noncompliance related to overexpenditure of appropriations.

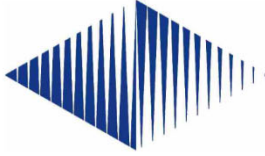
CITY OF DAYTON, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) -
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 23,249	\$ 23,249	\$ 23,249	\$ -
Miscellaneous	1,000	1,000	4,593	3,593
<i>Total Revenues</i>	<u>24,249</u>	<u>24,249</u>	<u>27,842</u>	<u>3,593</u>
EXPENDITURES				
Debt service				
Principal	138,655	138,655	134,637	4,018
Interest	22,308	22,308	41,357	(19,049) *
<i>Total Expenditures</i>	<u>160,963</u>	<u>160,963</u>	<u>175,994</u>	<u>(15,031)</u>
REVENUES OVER (UNDER) EXPENDITURES	(136,714)	(136,714)	(148,152)	(11,438)
OTHER FINANCING SOURCES				
Transfers in	153,000	153,000	2,453,000	2,300,000
Payment on refunded debt	-	-	(2,300,000)	(2,300,000) *
<i>Total Other Financing Sources and Uses</i>	<u>153,000</u>	<u>153,000</u>	<u>153,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	16,286	16,286	4,848	(11,438)
FUND BALANCE, beginning of year	<u>286,818</u>	<u>286,818</u>	<u>286,942</u>	<u>124</u>
FUND BALANCE, end of year	<u>\$ 303,104</u>	<u>\$ 303,104</u>	<u>\$ 291,790</u>	<u>\$ (11,314)</u>

* Amounts in excess of appropriations due to payment of refunded loan, therefore this is not considered noncompliance related to overexpenditure of appropriations.

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Honorable Mayor and Members of the City Council
City of Dayton
P.O. Box 339
Dayton, Oregon 97114

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Dayton, Oregon (the City) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 17, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting


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

See the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* for additional comments.

Restriction on Use

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

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

By: 
Devan W. Esch, A Shareholder
December 17, 2020