

***CITY OF DAYTON, OREGON  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2021***

**CITY OF DAYTON, OREGON**  
**CITY OFFICIALS**  
**JUNE 30, 2021**

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

Council members receive mail at the City's address

**Appointed Officials**

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

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

City of Newberg  
Building Official \*

Denny Muchmore, Westech Engineering  
City Engineer \*

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

\*Contracted Services

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***FINANCIAL SECTION***



# GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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## ***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, Oregon as of and for the year ended June 30, 2021, 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. 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 City'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 City'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, 2021, 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'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***

### ***Report Required by Oregon Minimum Standards***

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 31, 2022, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By:   
Devan W. Esch, A Shareholder  
January 31, 2022

## City of Dayton, Oregon

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2021

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, 2021. 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
	2021	2020	
Net Position	\$ 3,611,370	\$ 3,349,981	\$ 261,389
Change in Net Position	261,389	255,225	6,164
Governmental Net Position	1,663,577	1,639,090	24,487
Proprietary Net Position	1,947,793	1,710,891	236,902
Change in Governmental Net Position	24,487	117,721	(93,234)
Change in Proprietary Net Position	236,902	137,504	99,398

#### 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 \$3,611,370 at the close of fiscal year 2021.

A portion of the City's net position, \$1,527,167 or approximately 37%, represents resources that are subject to external restrictions on how they may be used. The remaining balance is net position - unrestricted totaling \$2,084,203 or approximately 63%.

	2021			2020		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,665,061	\$ 1,947,793	\$ 3,612,854	\$ 1,641,685	\$ 1,710,891	\$ 3,352,576
Other liabilities	1,484	-	1,484	2,595	-	2,595
Net position:						
Restricted	813,888	713,279	1,527,167	851,842	557,330	1,409,172
Unrestricted	849,689	1,234,514	2,084,203	787,248	1,153,561	1,940,809
Total Net Position	\$ 1,663,577	\$ 1,947,793	\$ 3,611,370	\$ 1,639,090	\$ 1,710,891	\$ 3,349,981

**Statement of Activities (Modified Cash Basis)**

The City's net position increased \$261,389 during fiscal 2020-2021. This increase is explained in the government and business-type activities as follows:

*Governmental activities* - The City's net position increased by \$24,486 from governmental activities despite an increase in total revenues and increase in total expenses.

	2021			2020		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
<b>Revenues</b>						
<b>Program Revenues</b>						
Fees, fines and charges for services	\$ 224,054	\$ 1,498,929	\$ 1,722,983	\$ 78,116	\$ 1,453,233	\$ 1,531,349
Operating grants and contributions	290,075	-	290,075	214,163	-	214,163.00
Capital grants and contributions	179,730	248,222	427,952		922,541	922,541.00
<b>General Revenues</b>						
Property taxes	484,420	-	484,420	470,174	-	470,174.00
Transient lodging tax	68,255	-	68,255	76,257	-	76,257.00
Franchise fees	108,223	-	108,223	121,139	-	121,139.00
Intergovernmental	96,757	23,249	120,006	85,969	-	85,969.00
Issuance of debt	-	-	-	-	2,592,280	2,592,280.00
Investment earnings	10,443	8,189	18,632	27,506	21,502	49,008.00
Miscellaneous	7,930	4,449	12,379	3,277	12,866	16,143.00
<i>Total Revenues</i>	<u>1,469,887</u>	<u>1,783,038</u>	<u>3,252,925</u>	<u>1,076,601</u>	<u>5,002,422</u>	<u>6,079,023</u>
<b>Expenses</b>						
General government	252,941	-	252,941	217,980	-	217,980
Public safety	290,746	-	290,746	300,767	-	300,767
Public works	704,397	-	704,397	260,752	-	260,752
Community development	242,316	-	242,316	204,381	-	204,381
Water	-	1,022,533	1,022,533	-	1,014,167	1,014,167
Sewer	-	478,603	478,603	-	3,825,751	3,825,751
<i>Total Expenses</i>	<u>1,490,400</u>	<u>1,501,136</u>	<u>2,991,536</u>	<u>983,880</u>	<u>4,839,918</u>	<u>5,823,798</u>
Transfers	45,000	(45,000)	-	25,000	(25,000)	-
Change in Net Position	24,487	236,902	261,389	117,721	137,504	255,225
Net Position, beginning of year	1,639,090	1,710,891	3,349,981	1,521,369	1,573,387	3,094,756
Net Position, end of year	<u>\$ 1,663,577</u>	<u>\$ 1,947,793</u>	<u>\$ 3,611,370</u>	<u>\$ 1,639,090</u>	<u>\$ 1,710,891</u>	<u>\$ 3,349,981</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 \$571,037 at June 30, 2021. The fund balance increased by \$47,759 during the year mainly due to licenses and permits revenue.

As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 82% 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 \$67,025 during the year as a result of prior transient lodging taxes that were collected in the current year.

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

The fund balance decreased by \$31,138 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 decreased by \$118,069 during the year as a result of increased capital acquisitions.

*Building Reserve.* The Building Reserve fund contains amounts committed to the construction of City facilities. The fund balance increased by \$28,262 as a result of transfers from the General fund.

*Business-type activities* - The City's net position increased by \$236,902 from business-type activities. This increase was due to increases in utility user fees.

*Major Proprietary Funds:*

*Water Operations.* Fund net position increased by \$99,376 during the year due to increased revenues related to charges for services.

*Sewer Operations.* Fund net position increased by \$119,744 as a result of increased revenues related to charges for services.

*Debt Service.* Fund net position increased by \$17,782 as a result of decreased principal payments.

**Capital Assets and Debt Administration**

*Capital Assets*

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

*Debt*

At the end of the current fiscal year, the City had a total of \$4,623,062 in debt outstanding.

The City's debt is for business-type activities and includes \$2,362,067 in outstanding water system improvement loans from Oregon Business Development Department, and \$2,260,995 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>2021</u>	<u>2020</u>
OBDD loans	\$ 2,362,067	\$ 2,498,050
USDA loan	2,260,995	2,300,000
	<u>\$ 4,623,062</u>	<u>\$ 4,798,050</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 2021 budget:

- The City's population will not grow significantly in 2022.
- 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 2021.

## **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 STATEMENT***

**CITY OF DAYTON, OREGON**  
**STATEMENT OF NET POSITION (MODIFIED CASH BASIS)**  
**JUNE 30, 2021**

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Totals</i>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,665,061	\$ 1,947,793	\$ 3,612,854
<b>LIABILITIES</b>			
Payroll withholdings	1,484	-	1,484
<b>NET POSITION</b>			
Restricted for:			
Debt service	-	82,248	82,248
Public safety	114,787	-	114,787
Streets	415,067	-	415,067
Community development	284,034	-	284,034
Capital acquisitions	-	536,508	536,508
Customer deposits	-	94,523	94,523
Unrestricted	849,689	1,234,514	2,084,203
<i>Total Net Position</i>	<i>\$ 1,663,577</i>	<i>\$ 1,947,793</i>	<i>\$ 3,611,370</i>

*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, 2021**

	<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>
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental activities:</b>							
General government	\$ 252,941	\$ 2,997	\$ 81,045	\$ -	\$ (168,899)	\$ -	\$ (168,899)
Public safety	290,746	17,114	-	-	(273,632)	-	(273,632)
Public works	704,397	203,803	197,322	178,430	(124,842)	-	(124,842)
Community development	242,316	140	11,708	1,300	(229,168)	-	(229,168)
<i>Total Governmental activities</i>	1,490,400	224,054	290,075	179,730	(796,541)	-	(796,541)
<b>Business-type activities:</b>							
Water	1,022,533	992,016	-	55,146	-	24,629	24,629
Sewer	478,603	506,913	-	193,076	-	221,386	221,386
<i>Total Business-type activities</i>	1,501,136	1,498,929	-	248,222	-	246,015	246,015
<i>Total Activities</i>	\$ 2,991,536	\$ 1,722,983	\$ 290,075	\$ 427,952	(796,541)	246,015	(550,526)
<b>General Revenues:</b>							
Property taxes					484,420	-	484,420
Transient lodging taxes					68,255	-	68,255
Franchise taxes					108,223	-	108,223
Intergovernmental					96,757	23,249	120,006
Investment earnings					10,443	8,189	18,632
Miscellaneous					7,930	4,449	12,379
<i>Total General Revenues</i>					776,028	35,887	811,915
<b>Transfers</b>					45,000	(45,000)	-
<b>Change in net position</b>					24,487	236,902	261,389
<b>Net Position - beginning of year</b>					1,639,090	1,710,891	3,349,981
<b>Net Position - end of year</b>					\$ 1,663,577	\$ 1,947,793	\$ 3,611,370

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

**CITY OF DAYTON, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)**  
**JUNE 30, 2021**

	<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</u>	<u>Street Capital Projects</u>	<u>Building Reserve</u>		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 572,521	\$ 311,943	\$ 114,787	\$ 217,806	\$ 157,261	\$ 198,042	\$ 92,701	\$ 1,665,061
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities</b>								
Payroll withholdings	\$ 1,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,484
<b>Fund Balance</b>								
Restricted for:								
Public safety	-	-	114,787	-	-	-	-	114,787
Streets	-	-	-	217,806	157,261	40,000	-	415,067
Community development	-	224,113	-	-	-	-	59,921	284,034
Committed to:								
Capital acquisitions	-	-	-	-	-	158,042	32,780	190,822
Community development	-	87,830	-	-	-	-	-	87,830
Unassigned	571,037	-	-	-	-	-	-	571,037
<i>Total Fund Balance</i>	<u>571,037</u>	<u>311,943</u>	<u>114,787</u>	<u>217,806</u>	<u>157,261</u>	<u>198,042</u>	<u>92,701</u>	<u>1,663,577</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 572,521</u>	<u>\$ 311,943</u>	<u>\$ 114,787</u>	<u>\$ 217,806</u>	<u>\$ 157,261</u>	<u>\$ 198,042</u>	<u>\$ 92,701</u>	<u>\$ 1,665,061</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 -**  
**GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)**  
**YEAR ENDED JUNE 30, 2021**

	<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</i>	<i>Street Capital Projects</i>	<i>Building Reserve</i>		
<b>REVENUES</b>								
Taxes and assessments	\$ 237,365	\$ 68,255	\$ 247,054	\$ -	\$ -	\$ -	\$ -	\$ 552,674
Licenses and permits	315,023	-	-	-	14,625	-	1,300	330,948
Intergovernmental	195,492	-	-	197,322	163,805	-	-	556,619
Fines and forfeitures	134	-	11,132	-	-	-	-	11,266
Miscellaneous	11,615	230	1,422	766	1,550	966	1,831	18,380
<i>Total Revenues</i>	759,629	68,485	259,608	198,088	179,980	966	3,131	1,469,887
<b>EXPENDITURES</b>								
Current								
General government	235,799	-	-	-	-	-	-	235,799
Public safety	-	-	290,259	-	-	-	-	290,259
Public works	215,562	-	-	50,070	-	-	-	265,632
Community development	245,509	1,460	-	51,060	-	-	-	298,029
Capital acquisitions	-	-	487	2,603	323,049	2,704	71,838	400,681
<i>Total Expenditures</i>	696,870	1,460	290,746	103,733	323,049	2,704	71,838	1,490,400
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	62,759	67,025	(31,138)	94,355	(143,069)	(1,738)	(68,707)	(20,513)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	10,000	-	-	-	25,000	30,000	45,000	110,000
Transfers out	(25,000)	-	-	(40,000)	-	-	-	(65,000)
<i>Total Other Financing Sources (Uses)</i>	(15,000)	-	-	(40,000)	25,000	30,000	45,000	45,000
<b>NET CHANGE IN FUND BALANCE</b>	47,759	67,025	(31,138)	54,355	(118,069)	28,262	(23,707)	24,487
<b>FUND BALANCE, beginning of year</b>	523,278	244,918	145,925	163,451	275,330	169,780	116,408	1,639,090
<b>FUND BALANCE, end of year</b>	\$ 571,037	\$ 311,943	\$ 114,787	\$ 217,806	\$ 157,261	\$ 198,042	\$ 92,701	\$ 1,663,577

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

**CITY OF DAYTON, OREGON**

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

**JUNE 30, 2021**

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	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Debt Service</u>	<u>Total</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 910,939	\$ 727,282	\$ 309,572	\$ 1,947,793
	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND NET POSITION</b>				
Restricted for:				
Customer deposits	\$ 61,440	\$ 33,083	\$ -	\$ 94,523
Debt service	-	-	82,248	82,248
Capital acquisitions	228,086	308,422	-	536,508
Unrestricted	621,413	385,777	227,324	1,234,514
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total Fund Net Position</i>	\$ 910,939	\$ 727,282	\$ 309,572	\$ 1,947,793
	<hr/>	<hr/>	<hr/>	<hr/>

*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 -  
PROPRIETARY FUNDS (MODIFIED CASH BASIS)  
YEAR ENDED JUNE 30, 2021**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Debt Service</i>	<i>Total</i>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 992,016	\$ 506,913	\$ -	\$ 1,498,929
Miscellaneous	2,773	1,676	-	4,449
<i>Total Operating Revenues</i>	994,789	508,589	-	1,503,378
<b>OPERATING EXPENSES</b>				
Personal services	288,088	206,134	-	494,222
Materials and services	222,385	122,372	-	344,757
<i>Total Operating Expenses</i>	510,473	328,506	-	838,979
<b>OPERATING INCOME</b>	484,316	180,083	-	664,399
<b>NONOPERATING REVENUES/EXPENSES</b>				
Intergovernmental	-	94,744	23,249	117,993
Capital acquisitions	(268,849)	(150,097)	-	(418,946)
Debt service				
Principal	-	-	(174,988)	(174,988)
Interest	-	-	(68,223)	(68,223)
Interest revenue	3,763	2,682	1,744	8,189
<i>Total Nonoperating Revenues/Expenses</i>	(265,086)	(52,671)	(218,218)	(535,975)
<b>NET INCOME BEFORE TRANSFERS AND CONTRIBUTIONS</b>	219,230	127,412	(218,218)	128,424
Capital contributions	55,146	98,332	-	153,478
Transfers in	-	-	236,000	236,000
Transfers out	(175,000)	(106,000)	-	(281,000)
<b>CHANGE IN FUND NET POSITION</b>	99,376	119,744	17,782	236,902
<b>FUND NET POSITION, beginning of year</b>	811,563	607,538	291,790	1,710,891
<b>FUND NET POSITION (Deficit), end of year</b>	\$ 910,939	\$ 727,282	\$ 309,572	\$ 1,947,793

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

**CITY OF DAYTON, OREGON****STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (MODIFIED CASH BASIS)****YEAR ENDED JUNE 30, 2021**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>Debt Service</i>	<i>Total</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 994,789	\$ 508,589	\$ -	\$ 1,503,378
Cash paid to employees and others for salaries and benefits	(288,088)	(206,134)	-	(494,222)
Cash paid to suppliers and others	(222,385)	(122,372)	-	(344,757)
<i>Net Cash Provided by Operating Activities</i>	484,316	180,083	-	664,399
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	236,000	236,000
Transfers out	(175,000)	(106,000)	-	(281,000)
<i>Net Cash Provided by (Used for) Non-Capital Financing Activities</i>	(175,000)	(106,000)	236,000	(45,000)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Intergovernmental revenue	-	94,744	23,249	117,993
Purchase of capital assets	(268,849)	(150,097)	-	(418,946)
Interest paid on debt	-	-	(68,223)	(68,223)
Principal paid on debt	-	-	(174,988)	(174,988)
Capital contributions	55,146	98,332	-	153,478
<i>Net Cash Used for Capital and Related Financing Activities</i>	(213,703)	42,979	(219,962)	(390,686)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	3,763	2,682	1,744	8,189
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	99,376	119,744	17,782	236,902
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	811,563	607,538	291,790	1,710,891
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 910,939</u>	<u>\$ 727,282</u>	<u>\$ 309,572</u>	<u>\$ 1,947,793</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 484,316	\$ 180,083	\$ -	\$ 664,399
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 484,316</u>	<u>\$ 180,083</u>	<u>\$ -</u>	<u>\$ 664,399</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 Fund*

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

*Street Capital Projects Fund*

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

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

*Basis of Presentation (Continued)*

*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.

The City reports the following nonmajor governmental funds:

*Park Capital Projects Fund*

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

*Equipment Replacement Reserve Fund*

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

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

*Water Operations*

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

*Sewer Operations*

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

*Debt Service Fund*

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

*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, 2021*

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**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, 2021 was \$40,316.

*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, 2021. Actual results may differ from such estimates.

**CASH AND CASH EQUIVALENTS**

<b>Cash</b>	
Cash on hand	\$ 350
Deposits with financial institutions	424,991
<b>Investments</b>	
Local Government Investment Pool	3,187,513
	<hr/>
	\$ 3,612,854
	<hr/> <hr/>

*Deposits*

At year end, the book balance of the City's bank deposits (checking account) was \$424,991 and the bank balance was \$407,117. 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, 2021, \$157,117 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, 2021, 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, 2021

**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</i> <i>July 1,</i> <i>2020</i>	<i>Issued</i>	<i>Matured/ Redeemed</i> <i>During Year</i>	<i>Outstanding</i> <i>June 30,</i> <i>2021</i>	<i>Due Within</i> <i>One Year</i>
<i>Direct Placement - Business-type activities</i>					
Note payable to Infrastructure Finance Authority (Oregon Business Development Department)	\$ 2,109,773	\$ -	\$ (122,235)	\$ 1,987,538	\$ 123,458
Note payable to Infrastructure Finance Authority (Oregon Business Development Department)	388,277	-	(13,748)	374,529	13,885
USDA Sewer Improvement Loan	2,300,000	-	(39,005)	2,260,995	39,854
	<u>\$ 4,798,050</u>	<u>\$ -</u>	<u>\$ (174,988)</u>	<u>\$ 4,623,062</u>	<u>\$ 177,197</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, 2021 was \$282,093.

*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, 2021

**LONG-TERM DEBT** (Continued)

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

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

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

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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	185,846	57,366	243,212
2027-2031	963,230	252,827	1,216,057
2032-2036	1,023,136	193,227	1,216,363
2037-2041	355,405	143,987	499,392
2042-2046	368,655	113,051	481,706
2047-2051	329,062	82,178	411,240
2052-2056	361,103	50,137	411,240
2057-2061	315,111	14,975	330,086
	<u>\$ 4,623,062</u>	<u>\$ 1,159,079</u>	<u>\$ 5,782,141</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

**CITY OF DAYTON, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2021*

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**PENSION PLAN (Continued)**

available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee's 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, 2021*

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**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 2021 were 18.10% 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 \$67,957 for fiscal year ended June 30, 2021.

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 2021 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, 2021, the City reported a net pension liability of \$845,776 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on a December 31, 2018 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 0.00387554% as of the June 30, 2020 measurement date, compared to 0.00324601% as of June 30, 2019.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2018 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 Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs. These assumptions were based on the results of the December 31, 2018 actuarial experience study.

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

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

The discount rate used to measure the total pension liability was 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, 2021

**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	\$ 1,255,908	\$ 845,776	\$ 501,862

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 \$25,473 for the year ended June 30, 2021. 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	\$ -	\$ 25,000
Street Capital Projects	25,000	-
State Revenue Sharing	10,000	-
Street	-	40,000
Park Capital Projects	5,000	-
Building Reserve	30,000	-
Equipment Replacement Reserve	40,000	-
Water Utility	-	425,000
Sewer Utility	-	116,000
Water Utility Capital	250,000	-
Sewer Utility Capital	10,000	-
Debt Service	236,000	-
	<u>\$ 606,000</u>	<u>\$ 606,000</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.

***RISKS AND UNCERTAINTIES***

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.

***SUPPLEMENTAL INFORMATION***

**CITY OF DAYTON, OREGON**

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

**JUNE 30, 2021**

	<u>Budgetary funds</u>		
	<u>General</u>	<u>State Revenue Sharing</u>	<u>Total (reported as General Fund)</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 533,971	\$ 38,550	\$ 572,521
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Payroll withholdings	\$ 1,484	\$ -	\$ 1,484
<b>Fund Balance</b>			
Unassigned	532,487	38,550	571,037
<b>Total Liabilities and Fund Balance</b>	<u>\$ 533,971</u>	<u>\$ 38,550</u>	<u>\$ 572,521</u>

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

YEAR ENDED JUNE 30, 2021

	<i>Budgetary funds</i>		<i>Total (reported as General Fund)</i>
	<i>General</i>	<i>State Revenue Sharing</i>	
<b>REVENUES</b>			
Taxes and assessments	\$ 237,365	\$ -	\$ 237,365
Licenses and permits	315,023	-	315,023
Intergovernmental	162,975	32,517	195,492
Fines and forfeitures	134	-	134
Miscellaneous	10,073	1,542	11,615
<i>Total Revenues</i>	<i>725,570</i>	<i>34,059</i>	<i>759,629</i>
<b>EXPENDITURES</b>			
General government	207,137	28,662	235,799
Public works	215,562	-	215,562
Community development	245,044	465	245,509
<i>Total Expenditures</i>	<i>667,743</i>	<i>29,127</i>	<i>696,870</i>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>57,827</b>	<b>4,932</b>	<b>62,759</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	10,000	10,000
Transfers out	(25,000)	-	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<i>(25,000)</i>	<i>10,000</i>	<i>(15,000)</i>
<b>NET CHANGE IN FUND BALANCE</b>	<b>32,827</b>	<b>14,932</b>	<b>47,759</b>
<b>FUND BALANCE, beginning of year</b>	<b>499,660</b>	<b>23,618</b>	<b>523,278</b>
<b>FUND BALANCE, end of year</b>	<b>\$ 532,487</b>	<b>\$ 38,550</b>	<b>\$ 571,037</b>

**CITY OF DAYTON, OREGON**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2021**

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	<u>Capital Projects</u>		
	<u>Park Capital Projects</u>	<u>Equipment Replacement Reserve</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 59,921	\$ 32,780	\$ 92,701
	<hr/>	<hr/>	<hr/>
<b>Fund Balance</b>			
Restricted for:			
Community development	\$ 59,921	\$ -	\$ 59,921
Committed to:			
Capital acquisitions	-	32,780	32,780
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balance</i>	59,921	32,780	92,701
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balance</i>	\$ 59,921	\$ 32,780	\$ 92,701
	<hr/>	<hr/>	<hr/>

**CITY OF DAYTON, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	<b>Capital Projects</b>		
	<b>Park Capital Projects</b>	<b>Equipment Replacement Reserve</b>	<b>Total</b>
<b>REVENUES</b>			
Licenses and permits	\$ 1,300	\$ -	\$ 1,300
Miscellaneous	1,521	310	1,831
<i>Total Revenues</i>	2,821	310	3,131
<b>EXPENDITURES</b>			
Capital acquisitions	7,242	64,596	71,838
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(4,421)	(64,286)	(68,707)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,000	40,000	45,000
<b>NET CHANGE IN FUND BALANCE</b>	579	(24,286)	(23,707)
<b>FUND BALANCE, beginning of year</b>	59,342	57,066	116,408
<b>FUND BALANCE, end of year</b>	\$ 59,921	\$ 32,780	\$ 92,701

**CITY OF DAYTON, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) -  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 209,000	\$ 225,000	\$ 237,365	\$ 12,365
Licenses and permits	112,028	275,801	315,023	39,222
Intergovernmental	66,312	147,357	162,975	15,618
Fines and forfeitures	-	-	134	134
Miscellaneous	20,550	20,550	10,073	(10,477)
<i>Total Revenues</i>	407,890	668,708	725,570	56,862
<b>EXPENDITURES</b>				
Administration	173,027	253,572	207,137	46,435
Parks	168,476	182,976	158,256	24,720
Library	99,676	99,676	86,788	12,888
Planning	96,328	96,328	78,738	17,590
Building Program	97,117	158,617	136,824	21,793
Contingency	-	104,273	-	104,273
<i>Total Expenditures</i>	634,624	895,442	667,743	227,699
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(226,734)	(226,734)	57,827	284,561
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(25,000)	(25,000)	(25,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(251,734)	(251,734)	32,827	284,561
<b>FUND BALANCE, beginning of year</b>	334,092	334,092	499,660	165,568
<b>FUND BALANCE, end of year</b>	\$ 82,358	\$ 82,358	\$ 532,487	\$ 450,129

**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, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 21,250	\$ 21,250	\$ 32,517	\$ 11,267
Miscellaneous	400	400	1,542	1,142
<i>Total Revenues</i>	21,650	21,650	34,059	12,409
<b>EXPENDITURES</b>				
Materials and services	46,940	46,940	28,662	18,278
Capital outlay	4,000	4,000	465	3,535
<i>Total Expenditures</i>	50,940	50,940	29,127	21,813
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(29,290)	(29,290)	4,932	34,222
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	10,000	10,000	10,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(19,290)	(19,290)	14,932	34,222
<b>FUND BALANCE, beginning of year</b>	19,290	19,290	23,618	4,328
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 38,550	\$ 38,550

**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, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 56,995	\$ 56,995	\$ 68,255	\$ 11,260
Miscellaneous	400	400	230	(170)
<i>Total Revenues</i>	57,395	57,395	68,485	11,090
<b>EXPENDITURES</b>				
Materials and services	2,410	2,410	1,460	950
Contingency	224,203	224,203	-	224,203
<i>Total Expenditures</i>	226,613	226,613	1,460	225,153
<b>NET CHANGE IN FUND BALANCE</b>	(169,218)	(169,218)	67,025	236,243
<b>FUND BALANCE, beginning of year</b>	239,218	239,218	244,918	5,700
<b>FUND BALANCE, end of year</b>	\$ 70,000	\$ 70,000	\$ 311,943	\$ 241,943

**CITY OF DAYTON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) -  
BUDGET AND ACTUAL - LOCAL OPTION TAX FUND  
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 218,000	\$ 218,000	\$ 247,054	\$ 29,054
Fines and forfeitures	10,000	10,000	11,132	1,132
Miscellaneous	2,000	2,000	1,422	(578)
<i>Total Revenues</i>	230,000	230,000	259,608	29,608
<b>EXPENDITURES</b>				
Personnel services	60,894	60,894	54,510	6,384
Materials and services	244,525	244,525	235,749	8,776
Capital outlay	2,000	2,000	487	1,513
Contingency	26,065	26,065	-	26,065
<i>Total Expenditures</i>	333,484	333,484	290,746	42,738
<b>NET CHANGE IN FUND BALANCE</b>	(103,484)	(103,484)	(31,138)	72,346
<b>FUND BALANCE, beginning of year</b>	103,484	103,484	145,925	42,441
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 114,787	\$ 114,787

**CITY OF DAYTON, OREGON****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) -  
BUDGET AND ACTUAL - STREET FUND  
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 156,958	\$ 156,958	\$ 197,322	\$ 40,364
Miscellaneous	1,100	1,100	766	(334)
<i>Total Revenues</i>	158,058	158,058	198,088	40,030
<b>EXPENDITURES</b>				
Personnel services	55,620	55,620	50,070	5,550
Materials and services	86,768	86,768	51,060	35,708
Capital outlay	6,500	6,500	2,603	3,897
Contingency	89,562	89,562	-	89,562
<i>Total Expenditures</i>	238,450	238,450	103,733	134,717
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(80,392)	(80,392)	94,355	174,747
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(40,000)	(40,000)	(40,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(120,392)	(120,392)	54,355	174,747
<b>FUND BALANCE, beginning of year</b>	120,392	120,392	163,451	43,059
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 217,806	\$ 217,806

**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, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 11,250	\$ 11,250	\$ 14,625	\$ 3,375
Intergovernmental	150,000	150,000	163,805	13,805
Miscellaneous	3,000	3,000	1,550	(1,450)
<i>Total Revenues</i>	164,250	164,250	179,980	15,730
<b>EXPENDITURES</b>				
Capital outlay	397,000	397,000	323,049	73,951
Contingency	25,000	25,000	-	25,000
<i>Total Expenditures</i>	422,000	422,000	323,049	98,951
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(257,750)	(257,750)	(143,069)	114,681
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,000	25,000	25,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(232,750)	(232,750)	(118,069)	114,681
<b>FUND BALANCE, beginning of year</b>	271,593	271,593	275,330	3,737
<b>FUND BALANCE, end of year</b>	\$ 38,843	\$ 38,843	\$ 157,261	\$ 118,418

**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, 2021**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 2,000	\$ 2,000	\$ 966	\$ (1,034)
<b>EXPENDITURES</b>				
Capital outlay	20,000	20,000	2,704	17,296
Contingency	76,946	76,946	-	76,946
<i>Total Expenditures</i>	96,946	96,946	2,704	94,242
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(94,946)	(94,946)	(1,738)	93,208
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,000	30,000	30,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(64,946)	(64,946)	28,262	93,208
<b>FUND BALANCE, beginning of year</b>	164,946	164,946	169,780	4,834
<b>FUND BALANCE, end of year</b>	\$ 100,000	\$ 100,000	\$ 198,042	\$ 98,042

**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, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Licenses and permits	\$ 1,000	\$ 1,000	\$ 1,300	\$ 300
Miscellaneous	3,000	3,000	1,521	(1,479)
<i>Total Revenues</i>	4,000	4,000	2,821	(1,179)
<b>EXPENDITURES</b>				
Capital outlay	35,000	35,000	7,242	27,758
Contingency	21,682	21,682	-	21,682
<i>Total Expenditures</i>	56,682	56,682	7,242	49,440
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(52,682)	(52,682)	(4,421)	48,261
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,000	5,000	5,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(47,682)	(47,682)	579	48,261
<b>FUND BALANCE, beginning of year</b>	47,682	47,682	59,342	11,660
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 59,921	\$ 59,921

**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, 2021**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 550	\$ 550	\$ 310	\$ (240)
<b>EXPENDITURES</b>				
Capital outlay	45,000	66,123	64,596	1,527
Contingency	52,483	31,360	-	31,360
<i>Total Expenditures</i>	97,483	97,483	64,596	32,887
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(96,933)	(96,933)	(64,286)	32,647
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	40,000	40,000	40,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(56,933)	(56,933)	(24,286)	32,647
<b>FUND BALANCE, beginning of year</b>	56,933	56,933	57,066	133
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 32,780	\$ 32,780

**CITY OF DAYTON, OREGON****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
WATER OPERATIONS  
YEAR ENDED JUNE 30, 2021**

	<u>Water Utility</u>	<u>Water Utility Capital</u>	<u>Interfund Eliminations</u>	<u>Total Water Operations</u>
<b>REVENUES</b>				
Charges for services	\$ 992,016	\$ -	\$ -	\$ 992,016
Miscellaneous	3,801	2,735	-	6,536
<i>Total Revenues</i>	995,817	2,735	-	998,552
<b>EXPENDITURES</b>				
Personnel services	288,088	-	-	288,088
Materials and services	222,385	-	-	222,385
Capital outlay	3,156	265,693	-	268,849
<i>Total Expenditures</i>	513,629	265,693	-	779,322
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	482,188	(262,958)	-	219,230
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital contributions	-	55,146	-	55,146
Transfers in	-	250,000	(250,000)	-
Transfers out	(425,000)	-	250,000	(175,000)
<i>Total Other Financing Sources (Uses)</i>	(425,000)	305,146	-	(119,854)
<b>NET CHANGE IN FUND BALANCE</b>	57,188	42,188	-	99,376
<b>FUND BALANCE, beginning of year</b>	625,665	185,898	-	811,563
<b>FUND BALANCE, end of year</b>	\$ 682,853	\$ 228,086	\$ -	\$ 910,939

**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, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 866,500	\$ 866,500	\$ 992,016	\$ 125,516
Miscellaneous	7,000	7,000	3,801	(3,199)
<i>Total Revenues</i>	873,500	873,500	995,817	122,317
<b>EXPENDITURES</b>				
Personnel services	325,384	325,384	288,088	37,296
Materials and services	405,485	405,485	222,385	183,100
Capital outlay	12,000	12,000	3,156	8,844
Contingency	50,000	50,000	-	50,000
<i>Total Expenditures</i>	792,869	792,869	513,629	279,240
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	80,631	80,631	482,188	401,557
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(425,000)	(425,000)	(425,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(344,369)	(344,369)	57,188	401,557
<b>FUND BALANCE, beginning of year</b>	444,829	444,829	625,665	180,836
<b>FUND BALANCE, end of year</b>	\$ 100,460	\$ 100,460	\$ 682,853	\$ 582,393

**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, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 5,000	\$ 5,000	\$ 2,735	\$ (2,265)
<b>EXPENDITURES</b>				
Capital outlay	411,501	411,501	265,693	145,808
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(406,501)	(406,501)	(262,958)	143,543
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital contributions	42,420	42,420	55,146	12,726
Transfers in	250,000	250,000	250,000	-
<i>Total Other Financing Sources and Uses</i>	292,420	292,420	305,146	12,726
<b>NET CHANGE IN FUND BALANCE</b>	(114,081)	(114,081)	42,188	156,269
<b>FUND BALANCE, beginning of year</b>	114,081	114,081	185,898	71,817
<b>FUND BALANCE, end of year</b>	\$ -	\$ -	\$ 228,086	\$ 228,086

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

YEAR ENDED JUNE 30, 2021

	<i>Sewer Utility</i>	<i>Sewer Utility Capital</i>	<i>Interfund Eliminations</i>	<i>Total Sewer Operations</i>
<b>REVENUES</b>				
Charges for services	\$ 506,913	\$ -	\$ -	\$ 506,913
Intergovernmental	-	94,744	-	94,744
Miscellaneous	2,682	1,676	-	4,358
<i>Total Revenues</i>	509,595	96,420	-	606,015
<b>EXPENDITURES</b>				
Personnel services	206,134	-	-	206,134
Materials and services	122,372	-	-	122,372
Capital outlay	54,680	95,417	-	150,097
<i>Total Expenditures</i>	383,186	95,417	-	478,603
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	126,409	1,003	-	127,412
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital contributions	-	98,332	-	98,332
Transfers in	-	10,000	(10,000)	-
Transfers out	(116,000)	-	10,000	(106,000)
<i>Total Other Financing Sources (Uses)</i>	(116,000)	108,332	-	(7,668)
<b>NET CHANGE IN FUND BALANCE</b>	10,409	109,335	-	119,744
<b>FUND BALANCE, beginning of year</b>	408,451	199,087	-	607,538
<b>FUND BALANCE, end of year</b>	\$ 418,860	\$ 308,422	\$ -	\$ 727,282

**CITY OF DAYTON, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGETARY BASIS) -  
BUDGET AND ACTUAL - SEWER FUND  
YEAR ENDED JUNE 30, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Charges for services	\$ 497,600	\$ 497,600	\$ 506,913	\$ 9,313
Miscellaneous	4,250	4,250	2,682	(1,568)
<i>Total Revenues</i>	501,850	501,850	509,595	7,745
<b>EXPENDITURES</b>				
Personnel services	228,595	228,595	206,134	22,461
Materials and services	213,725	213,725	122,372	91,353
Capital outlay	59,000	72,318	54,680	17,638
Contingency	80,299	66,981	-	66,981
<i>Total Expenditures</i>	581,619	581,619	383,186	198,433
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(79,769)	(79,769)	126,409	206,178
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(116,000)	(116,000)	(116,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	(195,769)	(195,769)	10,409	206,178
<b>FUND BALANCE, beginning of year</b>	295,769	295,769	408,451	112,682
<b>FUND BALANCE, end of year</b>	\$ 100,000	\$ 100,000	\$ 418,860	\$ 318,860

**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, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,050,000	\$ 1,050,000	\$ 94,744	\$ (955,256)
Miscellaneous	4,000	4,000	1,676	(2,324)
<i>Total Revenues</i>	1,054,000	1,054,000	96,420	(957,580)
<b>EXPENDITURES</b>				
Capital outlay	1,095,000	1,095,000	95,417	999,583
Contingency	41,604	41,604	-	41,604
<i>Total Expenditures</i>	1,136,604	1,136,604	95,417	1,041,187
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(82,604)	(82,604)	1,003	83,607
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital contributions	75,640	75,640	98,332	22,692
Transfers in	10,000	10,000	10,000	-
<i>Total Other Financing Sources (Uses)</i>	85,640	85,640	108,332	22,692
<b>NET CHANGE IN FUND BALANCE</b>	3,036	3,036	109,335	106,299
<b>FUND BALANCE, beginning of year</b>	96,964	96,964	199,087	102,123
<b>FUND BALANCE, end of year</b>	\$ 100,000	\$ 100,000	\$ 308,422	\$ 208,422

**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, 2021**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 23,249	\$ 23,249	\$ 23,249	\$ -
Miscellaneous	1,000	1,000	1,744	744
<i>Total Revenues</i>	24,249	24,249	24,993	744
<b>EXPENDITURES</b>				
Debt service				
Principal	216,871	216,871	174,988	41,883
Interest	69,465	69,465	68,223	1,242
<i>Total Expenditures</i>	286,336	286,336	243,211	43,125
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(262,087)	(262,087)	(218,218)	43,869
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	236,000	236,000	236,000	-
<b>NET CHANGE IN FUND BALANCE</b>	(26,087)	(26,087)	17,782	43,869
<b>FUND BALANCE, beginning of year</b>	306,663	306,663	291,790	(14,873)
<b>FUND BALANCE, end of year</b>	\$ 280,576	\$ 280,576	\$ 309,572	\$ 28,996

***COMPLIANCE SECTION***



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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### ***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, the basic financial statements of the City of Dayton, Oregon (the City) as of and for the year ended June 30, 2021, and have issued our report thereon dated January 31, 2022.

#### ***Compliance and Other Matters***

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

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

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

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

***Internal Control Over Financial Reporting***

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

***Restriction on Use***

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

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

By:   
\_\_\_\_\_  
Devan W. Esch, A Shareholder  
January 31, 2022