

INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and
Members of the Council of the
City of Dayton, Kentucky**

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dayton, Kentucky as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dayton, Kentucky's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Dayton, Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dayton, Kentucky's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and *Multiple Employer, Cost Sharing, Defined Benefit Pension and OPEB Plan* disclosures be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dayton, Kentucky's basic financial statements. The combining non-major governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 combining minor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2023, on our consideration of the City of Dayton, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Dayton, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Dayton, Kentucky's internal control over financial reporting and compliance.

Chamberlin Owen & Co., Inc.

Chamberlin Owen, & Co., Inc.

Erlanger, Kentucky

March 3, 2023

CITY OF DAYTON, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 607,665	\$ 2,380,511	\$ 2,125,406	\$ (255,105)
Revenues				
Taxes	2,050,957	2,050,957	1,786,850	(264,107)
Licenses and permits	1,488,200	1,488,100	1,785,999	297,899
Intergovernmental	78,505	81,602	577,348	495,746
Fines and penalties	95,750	84,250	85,278	1,028
Charges for services	387,305	387,305	387,785	480
Other	2,187,069	2,250,887	203,598	(2,047,289)
Interest	1,700	1,700	2,496	796
Resources available for appropriation	6,897,151	8,725,312	6,954,760	(1,770,552)
Appropriations				
General government	671,501	725,998	621,771	104,227
Police department	1,451,592	1,624,476	1,537,234	87,242
Fire department	1,097,689	1,237,689	1,162,689	75,000
Public works	532,730	538,230	472,925	65,305
Building services	99,564	99,564	82,169	17,395
Waste collection	269,905	269,905	231,944	37,961
Professional services/grants/misc.	2,774,170	2,830,017	441,730	2,388,287
Capital outlay	-	53,941	84,377	(30,436)
Total appropriations	6,897,151	7,379,820	4,634,839	2,744,981
Excess of resources				
over appropriations	-	1,345,492	2,319,921	974,429
Other financing sources (uses)				
Transfers in	-	-	30,000	30,000
Transfers out	-	-	(30,000)	(30,000)
Total other financing sources (uses)	-	-	-	-
Budgetary fund balance, June 30	\$ -	\$ 1,345,492	\$ 2,319,921	\$ 974,429

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

NOTE -1 BUDGETING POLICIES

The City follows the procedures established pursuant to Chapter 108 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. The budget for the governmental fund type is adopted on a basis consistent with the general accepted accounting principles. Budgeted amounts in the financial statements are as adopted by the City Council.

CITY OF DAYTON, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
TAX INCREMENT FINANCING FUNDS
For the Year Ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 1,500	\$ 1,500	\$ (35)	\$ (1,535)
Revenues				
Taxes	350,000	350,000	268,916	(81,084)
Resources available for appropriation	351,500	351,500	268,881	(82,619)
Appropriations				
TIF payments	280,000	280,000	268,916	11,084
Grant Park capital improvements	-	30,000	-	30,000
Miscellaneous expenses	-	-	-	-
Total appropriations	280,000	310,000	268,916	41,084
Excess of resources				
over appropriations	71,500	41,500	(35)	(41,535)
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Budgetary fund balance, June 30	<u>\$ 71,500</u>	<u>\$ 41,500</u>	<u>\$ (35)</u>	<u>\$ (41,535)</u>

CITY OF DAYTON, KENTUCKY
BUDGETARY COMPARISON SCHEDULE
URBAN RENEWAL FUND
For the Year Ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ 749,007	\$ 749,007	\$ 746,119	\$ (2,888)
Revenues				
Other	1,000	1,000	667	(333)
Miscellaneous	-	-	-	-
Resources available for appropriation	750,007	750,007	746,786	(3,221)
Appropriations				
Urban redevelopment	85,000	85,000	29,743	55,257
Capital outlay	100,000	100,000	118,668	(18,668)
Other	-	-	125	(125)
Total appropriations	185,000	185,000	148,536	36,464
Excess of resources over appropriations	565,007	565,007	598,250	33,243
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Budgetary fund balance, June 30	<u>\$ 565,007</u>	<u>\$ 565,007</u>	<u>\$ 598,250</u>	<u>\$ 33,243</u>

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