

The City of Dayton

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

2018 - 2019

Including Auditor's Report for
the fiscal year ended September 2019



*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the
CITY OF DAYTON, TEXAS

**For the Year Ended
September 30, 2019**

Prepared by:

Department of Finance and Administration

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CITY OF DAYTON, TEXAS

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INTRODUCTORY SECTION

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May 28, 2020

Honorable Mayor and City Council
City of Dayton
117 Cook Street
Dayton, Texas 77535

Dear Mayor and Members of City Council:

The City of Dayton, Texas (the “City”) is required to publish each year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Dayton for the fiscal year ending September 30, 2019.

This report consists of management’s representations concerning the finances of the City and deems the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of all City activities and funds. Therefore, management assumes full responsibility for the completeness and reliability of all information presented in this report. The City also acknowledges all disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

In developing and evaluating the City’s accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgements by management. We believe that the City’s current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

The City’s financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2019 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. Based on the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the year ending September 30, 2019 are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

As required by GAAP, management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Strategic Direction

The City's vision, mission, and strategy clearly define for the City staff and the community what issues are most important to Dayton.

Vision. The City of Dayton will be a prosperous and fiscally sound, family-oriented community with a full range of housing, business, cultural, and recreational opportunities in a safe and attractive environment for residents and visitors.

Mission. The City of Dayton is committed to working with citizens to preserve a sense of community and enhance the quality of life by providing friendly, personalized services for the safety and well-being of our diverse City, its natural resources, and environment in a fiscally responsible manner. To accomplish our mission, we will commit to the following principles:

- **Fiscal Responsibility** – Continue fiscally sound local government practices through active budget controls and a focus on strategic planning within the community.
- **Public Safety** – Provide a safe and secure environment resulting from a partnership between Dayton residents and the Police Department and Volunteer Fire Personnel.
- **Emergency Preparedness** – Our Emergency Management plan is complete and all essential City staff members are in compliance with National Incident Management System standards.
- **Residential Development** – The City will work with developers to create quality housing for the increased residential needs of the community.
- **Economic Development** – The City will focus economic development efforts on increasing the commercial tax base through the attraction of companies and the expansion of existing businesses.
- **Quality Public Infrastructure and Recreational Facilities** – Provide continual cost-effective maintenance and upgrades of streets, municipal utilities, and other municipal-owned facilities to meet the service and capacity requirements of the community.

Profile of the Government

The City of Dayton resides on U.S. Highway 90, six miles west of Liberty in southwestern Liberty County, was first called West Liberty and was considered part of the original town of Liberty, founded in 1831. Dayton was recorded as an incorporated municipality on May 3, 1911. As of September 30, 2019, the City had a land area of 17.4 square miles and an estimated population of approximately 8,300. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City also has the power by state statutes to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City of Dayton has adopted a Home Rule form of government. The Council is composed of a Mayor and five Council members. The Mayor and Council members are all elected at large for two-year terms. Elections are staggered with the Mayor and two Council members elected together in odd years and the three remaining members in the following even year. The City Manager is appointed by the Council and is responsible for implementation of Council policy and all day-to-day operations of the City.

The City provides a full range of municipal services including public safety (police and fire protection), residential solid waste sanitation services, water and wastewater services, public improvements, repair and maintenance of infrastructure, recreational and community activities, and general administrative services. As an independent political subdivision of the State of Texas governed by an elected Mayor and Council, the City is considered a primary government.

In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds and account groups for which the City, as the primary government, is accountable.

Local Economy

For the period ending September 30, 2019, the Texas unemployment rate was at 3.5 percent which was lower than the U.S. unemployment rate of 3.6 percent. Liberty County had a slightly higher unemployment rate of 5.5 percent.

	2019	2018	2017
United States	3.6%	3.7%	5.0%
Texas	3.5%	3.5%	4.8%
Dayton-Liberty	5.5%	5.8%	8.0%

Long-Term Financial Planning

Capital improvement projects are funded with general governmental revenues and proceeds of general obligation and certificates of obligation debt issues. The City annually adopts a Five-Year Capital Improvement Plan and regularly prepares short-term improvement plans for water, wastewater, drainage, municipal facilities, and parks. These plans are prepared by staff and presented to the City Council for review and acceptance. The plans require funding sources to be identified for each project.

For many years, the annual budget of the City has been able to maintain its infrastructure base for streets, water and wastewater systems, and municipal facilities through an aggressive maintenance and improvement program. A portion of general fund revenues is typically allocated to the Capital Improvement Plan each year. Debt was issued only when necessary to finance long-term capital improvements. As tax revenue fell several years ago, the City began using certificates of obligation and Tax Notes to achieve the same goal. In recent years, we have seen a returning trend of maintenance and operations revenue *increases* year over year. And while the City has used debt issuance to meet the needs of capital projects and equipment, the past year to current has afforded the City in achieving some of its lowest interest rates ever for borrowing.

While the economy had improved up until March of 2020, continuing instability in the oil futures and a global pandemic directly impacts our overall sales tax base which reinforces the City's commitment to retain large cash reserves on hand to thwart any future fiscal crisis. Council has approved a policy to increase the mandatory amount to be held in reserve from 3 months to 6 which will aid in such events.

Major Initiatives

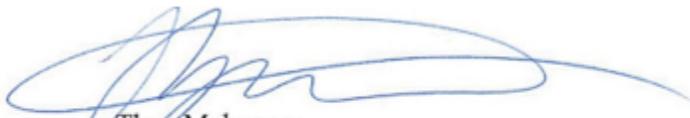
The City of Dayton has prided itself on conservatively projecting future revenues, even in the face of burgeoning growth due to Houston's growth, oil and gas industrial development, and the Grand Parkway. In our current climate of uncertainty, our conservative approach has boded well. Dayton is currently in the hunt for two major industrial businesses landing in its two premier industrial parks (Gulf Inland and Rail Logix). We projected that Gulf Inland Logistics Park (GILP) would create \$700 million in new taxable value over the entire 1,050 acre park. With our first business currently in negotiations to sign a purchase sale agreement, they would acquire 90 acres of land within GILP, and project a taxable value of just over \$600 million. It is important to highlight the fact that Dayton is not powered by the oil and gas production industry but the refining and chemical production side of the economic spectrum. While West Texas and the Gulf Coast are reeling due to

low oil prices, chemical manufacturers are uniquely positioned to take advantage of \$20 to \$30 per barrel prices to produce petroleum-based products on the east side of Houston. My expectation for the City of Dayton and Liberty County is to see major economic expansion with low oil prices allowing chemical companies to expand their offerings and for start-ups to find a ripe environment to buy feedstock at lower prices.

Acknowledgements

The preparation of the CAFR was made possible by the dedicated service of the entire administration. We appreciate the efforts of everyone involved. In closing, without the leadership and support of the Dayton Council, preparation of this report would not have been possible.

Respectfully submitted,



Theo Melancon
City Manager



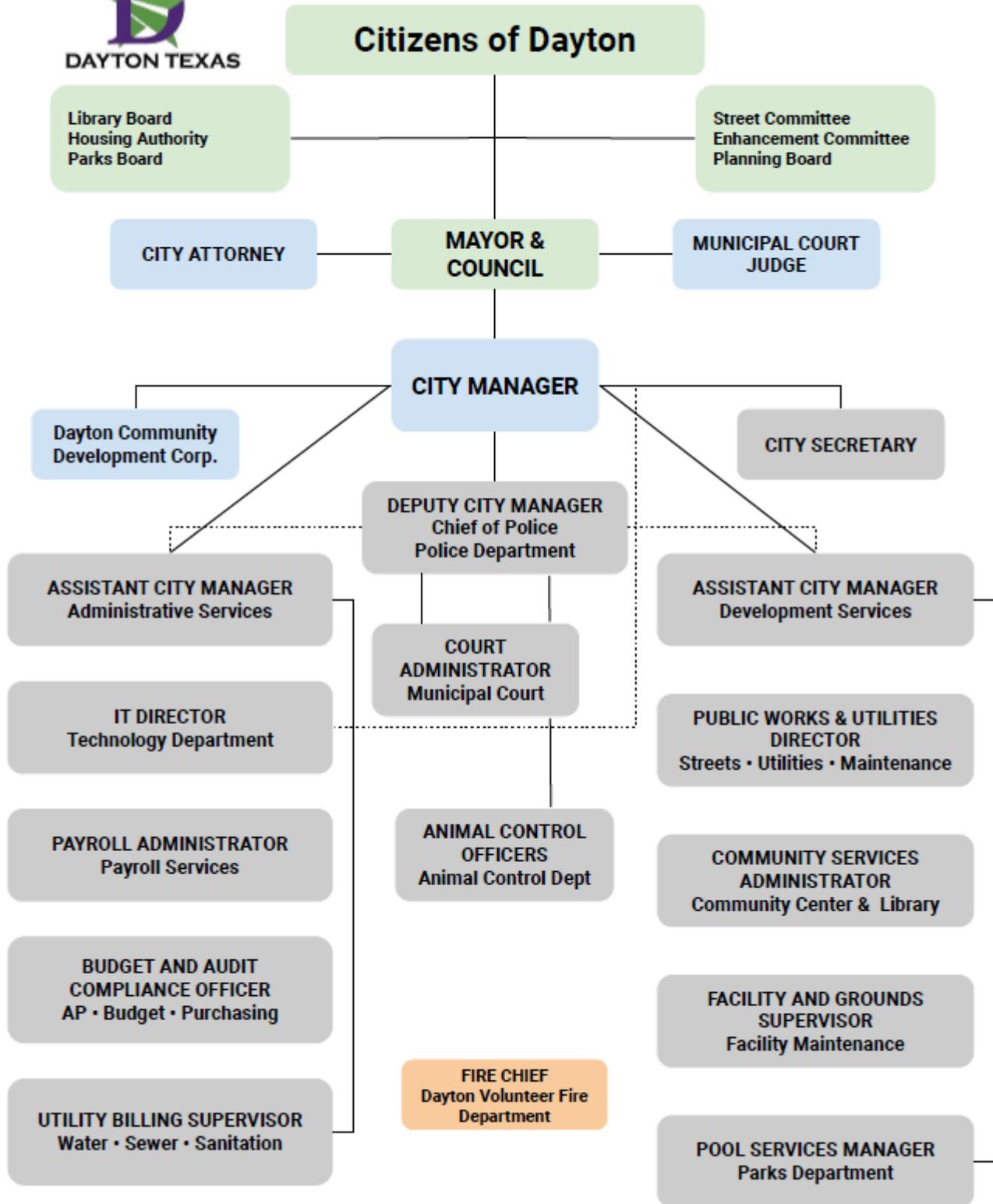
Rudy Zepeda
Assistant City Manager /
Administrative Services Dir.

CITY OF DAYTON, TEXAS

ORGANIZATIONAL CHART

September 30, 2019

ORGANIZATION OF THE CITY OF DAYTON



CITY OF DAYTON, TEXAS
*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Dayton
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF DAYTON, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
September 30, 2019

Elected Officials	Position
Caroline Wadzeck	Mayor
Wendell Null	City Councilmember
Sherial Lawson	City Councilmember
Alvin Burress	City Councilmember
Troy Barton	City Councilmember

Appointed Officials	Position
Theogene Melancon	City Manager
Charles Carden	Park Board Trustees
Alaine Coleman	Park Board Trustees
Howie Howeth	Park Board Trustees
Gala Robinson	Park Board Trustees
Sharon Shumaker	Park Board Trustees
Betty Tankersley	Planning Commission
Danny Jones	Planning Commission
Bob Edwards	Planning Commission
Eliza Mae Guidry	Planning Commission
James “Wesley” Pratka	Planning Commission
Sharron Stovall	Planning Commission
Felix Skarpa	Planning Commission
Jerene Buckles	Library Trustees
Deborah C. Griffin	Library Trustees
Carey Lege	Library Trustees
Dani Nations	Library Trustees
Roxie Asbill	Library Trustees
Lois Redmon	Library Trustees
Shirley Sisk	Library Trustees
Margaret Cantrell	Housing Authority
Tony De La Cruz	Housing Authority
Mike Graves	Housing Authority
Adam Piserelle	Housing Authority
Paula Sanchez	Housing Authority

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Dayton, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Dayton, Texas (the "City"), as of and for the year ended September 30, 2019, 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' 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 auditors' 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefits liability and related ratios, schedule of the City's proportionate share of net pension liability, and schedules of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, 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 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.

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 introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate 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 combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
May 28, 2020

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

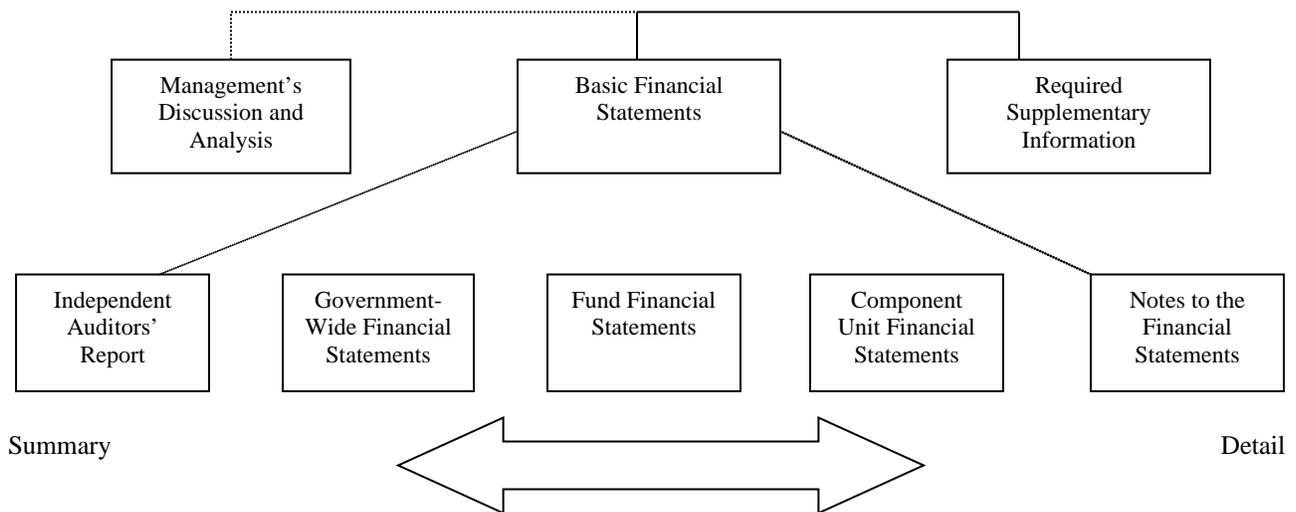
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CITY OF DAYTON, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019

The purpose of the Management’s Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Dayton, Texas (the “City”) for the year ending September 30, 2019. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City’s activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City’s financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The City’s basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City’s financial statements, report information on the City’s activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City’s assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. 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. Other nonfinancial factors, such as the City’s property tax base and the condition of the City’s infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City’s net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including public safety (police, fire, and EMS), public works (street and park maintenance), culture and recreation, community enhancement, and general administration (City manager, City secretary, finance, human resources, and information technology). Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water distribution, wastewater collection/treatment, and refuse services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate community development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing 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 statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds for reporting purposes.

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

The City adopts an annual appropriated budget for its general fund, debt service fund, and hotel and motel tax fund. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment, water and sewer impact, water construction operations, and refuse services. The proprietary fund financial statements provide separate information for the water and sewer fund and refuse fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its employees benefit program. Because these services predominantly benefit governmental rather than business-type functions, this fund has been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios, schedule of the City's proportionate share of the net pension liability, and schedules of contributions for the Texas Municipal Retirement System and the Texas Emergency Services Retirement System. RSI can be found after the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$26,204,784, as of September 30, 2019 for the primary government.

A portion of the City's net position, \$15,817,281, reflects its investments in capital assets (e.g., land, City hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	2019			2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 11,419,834	\$ 5,762,199	\$ 17,182,033	\$ 12,495,126	\$ 5,763,691	\$ 18,258,817
Capital assets, net	28,505,339	14,434,947	42,940,286	26,719,089	14,663,954	41,383,043
Total Assets	<u>39,925,173</u>	<u>20,197,146</u>	<u>60,122,319</u>	<u>39,214,215</u>	<u>20,427,645</u>	<u>59,641,860</u>
Deferred charge on refunding	168,371	-	168,371	187,870	-	187,870
Deferred outflows - pensions	542,323	142,666	684,989	337,293	73,376	410,669
Deferred outflows - OPEB	12,429	-	12,429	14,558	-	14,558
Total Deferred Outflows of Resources	<u>723,123</u>	<u>142,666</u>	<u>865,789</u>	<u>539,721</u>	<u>73,376</u>	<u>613,097</u>
Current liabilities	1,751,394	454,027	2,205,421	1,299,817	490,038	1,789,855
Long-term liabilities	25,913,746	6,447,620	32,361,366	24,644,776	6,976,652	31,621,428
Total Liabilities	<u>27,665,140</u>	<u>6,901,647</u>	<u>34,566,787</u>	<u>25,944,593</u>	<u>7,466,690</u>	<u>33,411,283</u>
Deferred inflows - pensions	152,873	38,136	191,009	160,141	31,093	9,454
Deferred inflows - OPEB	25,528	-	25,528	-	-	-
Total Deferred Inflows of Resources	<u>178,401</u>	<u>38,136</u>	<u>216,537</u>	<u>160,141</u>	<u>31,093</u>	<u>9,454</u>
Net Position:						
Net investment in capital assets	7,571,936	8,245,345	15,817,281	8,539,396	7,862,730	16,402,126
Restricted	2,826,394	-	2,826,394	2,546,588	-	2,546,588
Unrestricted	2,406,425	5,154,684	7,561,109	2,563,218	5,140,508	7,703,726
Total Net Position	<u>\$ 12,804,755</u>	<u>\$ 13,400,029</u>	<u>\$ 26,204,784</u>	<u>\$ 13,649,202</u>	<u>\$ 13,003,238</u>	<u>\$ 26,652,440</u>

A portion of the City's net position, \$2,826,394 or 10.8 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$7,561,109, may be used to meet the City's ongoing obligation to citizens and creditors. The City's total net position decreased by \$447,656 as compared to the prior year.

Compared to the prior year, current assets decreased by \$1,076,784 while noncurrent assets increased by \$1,557,243. The decrease in current assets was mainly attributed to decreased cash holdings due to the purchase of capital assets. Current liabilities increased \$415,566 compared to the prior year due to increases in accounts payable and other short-term payable items. Long-term liabilities increased \$739,938 primarily due to the issuance of debt, as well an increase in the pension liability.

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

Statement of Activities

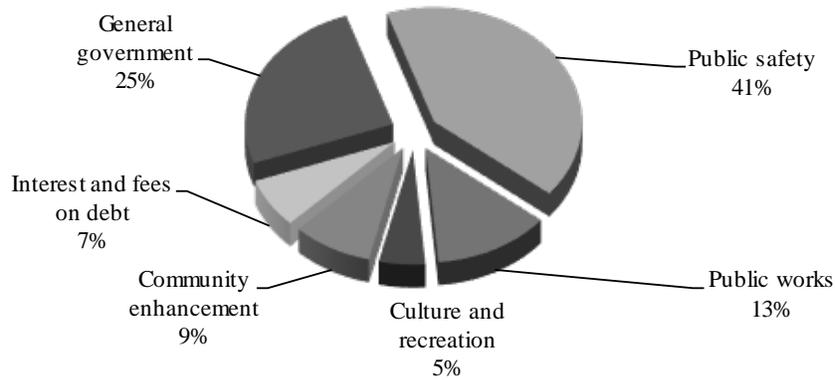
The following table provides a summary of the City's changes in net position:

	2019			2018		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 942,762	\$ 5,113,657	\$ 6,056,419	\$ 677,027	\$ 5,491,730	\$ 6,168,757
Grants and contributions	649,110	-	649,110	313,512	-	313,512
General revenues:						
Property taxes	5,399,604	-	5,399,604	4,828,060	-	4,828,060
Sales taxes	1,638,096	-	1,638,096	1,657,378	-	1,657,378
Franchise fees and local taxes	914,205	-	914,205	901,297	-	901,297
Investment income	180,597	60,599	241,196	54,284	39,535	93,819
Other revenues	101,609	97,741	199,350	147,162	13,689	160,851
Total Revenues	9,825,983	5,271,997	15,097,980	8,578,720	5,544,954	14,123,674
Expenses						
General government	2,696,118	-	2,696,118	2,574,650	-	2,574,650
Public safety	4,344,552	-	4,344,552	4,461,434	-	4,461,434
Public works	1,359,432	-	1,359,432	841,397	-	841,397
Culture and recreation	535,907	-	535,907	670,821	-	670,821
Community enhancement	926,551	-	926,551	824,133	-	824,133
Interest and fees on debt	744,569	-	744,569	656,507	-	656,507
Water and sewer	-	3,889,503	3,889,503	-	3,683,436	3,683,436
Refuse	-	1,049,004	1,049,004	-	1,001,909	1,001,909
Total Expenses	10,607,129	4,938,507	15,545,636	10,028,942	4,685,345	14,714,287
Change in Net Position Before Transfers						
	(781,146)	333,490	(447,656)	(1,450,222)	859,609	(590,613)
Transfers	(63,301)	63,301	-	582,659	(582,659)	-
Total Transfers	(63,301)	63,301	-	582,659	(582,659)	-
Change in Net Position	(844,447)	396,791	(447,656)	(867,563)	276,950	(590,613)
Beginning net position	13,649,202	13,003,238	26,652,440	14,516,765	12,726,288	27,243,053
Ending Net Position	\$ 12,804,755	\$ 13,400,029	\$ 26,204,784	\$ 13,649,202	\$ 13,003,238	\$ 26,652,440

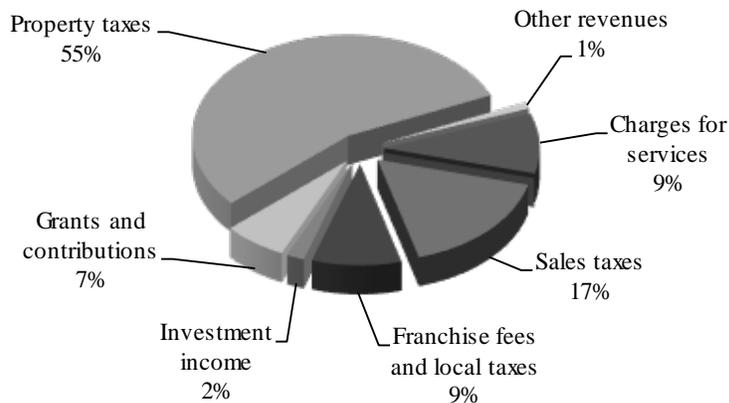
CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

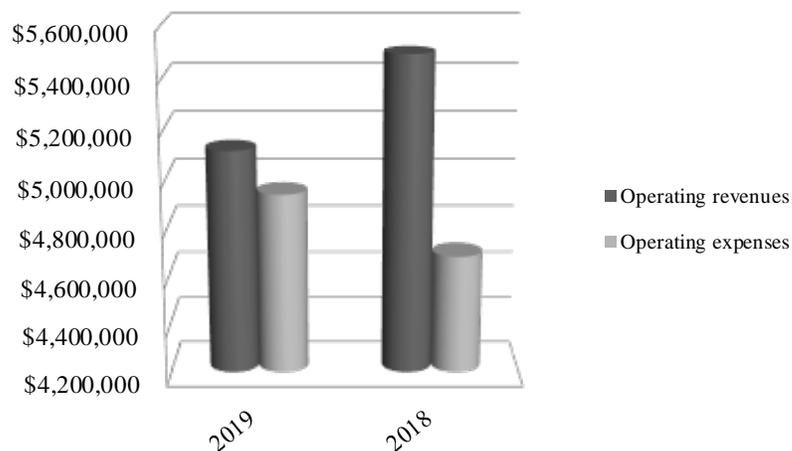
Governmental Activities - Expenses



Governmental Activities - Revenues



Business-Type Activities - Revenues and Expenses



CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

For the year ended September 30, 2019, revenues from governmental activities totaled \$9,825,983. Compared to the prior year, governmental revenues increased by \$1,247,263. This increase was largely due to an increase in property tax revenues, which was the result of an increase in property tax valuations and an increase in the tax rate, grants and contributions related to a FEMA reimbursement, and an increase in charges for services resulting from the number of citations issued along with the number of licenses and permits issued.

For the year ended September 30, 2019, expenses from governmental activities totaled \$10,607,129, which was an increase of \$578,187 compared to the prior year. This increase is primarily due to an increase in personnel-related costs as a result of new positions created and pension expense related to the increase in the net pension liability.

For the year ended September 30, 2019, charges for services related to business-type activities totaled \$5,113,657. This is a decrease of \$378,073 from the previous year due to a decrease in overall usage and customers. Business-type expenses totaled \$4,938,507, which is an increase of \$253,162 from the prior year. This increase is largely due to an increase in personnel costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of the end of the year, the City's governmental funds reflect a combined fund balance of \$9,016,590. Of this, \$46,994 is nonspendable for prepaid items and inventory, and \$6,305,515 is restricted for various purposes. Unassigned fund balance totaled \$2,664,081 as of year end. There was a combined decrease in governmental fund balances of \$1,600,614 from the prior year.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$2,664,081, while total fund balance reached \$2,931,543. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents approximately 33 percent and 36 percent, respectively, of total general fund expenditures.

Compared to the prior year, general fund revenues increased \$931,376. This increase is primarily due to an increase in property tax revenue based on higher property valuations and a higher maintenance and operations tax rate. The City also had increases in revenues from sales taxes, franchise fees, licenses and permits, grant reimbursements, and citations issued. Expenditures increased \$632,101 compared to the prior year. This increase is primarily due to an increase in personnel costs and public safety expenditures.

The debt service fund has a total fund balance of \$2,407,647, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was \$141,935. This increase can be attributed to a transfer in from the water and sewer fund.

The capital projects fund has a total fund balance of \$3,479,121, all of which is restricted for capital projects. The net decrease in fund balance during the fiscal year was \$1,793,462 due to repairs and various capital projects.

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$433,179 in the general fund. The net change in the general fund balance was an increase of \$24,358. Actual general fund revenues were more than the amended budgeted revenues by \$512,388 during 2019 due primarily to positive budget variances in licenses and permits and intergovernmental revenues. Actual expenditures were more than total budgeted amounts by \$52,690.

The City amended its budget to reflect current and anticipated expenditures as of the fiscal year end.

CAPITAL ASSETS

As of the end of the year, the City's governmental and business-type activities had invested \$42,940,286 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net decrease of \$1,557,243.

Major capital asset events during the year include the following:

- Community Center audio/visual system for \$437,822
- A new Grappler Truck for \$184,188
- New paving projects totaling \$866,419
- A sanitary sewer manhole project totaling \$183,320
- New police video camera system totaling \$188,605
- Street vehicles totaling \$155,821
- Community center chillers totaling \$248,990

More detailed information about the City's capital assets is presented in note III.C. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total general obligation bonds, certificates of obligation, tax anticipation notes, and capital leases outstanding of \$29,920,583. Of this amount, \$14,415,000 was general obligation debt, certificates of obligation accounted for \$15,075,000, \$350,000 for tax anticipation notes, and capital leases totaled \$80,583.

More detailed information about the City's long-term liabilities is presented in note III.D. to the financial statements.

CITY OF DAYTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For fiscal year 2020, the City approved a \$20,334,199 revenue budget and a \$19,876,795 expense/expenditure budget. General fund revenues were budgeted at \$8,334,268 while expenditures were budgeted at \$8,310,069. The water and sewer fund revenues were budgeted at \$4,710,400 while the expenses were budgeted at \$4,440,736. The property tax rate will decrease to \$0.6645. Property tax revenues were budgeted at \$5,535,635 for fiscal year 2020.

The City's financial stability remains strong and City management and Council are in constant review of the City's fund balance to ensure that there are sufficient funds always on hand to cover any unplanned events.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Rudy Zepeda, Director of Finance, City of Dayton, 117 Cook Street, Dayton, Texas 77535.

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BASIC FINANCIAL STATEMENTS

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CITY OF DAYTON, TEXAS

STATEMENT OF NET POSITION

September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	DCDC
	Assets			
Cash and cash equivalents	\$ 10,113,399	\$ 3,970,706	\$ 14,084,105	\$ 1,560,245
Restricted cash and cash equivalents	270,547	118,521	389,068	-
Receivables, net	1,677,385	908,129	2,585,514	146,362
Due from primary government	-	-	-	621,859
Internal balances	(700,280)	700,280	-	-
Due from component unit	11,789	-	11,789	-
Inventories	34,753	64,563	99,316	-
Prepaid items	12,241	-	12,241	-
Capital assets:				
Nondepreciable	1,384,811	107,408	1,492,219	162,912
Net depreciable capital assets	27,120,528	14,327,539	41,448,067	-
Total Assets	39,925,173	20,197,146	60,122,319	2,491,378
Deferred Outflows of Resources				
Deferred charge on refunding	168,371	-	168,371	-
Deferred outflows - pensions (TMRS)	530,137	142,666	672,803	48,098
Deferred outflows - pensions (TESRS)	12,186	-	12,186	-
Deferred outflows - OPEB	12,429	-	12,429	-
Total Deferred Outflows of Resources	723,123	142,666	865,789	48,098
Liabilities				
Accounts payable and accrued liabilities	1,022,586	304,886	1,327,472	53,202
Due to primary government	-	-	-	11,789
Due to component unit	621,859	-	621,859	-
Customer deposits	-	118,521	118,521	-
Accrued interest payable	106,949	30,620	137,569	-
Noncurrent liabilities:				
Due within one year	1,816,178	584,750	2,400,928	-
Due in more than one year	24,097,568	5,862,870	29,960,438	57,885
Total Liabilities	27,665,140	6,901,647	34,566,787	122,876
Deferred Inflows of Resources				
Deferred inflows - pensions (TMRS)	149,423	38,136	187,559	12,505
Deferred inflows - pensions (TESRS)	3,450	-	3,450	-
Deferred inflows - OPEB	25,528	-	25,528	-
Total Deferred Inflows of Resources	178,401	38,136	216,537	12,505
Net Position				
Net investment in capital assets	7,571,936	8,245,345	15,817,281	162,912
Restricted for:				
Debt service	2,407,647	-	2,407,647	-
PEG fees	115,875	-	115,875	-
Enabling legislation	302,872	-	302,872	-
Economic development	-	-	-	2,241,183
Unrestricted	2,406,425	5,154,684	7,561,109	-
Total Net Position	\$ 12,804,755	\$ 13,400,029	\$ 26,204,784	\$ 2,404,095

See Notes to Financial Statements.

CITY OF DAYTON, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 2,696,118	\$ -	\$ 18,278
Public safety	4,344,552	651,207	4,704
Public works	1,359,432	291,555	626,128
Culture and recreation	535,907	-	-
Community enhancement	926,551	-	-
Interest and fees on debt	744,569	-	-
Total Governmental Activities	10,607,129	942,762	649,110
Business-Type Activities			
Water and sewer	3,889,503	3,872,285	-
Refuse	1,049,004	1,241,372	-
Total Business-Type Activities	4,938,507	5,113,657	-
Total Primary Government	\$ 15,545,636	\$ 6,056,419	\$ 649,110
Component Unit			
Dayton Community Development Corporation	\$ 1,119,536	\$ -	\$ -

General Revenues:

- Taxes
 - Property taxes
 - Sales taxes
 - Franchise fees and local taxes
- Investment income
- Other revenues
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	DCDC
\$ (2,677,840)	\$ -	\$ (2,677,840)	\$ -
(3,688,641)	-	(3,688,641)	-
(441,749)	-	(441,749)	-
(535,907)	-	(535,907)	-
(926,551)	-	(926,551)	-
(744,569)	-	(744,569)	-
<u>(9,015,257)</u>	<u>-</u>	<u>(9,015,257)</u>	<u>-</u>
-	(17,218)	(17,218)	-
-	192,368	192,368	-
-	175,150	175,150	-
<u>(9,015,257)</u>	<u>175,150</u>	<u>(8,840,107)</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,119,536)</u>
\$ 5,399,604	\$ -	\$ 5,399,604	\$ -
1,638,096	-	1,638,096	819,049
914,205	-	914,205	-
180,597	60,599	241,196	50,233
101,609	97,741	199,350	-
(63,301)	63,301	-	-
<u>8,170,810</u>	<u>221,641</u>	<u>8,392,451</u>	<u>869,282</u>
(844,447)	396,791	(447,656)	(250,254)
<u>13,649,202</u>	<u>13,003,238</u>	<u>26,652,440</u>	<u>2,654,349</u>
<u>\$ 12,804,755</u>	<u>\$ 13,400,029</u>	<u>\$ 26,204,784</u>	<u>\$ 2,404,095</u>

CITY OF DAYTON, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2019

	General	Debt Service	Capital Projects	Nonmajor Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 3,718,043	\$ 2,363,616	\$ 3,855,183	\$ 175,424
Restricted cash and cash equivalents	270,547	-	-	-
Receivables, net	1,394,189	258,319	-	23,889
Due from component unit	11,789	-	-	-
Due from other funds	379,457	44,031	-	-
Prepaid items	12,241	-	-	-
Inventory	34,753	-	-	-
Total Assets	\$ 5,821,019	\$ 2,665,966	\$ 3,855,183	\$ 199,313
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 664,081	\$ -	\$ 358,198	\$ 307
Due to component unit	621,859	-	-	-
Due to other funds	1,105,177	-	17,864	727
Total Liabilities	2,391,117	-	376,062	1,034
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	498,359	258,319	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	12,241	-	-	-
Inventory	34,753	-	-	-
Restricted:				
Debt service	-	2,407,647	-	-
Capital projects	-	-	3,479,121	-
PEG fees	115,875	-	-	-
Enabling Legislation	104,593	-	-	198,279
Unassigned	2,664,081	-	-	-
Total Fund Balances	2,931,543	2,407,647	3,479,121	198,279
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,821,019	\$ 2,665,966	\$ 3,855,183	\$ 199,313

**Total
Governmental
Funds**

\$ 10,112,266

270,547

1,676,397

11,789

423,488

12,241

34,753

\$ 12,541,481

\$ 1,022,586

621,859

1,123,768

2,768,213

756,678

12,241

34,753

2,407,647

3,479,121

115,875

302,872

2,664,081

9,016,590

\$ 12,541,481

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CITY OF DAYTON, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2019

Total fund balances – total governmental funds \$ 9,016,590

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - nondepreciable	1,384,811	
Capital assets - net depreciable	27,120,528	
	<u>28,505,339</u>	28,505,339

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		756,678
---	--	---------

An internal service fund is used by management to charge the costs of employee benefits to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.		2,121
--	--	-------

Some deferred outflows, deferred inflows, and liabilities, including bonds payable, net pension liability, and total other postemployment benefits (OPEB) liability, are not reported as liabilities in the governmental funds.

Accrued interest payable	(106,949)	
Noncurrent liabilities due in one year	(1,816,178)	
Noncurrent liabilities due in more than one year	(24,097,568)	
Deferred outflows - pensions	542,323	
Deferred outflows - OPEB	12,429	
Deferred inflows - pensions	(152,873)	
Deferred inflows -OPEB	(25,528)	
Deferred charge on refunding	168,371	
	<u>(25,475,973)</u>	

Net Position of Governmental Activities		<u><u>\$ 12,804,755</u></u>
--	--	-----------------------------

See Notes to Financial Statements.

CITY OF DAYTON, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

	General	Debt Service	Capital Project	Nonmajor Funds
Revenues				
Property tax	\$ 3,349,063	\$ 2,019,360	\$ -	\$ -
Sales tax	1,638,096	-	-	-
Franchise fees and local taxes	518,596	-	-	102,872
Licenses and permits	291,555	-	-	-
Intergovernmental	626,128	-	-	-
Fines and forfeitures	444,400	-	-	-
Charges for services	206,807	-	-	-
Investment income	59,741	47,251	72,146	1,091
Contributions and donations	18,278	-	-	-
Payments in lieu of taxes	292,737	-	-	-
Other revenue	113,437	-	-	-
Total Revenues	7,558,838	2,066,611	72,146	103,963
Expenditures				
Current:				
General government	2,676,418	-	-	-
Public safety	3,178,110	-	-	-
Public works	1,031,984	-	-	-
Culture and recreation	409,234	-	-	-
Community enhancement	416,357	-	-	-
Community center	390,442	-	-	-
Tourism promotion	-	-	-	77,408
Capital outlay	-	-	4,349,819	-
Debt service:				
Principal	37,507	1,585,000	-	-
Interest and fiscal charges	8,479	678,149	-	-
Debt issuance costs	-	1,700	105,230	-
Total Expenditures	8,148,531	2,264,849	4,455,049	77,408
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(589,693)	(198,238)	(4,382,903)	26,555
Other Financing Sources (Uses)				
Transfers in	616,039	340,173	-	-
Transfers (out)	(1,988)	-	(15,789)	-
Bonds issued	-	-	2,500,000	-
Premium on bonds issued	-	-	105,230	-
Total Other Financing Sources	614,051	340,173	2,589,441	-
Net Change in Fund Balances	24,358	141,935	(1,793,462)	26,555
Beginning fund balances	2,907,185	2,265,712	5,272,583	171,724
Ending Fund Balances	\$ 2,931,543	\$ 2,407,647	\$ 3,479,121	\$ 198,279

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 5,368,423
1,638,096
621,468
291,555
626,128
444,400
206,807
180,229
18,278
292,737
113,437
9,801,558

2,676,418
3,178,110
1,031,984
409,234
416,357
390,442
77,408
4,349,819

1,622,507
686,628
106,930
14,945,837

(5,144,279)

956,212
(17,777)
2,500,000
105,230

3,543,665

(1,600,614)

10,617,204
\$ 9,016,590

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CITY OF DAYTON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$ (1,600,614)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	3,263,259
Depreciation expense	(1,465,181)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	31,181
<p>An internal service fund is used by management to charge the costs of employee benefits to individual funds. The net revenue (expense) is reported with governmental activities.</p>	
	368
<p>The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. The net pension liability and total other postemployment benefits (OPEB) liability and deferred outflows and deferred inflows related to the net pension liability and total OPEB liability are not reported in the governmental funds.</p>	
Accrued interest	42,196
Debt issued	(2,500,000)
Premium on bonds issued	(78,938)
Principal expenditures	1,622,507
Deferred charges	(19,499)
Net pension liability	(310,778)
Total OPEB liability	13,963
Deferred outflows - pensions	(70,603)
Deferred outflows - OPEB	(2,129)
Deferred inflows - pensions	282,901
Deferred inflows - OPEB	(25,528)
Compensated absences	(15,724)
	(844,447)
Change in Net Position of Governmental Activities	\$ (844,447)

See Notes to Financial Statements.

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CITY OF DAYTON, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2019

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Total Proprietary Funds</u>	<u>Governmental Activities Internal Service</u>
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	\$ 2,380,687	\$ 1,590,019	\$ 3,970,706	\$ 1,133
Restricted assets - customer deposits	118,521	-	118,521	-
Receivables, net	696,478	211,651	908,129	988
Due from other funds	766,639	-	766,639	-
Inventories	64,563	-	64,563	-
Total Current Assets	<u>4,026,888</u>	<u>1,801,670</u>	<u>5,828,558</u>	<u>2,121</u>
Noncurrent Assets				
Capital assets:				
Nondepreciable	81,223	26,185	107,408	-
Net depreciable capital assets	14,099,435	228,104	14,327,539	-
Total Noncurrent Assets	<u>14,180,658</u>	<u>254,289</u>	<u>14,434,947</u>	<u>-</u>
Total Assets	<u>18,207,546</u>	<u>2,055,959</u>	<u>20,263,505</u>	<u>2,121</u>
<u>Deferred Outflows of Resources</u>				
Deferred outflows - pensions	137,903	4,763	142,666	-
<u>Liabilities</u>				
Current Liabilities				
Accounts payable and accrued liabilities	216,498	88,388	304,886	-
Due to other funds	65,583	776	66,359	-
Customer deposits	118,521	-	118,521	-
Accrued interest payable	30,620	-	30,620	-
Current portion of compensated absences	9,750	-	9,750	-
Current portion of bonds payable, net	575,000	-	575,000	-
Total Current Liabilities	<u>1,015,972</u>	<u>89,164</u>	<u>1,105,136</u>	<u>-</u>
Noncurrent Liabilities				
Compensated absences	1,083	-	1,083	-
Bonds payable, net	5,614,602	-	5,614,602	-
Net pension liability	229,077	18,108	247,185	-
Total Liabilities	<u>6,860,734</u>	<u>107,272</u>	<u>6,968,006</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	37,221	915	38,136	-
<u>Net Position</u>				
Net investment in capital assets	7,991,056	254,289	8,245,345	-
Unrestricted	3,456,438	1,698,246	5,154,684	2,121
Total Net Position	<u>\$ 11,447,494</u>	<u>\$ 1,952,535</u>	<u>\$ 13,400,029</u>	<u>\$ 2,121</u>

See Notes to Financial Statements.

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CITY OF DAYTON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2019

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Total Proprietary Funds</u>	<u>Governmental Activities Internal Service</u>
<u>Operating Revenues</u>				
Water and sewer charges	\$ 3,872,285	\$ -	\$ 3,872,285	\$ -
Sanitation	-	1,241,372	1,241,372	-
Other services	71,465	26,276	97,741	1,188,178
Total Operating Revenues	<u>3,943,750</u>	<u>1,267,648</u>	<u>5,211,398</u>	<u>1,188,178</u>
<u>Operating Expenses</u>				
Personnel services	1,288,086	51,888	1,339,974	1,188,178
Services	518,297	928,875	1,447,172	-
Supplies	62,100	5,659	67,759	-
Utilities	293,181	3,672	296,853	-
Repairs and maintenance	238,330	18,680	257,010	-
Depreciation	1,315,143	33,183	1,348,326	-
Miscellaneous	38,838	7,047	45,885	-
Total Operating Expenses	<u>3,753,975</u>	<u>1,049,004</u>	<u>4,802,979</u>	<u>1,188,178</u>
Operating Income	<u>189,775</u>	<u>218,644</u>	<u>408,419</u>	<u>-</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment income	35,530	25,069	60,599	368
Interest and fiscal agent charges	(135,528)	-	(135,528)	-
Total Nonoperating Revenues (Expenses)	<u>(99,998)</u>	<u>25,069</u>	<u>(74,929)</u>	<u>368</u>
Income Before Transfers	89,777	243,713	333,490	368
<u>Capital Contributions and Transfers</u>				
Capital contribution	1,001,736	-	1,001,736	-
Transfers in	-	44,813	44,813	-
Transfers (out)	(983,248)	-	(983,248)	-
Total Capital Contributions and Transfers	<u>18,488</u>	<u>44,813</u>	<u>63,301</u>	<u>-</u>
Change in Net Position	108,265	288,526	396,791	368
Beginning net position	11,339,229	1,664,009	13,003,238	1,753
Ending Net Position	<u>\$ 11,447,494</u>	<u>\$ 1,952,535</u>	<u>\$ 13,400,029</u>	<u>\$ 2,121</u>

See Notes to Financial Statements.

CITY OF DAYTON, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended September 30, 2019

	<u>Water and Sewer</u>	<u>Refuse</u>	<u>Total Proprietary Funds</u>	<u>Governmental Activities Internal Service</u>
<u>Cash Flows from Operating Activities</u>				
Receipts from customers	\$ 4,107,759	\$ 1,273,618	\$ 5,381,377	\$ -
Receipts from interfund charges	-	-	-	1,188,178
Payments to suppliers	(1,120,316)	(1,040,812)	(2,161,128)	(1,188,178)
Payments to employees	(1,269,694)	(49,937)	(1,319,631)	-
Net Cash Provided by Operating Activities	<u>1,717,749</u>	<u>182,869</u>	<u>1,900,618</u>	<u>-</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfer to other funds	(983,248)	44,813	(938,435)	-
Net Cash (Used) by Noncapital Financing Activities	<u>(983,248)</u>	<u>44,813</u>	<u>(938,435)</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Capital purchases	(117,583)	-	(117,583)	-
Principal paid on capital debt	(565,000)	-	(565,000)	-
Interest paid on capital debt	(182,150)	-	(182,150)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(864,733)</u>	<u>-</u>	<u>(864,733)</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>				
Sale of investments	802,076	-	802,076	-
Interest on investments	35,530	25,070	60,600	368
Net Cash Provided by Investing Activities	<u>837,606</u>	<u>25,070</u>	<u>862,676</u>	<u>368</u>
Net Increase (Decrease) in Cash and Cash Equivalents	707,374	252,752	960,126	368
Beginning cash and cash equivalents	<u>1,791,834</u>	<u>1,337,267</u>	<u>3,129,101</u>	<u>765</u>
Ending Cash and Cash Equivalents	<u>\$ 2,499,208</u>	<u>\$ 1,590,019</u>	<u>\$ 4,089,227</u>	<u>\$ 1,133</u>
<u>Ending Cash and Cash Equivalents</u>				
Unrestricted cash and cash equivalents	\$ 2,380,687	\$ 1,590,019	\$ 3,970,706	\$ 1,133
Restricted cash and cash equivalents	118,521	-	118,521	-
Ending Cash and Cash Equivalents	<u>\$ 2,499,208</u>	<u>\$ 1,590,019</u>	<u>\$ 4,089,227</u>	<u>\$ 1,133</u>

CITY OF DAYTON, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2019

	Water and Sewer	Refuse	Total Proprietary Funds	Governmental Activities Internal Service
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities				
Operating income	\$ 189,775	\$ 218,644	\$ 408,419	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,315,143	33,183	1,348,326	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Deferred outflows - pensions	(68,350)	(940)	(69,290)	-
Accounts receivable	(22,107)	5,970	(16,137)	-
Due from other funds	166,698	-	166,698	-
Inventories	(4,648)	-	(4,648)	-
Increase (Decrease) in:				
Accounts payable and accrued liabilities	35,078	(76,879)	(41,801)	-
Due to other funds	13,629	-	13,629	-
Net pension liability	80,394	1,976	82,370	-
Deferred inflows - pensions	6,128	915	7,043	-
Customer deposits	5,789	-	5,789	-
Compensated absences	220	-	220	-
Net Cash Provided by Operating Activities	\$ 1,717,749	\$ 182,869	\$ 1,900,618	\$ -
Noncash investing, capital, and financing activities:				
Contributions of capital assets from governmental funds	\$ 1,001,736	\$ -	\$ -	\$ -

See Notes to Financial Statements.

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CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Dayton, Texas (the “City”) is a Home Rule City. The City operates under a “Mayor-Council” form of government and provides services authorized by its charter. Presently, these services include: public safety (police, fire, and EMS), public works (street and park maintenance), culture and recreation, community enhancement, and general administrative services.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component unit, as listed below, although legally separate, is considered part of the reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Dayton Community Development Corporation

In May 1996, the City formed the Dayton Community Development Corporation (the “Corporation”), which was created by voters approving an additional sales tax. The mission of the Corporation is to promote economic development within the City and surrounding areas. The Board is composed of seven directors (voting members) and four advisory directors (nonvoting), each of whom is appointed by the City Council. The City Council may remove a Board member from office at any time without cause. Not more than three members of the Board may be a member of City Council or any other officer or employee of the City. The Corporation has been included in the reporting entity as a discretely presented component unit. The City has the ability to impose its will on the Corporation because it approves the Corporation’s budget and the City is legally entitled to, and has, complete access to the Corporation’s economic resources. As a discretely presented

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

component unit, the Corporation is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the City. The Corporation is funded by the levy of one-half of one percent sales and use tax. The Corporation has a September 30 year end. Financial statements for the Corporation may be obtained by contacting Rudy Zepeda, Director of Finance, City of Dayton, 117 Cook Street, Dayton, Texas 77535.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component unit. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from a legally separate *component unit* for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and an internal service fund, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, and franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, culture and recreation, and community enhancement. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects. The hotel and motel tax and community development special revenue funds are considered nonmajor funds for reporting purposes.

The *capital projects fund* is used to account for the expenditures of resources accumulated from the sale of long-term debt and related interest earnings for capital improvement projects. The capital projects fund is considered a major fund for reporting purposes.

The City reports the following enterprise funds:

The *enterprise funds* are used to account for the operations that provide water and wastewater collection, wastewater treatment operations, and the operations that provide garbage services to the public. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The water and sewer fund and refuse fund are considered major funds for reporting purposes.

Additionally, the City reports the following fund type:

Internal service funds account for services provided to other departments of the City, or to other governments, on a cost reimbursement basis. The employee benefit fund is used to account for insurance provided to City employees.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service fund) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and is reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposits are reported at cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

3. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the general fund are restricted by enabling legislation. Restricted assets of the enterprise fund are restricted for customer deposits.

4. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of supplies for infrastructure repairs and maintenance. The cost of such inventories is recorded as expenditure/expenses when consumed rather than when purchased.

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 to 7 years
Furniture and equipment	5 to 7 years
Water and sewer system	30 to 40 years
Buildings and improvements	50 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City’s fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and compensatory time. Amounts accumulated may be paid to employees upon termination of employment or during employment in accordance with the City’s personnel policy. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

maintained separately and represent a reconciling item between the fund and government-wide presentations.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with interest earned in the debt service fund.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

10. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

13. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's fiduciary net position have been determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied during September of each year, are due upon receipt of the City's tax bill, and become delinquent on January 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control in the approved budget as defined by the charter is the department level in the general fund and all others are the fund level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the year ended September 30, 2019.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

For the year ended September 30, 2019, expenditures exceeded appropriations at the legal level of control in the following departments:

Departments	Variance
General	
Administration	\$ 127,189
Streets	76,484
Maintenance	40,200
Community enhancement	55,840
Community center	14,539
Hotel Motel Tax	
Tourism promotion	\$ 9,608

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2019, the City had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
TexPool	\$ 3,860,265	0.09
Total	\$ 3,860,265	
Portfolio weighted average maturity		0.09

As of September 30, 2019, the Corporation had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
TexPool	\$ 1,023,567	0.09
Total	\$ 1,023,567	
Portfolio weighted average maturity		0.09

Credit risk. The City's policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m'. Bankers' acceptances must be issued in the United States and carry a rating of 'A1'/'P1' as provided by two of the top nationally recognized rating agencies. As of September 30, 2019, the City's investments in TexPool were rated 'AAAm' by Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective fair value of at least 103 percent. As of September 30, 2019, the fair values of pledged securities and FDIC coverage exceeded the City's bank balances. As of September 30, 2019, the fair values of pledged securities and FDIC coverage exceeded the Corporation's bank balances.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor’s rates TexPool ‘AAAm’. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, Texpool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool’s liquidity.

B. Receivables

The following comprise receivable balances at year end for governmental funds, enterprise funds, and the discretely presented component unit:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Component Unit</u>
Property tax	\$ 498,359	\$ 258,319	\$ -	\$ -
Sales tax	291,337	-	-	146,362
Other tax	597,591	-	-	-
Other	6,902	-	23,889	-
	<u>\$ 1,394,189</u>	<u>\$ 258,319</u>	<u>\$ 23,889</u>	<u>\$ 146,362</u>

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

	Water and Sewer	Refuse	Internal Service
Accounts	\$ 735,040	\$ 215,939	\$ 988
Other	9,863	-	-
Less allowance	(48,425)	(4,288)	-
	\$ 696,478	\$ 211,651	\$ 988

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,384,811	\$ -	\$ -	\$ 1,384,811
Total capital assets, not being depreciated	1,384,811	-	-	1,384,811
Other capital assets:				
Infrastructure	4,701,978	1,032,281	-	5,734,259
Buildings and improvements	23,410,856	-	-	23,410,856
Machinery and equipment	6,557,489	2,230,978	(106,137)	8,682,330
Total other capital assets	34,670,323	3,263,259	(106,137)	37,827,445
Less accumulated depreciation for:				
Infrastructure	(1,502,462)	(219,750)	-	(1,722,212)
Buildings and improvements	(3,459,604)	(507,608)	-	(3,967,212)
Machinery and equipment	(4,373,979)	(737,823)	94,309	(5,017,493)
Total accumulated depreciation	(9,336,045)	(1,465,181)	94,309	(10,706,917)
Other capital assets, net	25,334,278	1,798,078	(11,828)	27,120,528
Governmental Activities Capital Assets, Net	\$ 26,719,089	\$ 1,798,078	\$ (117,965)	28,505,339
				(24,580,895)
				3,479,121
				168,371
				Net Investment in Capital Assets \$ 7,571,936

Depreciation was charged to governmental functions as follows:

General government	\$ 69,875
Public safety	645,204
Public works	331,728
Culture and recreation	331,822
Community enhancement	86,552
Total Governmental Activities Depreciation Expense	\$ 1,465,181

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

A summary of changes in business-type activities capital assets for the year end was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 107,408	\$ -	\$ -	\$ 107,408
Total capital assets not being depreciated	<u>107,408</u>	<u>-</u>	<u>-</u>	<u>107,408</u>
Other capital assets:				
Building and improvements	3,086,121	-	-	3,086,121
Machinery and equipment	2,340,983	318,554	-	2,659,537
Water and sewer system	28,487,766	800,765	-	29,288,531
Total other capital assets	<u>33,914,870</u>	<u>1,119,319</u>	<u>-</u>	<u>35,034,189</u>
Less accumulated depreciation for:				
Building and improvements	(710,466)	(146,603)	-	(857,069)
Machinery and equipment	(1,511,134)	(141,032)	-	(1,652,166)
Water and sewer system	(17,136,724)	(1,060,691)	-	(18,197,415)
Total accumulated depreciation	<u>(19,358,324)</u>	<u>(1,348,326)</u>	<u>-</u>	<u>(20,706,650)</u>
Other capital assets, net	14,556,546	(229,007)	-	14,327,539
Business-Type Activities Capital Assets, Net	<u>\$ 14,663,954</u>	<u>\$ (229,007)</u>	<u>\$ -</u>	<u>14,434,947</u>
			Less associated debt	<u>(6,189,602)</u>
			Net Investment in Capital Assets	<u>\$ 8,245,345</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,315,143
Refuse	<u>33,183</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 1,348,326</u>

A summary of changes in component unit capital assets for the year end was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Component Unit				
Capital assets not being depreciated:				
Land	\$ -	\$ 162,912	\$ -	\$ 162,912
Total capital assets not being depreciated	<u>-</u>	<u>162,912</u>	<u>-</u>	<u>162,912</u>
Component Unit Capital Assets	<u>\$ -</u>	<u>\$ 162,912</u>	<u>\$ -</u>	<u>162,912</u>

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

D. Long-Term Debt

The following is a summary of changes in the City's long-term liabilities for the year end. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 1,525,000	\$ -	\$ 745,000	\$ 780,000	* \$ 780,000
Direct placement bonds	7,955,000	-	90,000	7,865,000	*
Tax anticipation notes	120,000	-	120,000	-	*
Direct placement tax notes	465,000	-	115,000	350,000	*
Certificates of obligation	13,090,000	2,500,000	515,000	15,075,000	*
Total bonds and notes	<u>23,155,000</u>	<u>2,500,000</u>	<u>1,585,000</u>	<u>24,070,000</u>	<u>1,680,000</u>
Plus deferred items:					
Issuance premiums	351,374	105,230	26,292	430,312	*
Capital leases	118,090	-	37,507	80,583	*
Other liabilities:					
Net pension liability (TMRS)	655,463	322,736	-	978,199	-
Net pension liability (TESRS)	71,280	-	11,958	59,322	-
Total OPEB liability (TMRS)	201,689	-	13,963	187,726	-
Compensated absences	91,880	169,187	153,463	107,604	96,844
	<u>\$ 24,644,776</u>	<u>\$ 3,097,153</u>	<u>\$ 1,828,183</u>	<u>\$ 25,913,746</u>	<u>\$ 1,816,178</u>

Long-term liabilities due in more than one year \$ 24,097,568

***Debt associated with governmental activity capital assets** \$ 24,580,895

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
General obligation bonds	\$ 6,335,000	\$ -	\$ 565,000	\$ 5,770,000	* \$ 575,000
Total bonds payable	<u>6,335,000</u>	<u>-</u>	<u>565,000</u>	<u>5,770,000</u>	<u>575,000</u>
Plus deferred amounts:					
Issuance premiums	466,224	-	46,622	419,602	*
Other liabilities:					
Net pension liability (TMRS)	164,815	82,370	-	247,185	-
Compensated absences	10,613	22,054	21,834	10,833	9,750
Total Business-Type Activities	<u>\$ 6,976,652</u>	<u>\$ 104,424</u>	<u>\$ 633,456</u>	<u>\$ 6,447,620</u>	<u>\$ 584,750</u>

Long-term liabilities due in more than one year \$ 5,862,870

***Debt associated with capital assets** \$ 6,189,602

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The following is a summary of changes in the Corporation's long-term liabilities for the year end:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Component Unit:					
Net pension liability (TMRS)	\$ 30,876	\$ 27,009	\$ -	\$ 57,885	\$ -
Total Component Unit					
Activities	<u>\$ 30,876</u>	<u>\$ 27,009</u>	<u>\$ -</u>	<u>\$ 57,885</u>	<u>\$ -</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The general fund liquidates the governmental activities portion of the compensated absences liability, the net pension liability through TMRS and TESRS, and the total OPEB liability.

Long-term debt at year end was comprised of the following debt issues:

Description	Original Issue	Interest Rates	Balance
<u>Governmental Activities:</u>			
General Obligation Bonds			
2008 general obligation bonds	\$ 13,255,000	4.00-5.25%	\$ 780,000
	Total General Obligation Bonds		<u>780,000</u>
Direct Placement Bonds			
2017 general obligation refunding bonds	\$ 8,045,000	2.23%	7,865,000
	Total General Obligation Bonds		<u>7,865,000</u>
Direct Placement Tax Notes			
2017 tax anticipation notes	\$ 575,000	1.68%	350,000
	Total Tax Anticipation Notes		<u>350,000</u>
Certificates of Obligation			
2015 certificates of obligation	\$ 6,990,000	2.00-4.00%	6,305,000
2018 certificates of obligation	\$ 6,595,000	2.00-4.00%	6,270,000
2019 certificates of obligation	\$ 2,500,000	2.00-5.00%	2,500,000
	Total Certificates of Obligation		<u>15,075,000</u>
Capital Leases			
	\$ 335,000	2.6-3.5%	80,583
	Total Governmental Activities Long-Term Debt		<u>\$ 24,150,583</u>
<u>Business-Type Activities:</u>			
General Obligation Bonds			
2016 general obligation refunding bonds	\$ 6,880,000	2.00-4.00%	\$ 5,770,000
	Total General Obligation Bonds		<u>\$ 5,770,000</u>
	Total Business-Type Activities Long-Term Debt		<u>\$ 5,770,000</u>

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The annual requirements to amortize debt issues outstanding at year end were as follows:

Year Ending Sept. 30	Governmental Activities							
	General Obligation Bonds		Certificates of Obligation		Direct Placement Tax Notes		Direct Placement Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 780,000	\$ 16,575	\$ 695,000	\$ 468,725	\$ 115,000	\$ 4,914	\$ 90,000	\$ 174,386
2021	-	-	825,000	447,275	115,000	2,982	895,000	163,403
2022	-	-	650,000	423,100	120,000	1,008	920,000	143,166
2023	-	-	665,000	401,800	-	-	940,000	122,427
2024	-	-	695,000	377,850	-	-	960,000	101,242
2025-2029	-	-	3,955,000	1,494,969	-	-	4,060,000	183,641
2030-2034	-	-	5,050,000	777,434	-	-	-	-
2035-2038	-	-	2,540,000	130,516	-	-	-	-
Total	\$ 780,000	\$ 16,575	\$ 15,075,000	\$ 4,521,669	\$ 350,000	\$ 8,904	\$ 7,865,000	\$ 888,265

Year Ending Sept. 30	Business-Type Activities	
	General Obligation Bonds	
	Principal	Interest
2020	\$ 575,000	\$ 170,750
2021	590,000	159,100
2022	600,000	147,200
2023	615,000	131,975
2024	635,000	113,225
2025-2028	2,755,000	222,450
Total	\$ 5,770,000	\$ 944,700

General obligation bonds, tax anticipation notes, and certificates of obligation are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds, certificates of obligation, and tax anticipation notes are from taxes levied on all taxable property located within the City. The City has issued debt for the purpose of capital asset acquisition and infrastructure improvements.

In prior fiscal years, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and defeased bonds are not included in the financial statements. Governmental activities debt defeased in prior years in the amounts of \$7,735,000 remain outstanding.

During fiscal year 2019, the City issued Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019 (the "Certificates") in the amount of \$2,500,000. Proceeds from the sale of the Certificates will be used for projects related to City hall, the City's civic center, streets, sidewalks, and drainage. The Certificates mature on February 1, 2039 and have an interest rate range of 2.00% to 5.00%.

Annual debt service requirements to retire outstanding capital leases are as follows:

Capital Leases

Year Ending Sept. 30	Governmental Activities	
	Principal	Interest
2020	\$ 39,334	\$ 3,925
2021	41,249	2,009
Totals	\$ 80,583	\$ 5,934

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 335,000
Less: accumulated depreciation	(129,813)
Total	\$ 205,187

E. Interfund Transactions

The composition of interfund balances as of year end is as follows:

Fund	Due From Other Funds	Due To Other Funds
General	\$ 379,457	\$ 1,105,177
Debt service	44,031	-
Capital projects	-	17,864
Nonmajor	-	727
Water and sewer	766,639	65,583
Refuse	-	776
	\$ 1,190,127	\$ 1,190,127

Amounts recorded as “due to/from” are considered to be temporary loans and will be repaid during the following year.

Transfers between the primary government funds during the 2019 fiscal year were as follows:

	Transfers In	Transfers Out
Governmental Funds:		
Individual major governmental funds:		
General	\$ 616,039	\$ 1,988
Capital project	-	15,789
Debt service	340,173	-
Total Governmental Funds	956,212	17,777
Enterprise Funds:		
Individual major enterprise funds:		
Water and sewer	-	983,248
Refuse	44,813	-
Total Enterprise Funds	44,813	983,248
Total Transfers	\$ 1,001,025	\$ 1,001,025

Amounts transferred between funds relate to amounts collected by general fund, capital projects fund, and the water and sewer fund for various governmental expenditures, capital projects, and debt payments.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

F. Fund Equity

Funds restricted by enabling legislation are \$302,872 and \$115,875 related to communications.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	2019	2018
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Transfers	100% Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to, but not yet receiving, benefits	83
Active employees	97
Total	227

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 7.28 percent and 7.46 percent in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2019 were \$364,812, which were equal to the required contributions.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109 percent and female rates multiplied by 103 percent with a three-year set-forward for both males and females. In addition, a three percent minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the three percent floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate are based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the EAN actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	<u><u>100.0%</u></u>	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 570,125	\$ -	\$ 570,125
Interest	562,917	-	562,917
Difference between expected and actual experience	(273,080)	-	(273,080)
Contributions - employer	-	337,358	(337,358)
Contributions - employee	-	316,736	(316,736)
Net investment income	-	(221,728)	221,728
Benefit payments, including refunds of employee contributions	(436,505)	(436,505)	-
Administrative expense	-	(4,297)	4,297
Other changes	-	(222)	222
Net Changes	<u>423,457</u>	<u>(8,658)</u>	<u>432,115</u>
Balance at December 31, 2017	<u>8,272,703</u>	<u>7,421,549</u>	<u>851,154</u>
Balance at December 31, 2018	<u><u>\$ 8,696,160</u></u>	<u><u>\$ 7,412,891</u></u>	<u><u>\$ 1,283,269</u></u>

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 2,521,019	\$ 1,283,269	\$ 268,160

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2019, the City recognized net pension expense of \$481,777.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 55,784	\$ 200,064
Difference between projected and actual investment earnings	381,222	-
Contributions subsequent to the measurement date	283,895	-
Total	\$ 720,901	\$ 200,064

\$283,895 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended September 30</u>	<u>Pension Expense</u>
2020	\$ 90,936
2021	2,367
2022	(898)
2023	144,537
Total	\$ 236,942

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the TESRS and established and administered by the State of Texas (the “State”) to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2018, there were 238 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2018, the pension system membership consisted of:

Retirees and beneficiaries currently receiving benefits	3,533
Terminated members entitled to, but not yet receiving, benefits	1,927
Active participants	3,927

Pension Plan Fiduciary Net Position

Detailed information about the TESRS’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and Required Supplementary Information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations that may be of interest are also available at the same link.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees (the “Board”) authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The benefit provisions include retirement benefits, as well as death and disability benefits. Members are 50 percent vested after the tenth year of service, with the vesting percentage increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body’s average monthly contribution over the member’s years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2 percent compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member’s surviving spouse and dependent children.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of TESRS, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the TESRS contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make TESRS “actuarially sound” each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the Board to be two percent, of the Part One contributions beginning September 1, 2017.

Additional contributions may be made by governing bodies within two years of joining TESRS to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in TESRS.

A small subset of participating departments has a different contribution arrangement that is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by TESRS.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2018, total contributions (dues, prior service, and interest on prior service financing) of \$13,738 were paid by the City. The State appropriated \$1,329,219 for the fiscal year ending August 31, 2018 to the plan as a whole.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Actuarial Assumptions

The TPL in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	8/31/2018
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with an 80%/120% corridor on market value
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases	N/A
*Includes inflation at	3.00%
Cost of living adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75 percent assumption reflected a reduction of 0.22 percent for adverse deviation.

The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Net Real Rate of Return</u>
Equities		
Large cap domestic	32.0%	5.81%
Small cap domestic	15.0%	5.92%
Developed international	15.0%	6.21%
Emerging markets	5.0%	7.18%
Master limited partnership	5.0%	7.61%
Real estate	5.0%	4.46%
Fixed income	23.0%	1.61%
Total	<u>100.0%</u>	
Weighted average		5.01%

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive 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.

Discount Rate Sensitivity Analysis

The following presents the NPL of the City, calculated using the discount rate of 7.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$ 117,892	\$ 59,322	\$ 19,819

Pension Liabilities, Pension Expense, and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

At August 31, 2018, the City reported a liability of \$59,322 for its proportionate share of the plan's NPL. The amount recognized by the City as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the City were as follows:

City's proportionate share of the collective NPL	\$ 59,322
*State's proportionate share that is associated with the City	16,464
Total	\$ 75,786

**Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective NPL.*

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2018. GASB Statement No. 68 requires the NPL to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (nor did they provide the necessary information for the participants to roll forward) the NPL to be measured as of a date no earlier than the end of the City's prior fiscal year. While the City acknowledges that the measurement date does not fall within this 12 month period, the City elected to honor the conservatism principle and report the NPL measured as of August 31, 2018. The City used the assumption that any differences in NPL measured as of August 31, 2018 versus September 30, 2019 would be immaterial. The employer's proportion of the NPL was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

At August 31, 2018, the employer's proportion of the collective NPL was 0.274 percent, which was a decrease of 0.023 percent from its proportion measured as of August 31, 2017.

There were no changes of assumptions or other inputs that affected measurement of the TPL during the measurement period.

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

For the year ended September 30, 2019, the City recognized pension expense of \$18,805. The City recognized on-behalf revenues of \$3,642 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

The City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 3,279
Changes in assumptions	222	-
Changes in proportion and employer and proportionate share of contributions	16	171
Contributions paid to TESRS subsequent to the measurement date	11,948	-
Total	\$ 12,186	\$ 3,450

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Years Ended September 30	Pension Expense
2019	\$ 3,822
2020	(2,127)
2021	(3,130)
2022	(1,777)
Total	\$ (3,212)

3. Aggregate Total Pension Expenses/Expenditures

The City recognized aggregate total pension expenses/expenditures of \$500,582 during the fiscal year ending September 30, 2019 related to the City's TMRS and TESRS pension plans.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

D. Other Postemployment Benefits

TMRS Supplemental Death Benefits

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to, but not yet receiving, benefits	15
Active employees	97
Total	142

Total OPEB Liability

The City's total OPEB liability of \$187,726 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.71%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projects on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rate are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 11,764
Interest	6,841
Differences between expected and actual performance	(16,702)
Changes of assumptions	(14,056)
Benefit payments*	<u>(1,810)</u>
	Net Changes
	(13,963)
Beginning balance	<u>201,689</u>
	Ending Balance
	<u><u>\$ 187,726</u></u>

* Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

The discount rate changed from 3.31% to 3.71%. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
City's Total OPEB Liability	\$ 225,984	\$ 187,726	\$ 158,247

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$16,077. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 10,481	\$ 11,666
Differences between expected and actual economic experience	-	13,862
Contributions subsequent to the measurement date	1,948	-
Total	\$ 12,429	\$ 25,528

\$1,948 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2020.

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	OPEB Expense Amount
2019	\$ (2,528)
2020	(2,528)
2021	(2,528)
2022	(2,855)
2023	(4,608)
Total	\$ (15,047)

E. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with the Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Plan's trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payments to employees deferring the

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

F. Chapter 380 Economic Development Agreement

In November 2014, in accordance with Chapter 380 of the Texas Local Government Code, the City approved an agreement (the “Agreement”) with Jess-John, Inc. (the “Developer”). The Developer plans to construct residential housing that will require the development of infrastructure for City services for the tract of land within the City. The City has agreed to pay the Developer up to one-half of the cost of improvements, not to exceed \$674,530. The City has agreed to make annual payments in an amount equal to the project property tax increment in accordance with the Agreement. The project property tax increment shall consist of the prior year collection of additional real property ad valorem tax revenues by the City from tax accounts location within the tract of land owned by the Developer. The term of this Agreement is 15 years. During the fiscal year ending September 30, 2019, the City made payments of \$103,867 related to this Agreement.

G. Dayton Community Development Corporation Grant Agreements

The Dayton Community Development Corporation (the “Corporation”) entered into a Grant Performance Agreement for Business and Commerce Development (the “Agreement”) with Total Care Dayton, LLC (the “Company”). The Company has agreed to open an urgent care center within the City of Dayton, maintain eight full-time employees, and be open for business six days per week, 12 hours per day. The Corporation has agreed to make total grant payments to the Company of \$250,000 over the five-year term of the Agreement. \$150,000 of the grant funds will be for the reimbursement of medical equipment. The remaining \$100,000 is for rental assistance. In the event of default by the Company, the Company must repay all grant payments with interest of ten percent. During the fiscal year ending September 30, 2019, the Corporation made payments of \$5,000 related to this Agreement.

The Corporation entered into another Grant Performance Agreement for Business and Commerce Development (the “Agreement”) with Sumiden Wire Products Corporation (the “Company”). The Company has agreed to commitments of at least \$13,000,000 for the purchase of real estate for, or construction of, a manufacturing facility in the City of Dayton. The Company has also agreed to hire a minimum of 15 full-time employees at a minimum salary specified within the Agreement. The minimum number of employees hired will increase each year over the five-year term of the Agreement. The Corporation has agreed to maximum grant payments of \$643,200 over the term of the Agreement if the Company meets the various conditions noted for each year of the Agreement. In the event of default by the Company, the Company must repay all grant payments with interest of ten percent. During the fiscal year ending September 30, 2019, the Corporation made payments of \$100,000 related to this Agreement.

H. Economic Development Agreement

In May 2019, the City entered into a Chapter 380 Economic Development Agreement (the “Agreement”) with Envision Partners, LLC (the “Developer”). The Developer plans to construct a 66-room chain hotel at an estimated cost range of \$2.5 million to \$3.5 million. The City has agreed to rebate the Developer 71.43 percent of the City’s 7 percent share of the Hotel Occupancy Tax revenues generated by the hotel for the first five years that the hotel is in business. This rebate will

CITY OF DAYTON, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

minimum of 20 percent of the front façade out of either stone or brick. The Developer also agrees to complete construction of the hotel within 24 months of the execution of the Agreement. The Developer agrees to spend the grant payments in accordance with Chapter 351 of the Texas Tax Code which specifies how Hotel Occupancy Tax revenue may be spent. In the event of default by the Developer, the Developer shall be obligated to immediately repay all funds previously paid by the City with interest at a rate of 10 percent per annum from the date of receipt along with any other costs for collection. No payments were made to the Developer during the fiscal year ending September 30, 2019.

I. Master Development and Reimbursement Agreement

In December 2018, the City, the City of Dayton Tax Increment Reinvestment Zone No. 1 (the “Zone”), and CMC Railroad, LLC (the “Developer”) entered into a Master Development and Reimbursement Agreement (the “Agreement”) to provide for the financing and construction of public improvements and associated eligible project costs within the Zone. The Zone was created on May 28, 2018. In order to implement certain plans of the Zone, the City entered into purchase contracts for the necessary right of way for the widening and improvements to Stilson Road from two landowners in the estimated amount of \$306,720 plus related survey and closing costs and real estate agent fees. The Developer has agreed to advance funds necessary to pay for the eligible project costs to be reimbursed in accordance with the Agreement. Liberty County (the “County”) entered into an interlocal agreement with the Zone and the City to participate in the reinvestment zone. The County has agreed to pay the City for deposit into the tax increment fund 50 percent of all taxes collected by the County each year during the term of the interlocal agreement at the then-prevailing County tax rate on the captured appraised values. The term of the interlocal agreement shall end on August 1, 2044, or until 100 percent of the County tax increment participation has been paid.

The City and the County have agreed to reimburse the Developer annually for Zone improvements funded by the Developer based upon 50 percent of the tax increment payments collected within the Zone on the captured appraised values. The other 50 percent of the tax increment shall go into the Zone fund for future projects to be named/approved by the Zone board and City. The Agreement has a reimbursement cap up to \$68,200,000 for eligible project costs (Zone Improvements), plus developer interest (based upon the published prime commercial lending rate in the Wall Street Journal), plus an annual adjustment for the most recently published consumer price index. The agreement shall end upon the expiration of the Zone.

J. Subsequent Events

In March 2020, the City issued Certificates of Obligation Series 2020A (the “Certificates”) in the amount of \$13,450,000. Proceeds from the sale of the Certificates will be used for paying contractual obligations of the City to be incurred for making permanent public improvements to include but not limited to the installation and improvement of fiber optic cable and all related professional services. The Certificates will mature on February 1, 2040. The interest rates of the Certificates is 3%.

In April 2020, the City issued Certificates of Obligation Series 2020B (the “Certificates”) in the amount of \$4,870,000. Proceeds from the sale of the Certificates will be used for renovating and enlarging the City’s utility system, as well as improving City facilities such HVAC improvements and parks and recreation facilities. The Certificates will mature on February 1, 2040. The interest rates of the Certificates range from 3.00 to 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAYTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
Revenues				
Property tax	\$ 3,387,000	\$ 3,387,000	\$ 3,349,063	\$ (37,937)
Sales tax	1,699,200	1,699,200	1,638,096	(61,104)
Franchise fees and local taxes	433,000	433,000	518,596	85,596
Licenses and permits	163,900	163,900	291,555	127,655
Intergovernmental	114,500	114,500	626,128	511,628
Fines and forfeitures	607,200	607,200	444,400	(162,800)
Charges for services	117,100	117,100	206,807	89,707
Investment income	71,250	71,250	59,741	(11,509)
Contributions and donations	500	500	18,278	17,778
Payments in lieu of taxes	370,100	370,100	292,737	(77,363)
Other revenue	82,700	82,700	113,437	30,737
Total Revenues	<u>7,046,450</u>	<u>7,046,450</u>	<u>7,558,838</u>	<u>512,388</u>
Expenditures				
General government				
Administration	1,817,300	1,892,698	2,019,887	(127,189) *
Inspection	610,800	708,300	656,531	51,769
Total General Government	<u>2,428,100</u>	<u>2,600,998</u>	<u>2,676,418</u>	<u>(75,420)</u>
Public Safety				
Police	2,675,150	2,787,857	2,678,526	109,331
Fire/Ambulance	199,400	199,400	189,648	9,752
Municipal court	342,400	344,800	309,936	34,864
Total Public Safety	<u>3,216,950</u>	<u>3,332,057</u>	<u>3,178,110</u>	<u>153,947</u>
Public works				
Streets	680,900	705,600	782,084	(76,484) *
Maintenance	207,700	209,700	249,900	(40,200) *
Total Public Works	<u>888,600</u>	<u>915,300</u>	<u>1,031,984</u>	<u>(116,684)</u>
Culture and recreation				
Library	330,900	334,480	301,760	32,720
City park	123,000	130,600	107,474	23,126
Total Culture and Recreation	<u>453,900</u>	<u>465,080</u>	<u>409,234</u>	<u>55,846</u>
Community enhancement	277,200	360,517	416,357	(55,840) *
Community center	386,100	375,903	390,442	(14,539) *
Debt Service:				
Principal	-	37,507	37,507	-
Interest and fiscal charges	-	8,479	8,479	-
Total Debt Service	<u>-</u>	<u>45,986</u>	<u>45,986</u>	<u>-</u>
Total Expenditures	<u>7,650,850</u>	<u>8,095,841</u>	<u>8,148,531</u>	<u>(52,690)</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(604,400)</u>	<u>(1,049,391)</u>	<u>(589,693)</u>	<u>459,698</u>
Other Financing Sources (Uses)				
Transfers in	618,200	618,200	616,039	(2,161)
Transfers (out)	(20,000)	(1,988)	(1,988)	-
Net Change in Fund Balance	<u>\$ (6,200)</u>	<u>\$ (433,179)</u>	<u>24,358</u>	<u>\$ 457,537</u>
Beginning fund balance			2,907,185	
Ending Fund Balance			<u>\$ 2,931,543</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

CITY OF DAYTON, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2019

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 324,986	\$ 415,360	\$ 490,826	\$ 540,698
Interest (on the total pension liability)	396,895	430,539	474,157	517,680
Difference between expected and actual experience	(19,939)	37,731	54,782	81,411
Changes in assumptions	-	216,362	-	-
Benefit payments, including refunds of employee contributions	(273,230)	(259,770)	(267,708)	(532,131)
Net Change in Total Pension Liability	<u>428,712</u>	<u>840,222</u>	<u>752,057</u>	<u>607,658</u>
Beginning total pension liability	<u>5,644,054</u>	<u>6,072,766</u>	<u>6,912,988</u>	<u>7,665,045</u>
Ending Total Pension Liability	<u><u>\$ 6,072,766</u></u>	<u><u>\$ 6,912,988</u></u>	<u><u>\$ 7,665,045</u></u>	<u><u>\$ 8,272,703</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 177,101	\$ 214,234	\$ 239,287	\$ 313,664
Contributions - employee	215,977	241,488	268,002	296,309
Net investment income	298,309	8,300	393,037	892,777
Benefit payments, including refunds of employee contributions	(273,230)	(259,770)	(267,708)	(532,131)
Administrative expense	(3,114)	(5,059)	(4,449)	(4,637)
Other	(256)	(250)	(240)	(235)
Net Change in Plan Fiduciary Net Position	<u>414,787</u>	<u>198,943</u>	<u>627,929</u>	<u>965,747</u>
Beginning plan fiduciary net position	<u>5,214,141</u>	<u>5,628,928</u>	<u>5,827,872</u>	<u>6,455,802</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 5,628,928</u></u>	<u><u>\$ 5,827,871</u></u>	<u><u>\$ 6,455,801</u></u>	<u><u>\$ 7,421,549</u></u>
Net Pension Liability	<u><u>\$ 443,838</u></u>	<u><u>\$ 1,085,117</u></u>	<u><u>\$ 1,209,244</u></u>	<u><u>\$ 851,154</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.69%	84.30%	84.22%	89.71%
Covered Payroll	\$ 3,085,380	\$ 3,449,831	\$ 3,828,596	\$ 4,230,816
Net Pension Liability as a Percentage of Covered Payroll	14.39%	31.45%	31.58%	20.12%

*Only five years of information is currently available. The City will build this schedule over the next five-year period.

Measurement
Year*

2018

\$ 570,125
562,917

(273,080)

(436,505)

423,457

8,272,703

\$ 8,696,160

\$ 337,358

316,736

(221,728)

(436,505)

(4,297)

(222)

(8,658)

7,421,549

\$ 7,412,891

\$ 1,283,269

85.24%

\$ 4,524,803

28.36%

CITY OF DAYTON, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2019

	Measurement Year*			
	2014	2015	2016	2017
City's proportion of the net pension liability	0.30%	0.31%	0.29%	0.30%
City's proportionate share of the net pension liability	\$ 54,697	\$ 83,002	\$ 85,603	\$ 71,280
State's proportionate share of the net pension liability	18,386	28,771	29,594	23,342
Total	<u>\$ 73,083</u>	<u>\$ 111,773</u>	<u>\$ 115,197</u>	<u>\$ 94,622</u>
Number of Active Members**	32	34	30	28
City's net pension liability per active member	\$ 1,709	\$ 2,441	\$ 2,853	\$ 2,546
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.90%	76.30%	76.30%

*Only five years of information is currently available. The City will build this schedule over the next five-year period.

**There is no compensation for active members. Number of active members is used instead.

Notes to Required Supplementary Information:

Changes in benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

Measurement
Year*
2018

0.27%

\$ 59,322

16,464
\$ 75,786

29

\$ 2,046

84.30%

CITY OF DAYTON, TEXAS
SCHEDULE OF CHANGES IN
TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2019

	Measurement Year*	
	2017	2018
Total OPEB Liability		
Service cost	\$ 9,731	\$ 11,764
Interest (on the total OPEB liability)	6,621	6,841
Differences between expected and actual	-	(16,702)
Change of assumptions	15,885	(14,056)
Benefit payments	(1,692)	(1,810)
Net Change in Total OPEB Liability	30,545	(13,963)
Beginning total OPEB liability	171,144	201,689
Ending Total OPEB Liability	\$ 201,689	\$ 187,726
Covered Payroll	\$ 4,230,816	\$ 4,524,803
Total OPEB Liability as a Percentage of Covered Payroll	4.77%	4.15%

*Only two-years of information is currently available. The City will build this schedule over the next eight-year period.

Notes to Required Supplementary Information:

Changes in Assumptions

The discount rate increased from 3.31% to 3.71%. There were no other changes in assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period.

Changes in Benefits

There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period.

CITY OF DAYTON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2019

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 170,209	\$ 201,762	\$ 244,564	\$ 296,886
Contributions in relation to the actuarially determined contribution	170,209	201,762	244,564	296,886
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,032,125	\$ 3,316,114	\$ 3,919,546	\$ 4,150,979
Contributions as a percentage of covered payroll	5.61%	6.08%	6.24%	7.15%

* Only six years of information is currently available. The City will build this schedule over the next four-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75%
Retirement age	
	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2017 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*	
2018	2019
\$ 331,541	\$ 364,812
331,541	364,812
<u>\$ -</u>	<u>\$ -</u>
\$ 4,421,733	\$ 4,981,259
7.50%	7.32%

CITY OF DAYTON, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2019

	Fiscal Year*			
	2014	2015	2016	2017
Contractually required contribution	\$ 14,852	\$ 14,852	\$ 17,342	\$ 14,364
Contributions in relation to the contractually required contribution	<u>14,852</u>	<u>14,852</u>	<u>17,342</u>	<u>14,364</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members**	34	34	30	30
Contributions per active member	\$ 437	\$ 437	\$ 578	\$ 479

*Only six years of information is currently available. The City will build this schedule over the next four-year period.

**There is no compensation for active members. Number of active members is used instead.

Fiscal Year*	
2018	2019
\$ 13,738	\$ 11,948
<u>13,738</u>	<u>11,948</u>
<u>\$ -</u>	<u>\$ -</u>
28	29
\$ 491	\$ 412

***COMBINING STATEMENTS
AND SCHEDULES***

CITY OF DAYTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Property tax	\$ 1,911,874	\$ 1,939,500	\$ 2,019,360	\$ 79,860
Investment income	6,800	15,300	47,251	31,951
Total Revenues	<u>1,918,674</u>	<u>1,954,800</u>	<u>2,066,611</u>	<u>111,811</u>
<u>Expenditures</u>				
Principal	2,150,000	2,150,000	1,585,000	565,000
Interest and fiscal charges	860,100	860,100	678,149	181,951
Debt issuance costs	1,200	1,200	1,700	(500)
Total Expenditures	<u>3,011,300</u>	<u>3,011,300</u>	<u>2,264,849</u>	<u>746,451</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,092,626)</u>	<u>(1,056,500)</u>	<u>(198,238)</u>	<u>858,262</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	<u>1,027,323</u>	<u>1,027,323</u>	<u>340,173</u>	<u>(687,150)</u>
Total Other Financing Sources	<u>1,087,323</u>	<u>1,027,323</u>	<u>340,173</u>	<u>(687,150)</u>
Net Change in Fund Balance	<u>\$ (5,303)</u>	<u>\$ (29,177)</u>	141,935	<u>\$ 171,112</u>
Beginning fund balance			<u>2,265,712</u>	
Ending Fund Balance			<u>\$ 2,407,647</u>	

CITY OF DAYTON, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2019

SPECIAL REVENUE FUNDS

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.

Hotel and Motel Tax Fund

The hotel and motel tax fund accounts for revenues derived from the City's hotel/motel tax for which the expenditures are legally restricted for enhancement and promotion of tourism for the convention and hotel industry within the City and vicinity.

Community Development Fund

The community development fund accounts for revenues received from the Community Development Block Grant and the expenditures related to the projects.

CITY OF DAYTON, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2019

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Hotel and Motel Tax	Community Development	
<u>Assets</u>			
Cash and cash equivalents	\$ 175,324	\$ 100	\$ 175,424
Receivables, net	23,889	-	23,889
Total Assets	\$ 199,213	\$ 100	\$ 199,313
 <u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable and accrued liabilities	\$ 307	\$ -	\$ 307
Due to other funds	627	100	727
Total Liabilities	934	100	1,034
 Fund Balances			
Restricted:			
Enabling legislation	198,279	-	198,279
Total Fund Balances	198,279	-	198,279
Total Liabilities and Fund Balances	\$ 199,213	\$ 100	\$ 199,313

CITY OF DAYTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Hotel and Motel Tax</u>	<u>Community Development</u>	
<u>Revenues</u>			
Franchise fees and local taxes	\$ 102,872	\$ -	\$ 102,872
Investment income	1,091	-	1,091
Total Revenues	<u>103,963</u>	<u>-</u>	<u>103,963</u>
<u>Expenditures</u>			
Tourism promotion	77,408	-	77,408
Total Expenditures	<u>77,408</u>	<u>-</u>	<u>77,408</u>
Net Change in Fund Balances	26,555	-	26,555
Beginning fund balances	171,724	-	171,724
Ending Fund Balances	<u>\$ 198,279</u>	<u>\$ -</u>	<u>\$ 198,279</u>

CITY OF DAYTON, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL AND MOTEL TAX FUND
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<u>Revenues</u>				
Franchise fees and local taxes	\$ 106,700	\$ 106,700	\$ 102,872	\$ (3,828)
Investment income	1,200	1,200	1,091	(109)
Total Revenues	<u>107,900</u>	<u>107,900</u>	<u>103,963</u>	<u>(3,937)</u>
<u>Expenditures</u>				
Tourism promotion	66,750	67,800	77,408	(9,608)
Total Expenditures	<u>66,750</u>	<u>67,800</u>	<u>77,408</u>	<u>(9,608) *</u>
Net Change in Fund Balance	<u>\$ 41,150</u>	<u>\$ 40,100</u>	26,555	<u>\$ (13,545)</u>
Beginning fund balance			<u>171,724</u>	
Ending Fund Balance			<u>\$ 198,279</u>	

1. *Expenditures exceeded appropriations at the legal level of control.

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the City's overall financial health.

Contents	Page
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Financial Trends	106
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	118
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These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

Debt Capacity	126
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These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	135
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	139
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF DAYTON, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities				
Net investment in capital assets	\$ (902,044)	\$ (368,043)	\$ 925,703	\$ 1,445,839
Restricted	1,259,021	1,846,613	1,616,547	1,675,266
Unrestricted	4,751,826	4,415,092	4,868,753	6,069,598
Total Governmental Activities Net Position	\$ 5,108,803	\$ 5,893,662	\$ 7,411,003	\$ 9,190,703
 Business-Type Activities				
Net investment in capital assets	\$ 8,259,046	\$ 8,645,703	\$ 9,359,270	\$ 9,194,380
Unrestricted	5,197,908	4,668,024	4,512,879	4,667,522
Total Business-Type Activities Net Position	\$ 13,456,954	\$ 13,313,727	\$ 13,872,149	\$ 13,861,902
 Primary Government				
Net investment in capital assets	\$ 7,357,002	\$ 8,277,660	\$ 10,284,973	\$ 10,640,219
Restricted	1,259,021	1,846,613	1,616,547	1,675,266
Unrestricted	9,949,734	9,083,116	9,381,632	10,737,120
Total Primary Government Net Position	\$ 18,565,757	\$ 19,207,389	\$ 21,283,152	\$ 23,052,605

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 2,509,582	\$ 3,462,443	\$ 4,566,453	\$ 9,583,333	\$ 8,539,396	\$ 7,571,936
1,623,984	1,808,450	9,063,490	2,158,771	2,546,588	2,826,394
7,082,301	7,511,183	356,496	2,944,518	2,563,218	2,406,425
<u>\$ 11,215,867</u>	<u>\$ 12,782,076</u>	<u>\$ 13,986,439</u>	<u>\$ 14,686,622</u>	<u>\$ 13,649,202</u>	<u>\$ 12,804,755</u>
\$ 8,952,136	\$ 9,645,450	\$ 9,839,516	\$ 8,404,755	\$ 7,862,730	\$ 8,245,345
3,780,649	3,216,055	3,269,377	4,321,533	5,140,508	5,154,684
<u>\$ 12,732,785</u>	<u>\$ 12,861,505</u>	<u>\$ 13,108,893</u>	<u>\$ 12,726,288</u>	<u>\$ 13,003,238</u>	<u>\$ 13,400,029</u>
\$ 11,461,718	\$ 13,107,893	\$ 14,405,969	\$ 17,988,088	\$ 16,402,126	\$ 15,817,281
1,623,984	1,808,450	9,063,490	2,158,771	2,546,588	2,826,394
10,862,950	10,727,238	3,625,873	7,266,051	7,703,726	7,561,109
<u>\$ 23,948,652</u>	<u>\$ 25,643,581</u>	<u>\$ 27,095,332</u>	<u>\$ 27,412,910</u>	<u>\$ 26,652,440</u>	<u>\$ 26,204,784</u>

CITY OF DAYTON, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental activities				
General government	\$ 1,676,685	\$ 1,680,540	\$ 966,880	\$ 1,078,921
Public safety	1,330,407	1,996,880	2,005,207	2,117,615
Public works	801,733	1,023,098	1,422,006	1,151,412
Culture and recreation	389,495	475,913	631,215	598,987
Community enhancement	113,837	782,221	870,551	655,102
Interest and fees on debt	943,998	937,955	776,729	722,249
Total Governmental Activities Expenses	5,256,155	6,896,607	6,672,588	6,324,286
Business-Type Activities				
Water and sewer	2,405,119	2,822,889	3,150,636	3,225,967
Refuse	783,072	795,252	860,456	765,371
Total Business-Type Activities Expenses	3,188,191	3,618,141	4,011,092	3,991,338
Total Expenses	\$ 8,444,346	\$ 10,514,748	\$ 10,683,680	\$ 10,315,624
Program Revenues				
Governmental activities				
Charges for services				
Public safety	\$ 279,152	\$ 290,581	\$ 447,569	\$ 380,974
Public works	25,443	35,394	36,572	28,625
Operating grants and contributions	102,980	361,668	1,042,973	493,848
Total Governmental Activities Program Revenues	407,575	687,643	1,527,114	903,447
Business-Type Activities				
Charges for services				
Water and sewer	3,017,897	2,996,343	3,104,029	3,198,803
Refuse	907,203	898,957	942,360	1,000,024
Operating grants and contributions	-	-	344,576	35,000
Capital grants and contributions	-	-	261,526	-
Total Business-Type Activities Program Revenues	3,925,100	3,895,300	4,652,491	4,233,827
Total Program Revenues	\$ 4,332,675	\$ 4,582,943	\$ 6,179,605	\$ 5,137,274
Net (Expense)/Revenue				
Governmental activities	\$ (4,848,580)	\$ (6,208,964)	\$ (5,145,474)	\$ (5,420,839)
Business-type activities	736,909	277,159	641,399	242,489
Total Net Expense	\$ (4,111,671)	\$ (5,931,805)	\$ (4,504,075)	\$ (5,178,350)

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 1,020,821	\$ 1,069,703	\$ 1,289,299	\$ 2,292,955	\$ 2,574,650	\$ 2,696,118
2,174,567	2,203,892	2,269,519	2,338,072	4,461,434	4,344,552
1,317,655	1,315,378	1,296,200	1,407,482	841,397	1,359,432
595,737	581,414	768,841	656,111	670,821	535,907
576,481	645,128	534,658	1,034,674	824,133	926,551
681,460	633,697	808,002	669,299	656,507	744,569
<u>6,366,721</u>	<u>6,449,212</u>	<u>6,966,519</u>	<u>8,398,593</u>	<u>10,028,942</u>	<u>10,607,129</u>
3,019,288	3,170,831	3,388,885	3,431,061	3,683,436	3,889,503
838,182	837,012	868,535	1,040,464	1,001,909	1,049,004
<u>3,857,470</u>	<u>4,007,843</u>	<u>4,257,420</u>	<u>4,471,525</u>	<u>4,685,345</u>	<u>4,938,507</u>
<u>\$ 10,224,191</u>	<u>\$ 10,457,055</u>	<u>\$ 11,223,939</u>	<u>\$ 12,870,118</u>	<u>\$ 14,714,287</u>	<u>\$ 15,545,636</u>
\$ 421,610	\$ 391,963	\$ 415,984	\$ 374,383	\$ 519,874	\$ 651,207
48,008	64,802	55,531	63,733	157,153	291,555
125,638	610,798	56,029	438,513	313,512	649,110
<u>595,256</u>	<u>1,067,563</u>	<u>527,544</u>	<u>876,629</u>	<u>990,539</u>	<u>1,591,872</u>
3,070,922	3,096,300	3,193,106	3,724,552	4,154,525	3,872,285
1,034,706	1,029,176	1,058,072	1,201,259	1,337,205	1,241,372
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,105,628</u>	<u>4,125,476</u>	<u>4,251,178</u>	<u>4,925,811</u>	<u>5,491,730</u>	<u>5,113,657</u>
<u>\$ 4,700,884</u>	<u>\$ 5,193,039</u>	<u>\$ 4,778,722</u>	<u>\$ 5,802,440</u>	<u>\$ 6,482,269</u>	<u>\$ 6,705,529</u>
\$ (5,771,465)	\$ (5,381,649)	\$ (6,438,975)	\$ (7,521,964)	\$ (9,038,403)	\$ (9,015,257)
248,158	117,633	(6,242)	454,286	806,385	175,150
<u>\$ (5,523,307)</u>	<u>\$ (5,264,016)</u>	<u>\$ (6,445,217)</u>	<u>\$ (7,067,678)</u>	<u>\$ (8,232,018)</u>	<u>\$ (8,840,107)</u>

CITY OF DAYTON, TEXAS
CHANGES IN NET POSITION (Continued)
Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes	\$ 4,811,646	\$ 4,656,172	\$ 4,564,356	\$ 4,570,211
Sales taxes	902,194	787,054	1,019,311	1,263,882
Franchise fees and local taxes	567,042	611,240	768,721	728,811
Investment income	194,084	123,913	92,976	52,953
Other revenues	97,752	326,260	67,840	76,708
Gain on sale of capital assets	2,782	-	-	-
Transfers in (out)	(1,555,145)	489,184	149,611	410,267
Total Governmental Activities	<u>5,020,355</u>	<u>6,993,823</u>	<u>6,662,815</u>	<u>7,102,832</u>
Business-type activities				
Investment income	61,230	44,811	39,337	26,628
Other revenues	30,561	23,987	27,297	24,338
Gain on sale of capital assets	1,495	-	-	-
Transfers in (out)	1,555,145	(489,184)	(149,611)	(410,267)
Total Business-Type Activities	<u>1,648,431</u>	<u>(420,386)</u>	<u>(82,977)</u>	<u>(359,301)</u>
Total Primary Government	<u>\$ 6,668,786</u>	<u>\$ 6,573,437</u>	<u>\$ 6,579,838</u>	<u>\$ 6,743,531</u>
Change in Net Position				
Governmental activities	\$ 171,775	\$ 784,859	\$ 1,517,341	\$ 1,681,993
Business-type activities	2,385,340	(143,227)	558,422	(116,812)
Total Primary Government	<u>\$ 2,557,115</u>	<u>\$ 641,632</u>	<u>\$ 2,075,763</u>	<u>\$ 1,565,181</u>

Fiscal Year

	2014	2015	2016	2017	2018	2019
\$	4,696,620	\$ 4,772,360	\$ 4,973,068	\$ 4,503,923	\$ 4,828,060	\$ 5,399,604
	1,349,335	1,697,517	1,774,826	1,455,191	1,657,378	1,638,096
	791,503	735,786	824,956	844,839	901,297	914,205
	28,952	39,142	56,722	59,747	54,284	180,597
	111,890	161,238	237,491	152,086	147,162	101,609
	-	-	-	-	-	-
	1,125,000	(55,313)	(227,672)	176,796	582,659	(63,301)
	<u>8,103,300</u>	<u>7,350,730</u>	<u>7,639,391</u>	<u>7,192,582</u>	<u>8,170,840</u>	<u>8,170,810</u>
	11,318	14,698	12,335	17,968	39,535	60,599
	19,408	20,049	13,623	72,973	13,689	97,741
	-	-	-	-	-	-
	(1,125,000)	55,313	227,672	(176,796)	(582,659)	63,301
	<u>(1,094,274)</u>	<u>90,060</u>	<u>253,630</u>	<u>(85,855)</u>	<u>(529,435)</u>	<u>221,641</u>
\$	<u>7,009,026</u>	<u>7,440,790</u>	<u>7,893,021</u>	<u>7,106,727</u>	<u>7,641,405</u>	<u>8,392,451</u>
\$	2,331,835	\$ 1,969,081	\$ 1,200,416	\$ (329,382)	\$ (867,563)	\$ (844,447)
	(846,116)	207,693	247,388	368,431	276,950	396,791
\$	<u>1,485,719</u>	<u>2,176,774</u>	<u>1,447,804</u>	<u>39,049</u>	<u>(590,613)</u>	<u>(447,656)</u>

CITY OF DAYTON, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

Function	Fiscal Year			
	2010	2011	2012	2013
Property taxes	\$ 4,811,646	\$ 4,656,172	\$ 4,564,356	\$ 4,570,211
Sales taxes	902,194	787,054	1,019,311	1,263,882
Franchise fees and local taxes	567,042	611,240	768,721	728,811
Total	\$ 6,280,882	\$ 6,054,466	\$ 6,352,388	\$ 6,562,904

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 4,696,620	\$ 4,772,360	\$ 4,973,068	\$ 4,503,923	\$ 4,828,060	\$ 5,399,604
1,349,335	1,697,517	1,774,826	1,455,191	1,657,378	1,638,096
791,503	735,786	824,956	844,839	901,297	914,205
<u>\$ 6,837,458</u>	<u>\$ 7,205,663</u>	<u>\$ 7,572,850</u>	<u>\$ 6,803,953</u>	<u>\$ 7,386,735</u>	<u>\$ 7,951,905</u>

CITY OF DAYTON, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Years
 (modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 581	\$ -	\$ 958	\$ 616
Restricted	83,235	22,954	22,112	28,023
Assigned	44,824	42,645	32,619	3,176
Unassigned	3,712,905	4,020,551	5,516,861	5,385,160
Total General Fund	<u>\$ 3,841,545</u>	<u>\$ 4,086,150</u>	<u>\$ 5,572,550</u>	<u>\$ 5,416,975</u>
 All Other Governmental Funds				
Restricted	\$ 6,341,117	\$ 3,263,127	\$ 1,475,771	\$ 1,532,577
Assigned	21,987	-	384,630	190,588
Total All Other Governmental Funds	<u>\$ 6,363,104</u>	<u>\$ 3,263,127</u>	<u>\$ 1,860,401</u>	<u>\$ 1,723,165</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 935	\$ 54,667	\$ 3,490	\$ 8,404	\$ 9,899	\$ 46,994
58,204	93,404	144,279	82,218	97,313	220,468
3,427	5,270	31,080	-	-	-
6,399,287	7,182,653	7,125,595	3,443,365	2,799,973	2,664,081
<u>\$ 6,461,853</u>	<u>\$ 7,335,994</u>	<u>\$ 7,304,444</u>	<u>\$ 3,533,987</u>	<u>\$ 2,907,185</u>	<u>\$ 2,931,543</u>
\$ 1,461,402	\$ 1,812,801	\$ 8,919,211	\$ 2,076,553	\$ 7,710,019	\$ 6,085,047
209,367	-	-	-	-	-
<u>\$ 1,670,769</u>	<u>\$ 1,812,801</u>	<u>\$ 8,919,211</u>	<u>\$ 2,076,553</u>	<u>\$ 7,710,019</u>	<u>\$ 6,085,047</u>

CITY OF DAYTON, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Property taxes	\$ 4,717,527	\$ 4,396,138	\$ 4,523,550	\$ 4,677,228
Sales taxes	787,054	1,019,311	1,263,882	1,349,335
Franchise fees and local taxes	462,027	535,983	515,348	493,325
Licenses and permits	35,394	36,572	28,625	48,008
Intergovernmental	214,551	1,039,598	491,798	124,105
Fines and forfeitures	198,026	269,994	260,989	295,556
Charges for services	92,555	177,575	119,985	126,054
Investment income	123,913	92,976	52,953	28,952
Contributions and donations	147,117	3,375	2,050	1,533
Payments in lieu of taxes	149,213	232,738	213,463	298,178
Other revenue	323,510	67,840	76,708	111,890
Total Revenues	7,250,887	7,872,100	7,549,351	7,554,164
Expenditures				
General government	1,693,222	1,059,562	2,576,777	1,038,969
Public safety	1,990,372	1,954,600	2,064,095	2,050,093
Public works	922,042	1,986,509	1,248,321	1,653,068
Culture and recreation	366,971	393,173	423,189	468,025
Community enhancement	347,534	400,702	247,881	123,372
Civic center	159,350	318,467	276,644	317,575
Tourism promotion	37,295	42,441	21,024	42,272
Capital outlay	2,975,161	33,410	7,092	-
Debt service				
Principal	1,282,007	1,255,611	1,373,848	1,335,000
Interest	824,239	828,562	756,016	701,942
Fiscal agent and issuance costs	-	-	-	-
Total Expenditures	10,598,193	8,273,037	8,994,887	7,730,316
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,347,306)	(400,937)	(1,445,536)	(176,152)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets/leases	139,787	2,750	335,000	-
Issuance of debt	2,255,000	-	-	700,000
Premium on debt	-	-	-	-
Payment to escrow agent	-	-	-	-
Transfers in	726,308	495,374	1,736,162	621,997
Transfers out	(2,281,453)	(6,190)	(1,586,551)	(211,730)
Refunding bonds issued	-	-	-	-
Sale of capital assets	2,782	-	-	-
Total Other Financing Sources	842,424	491,934	484,611	1,110,267
Net Change in Fund Balances	\$ (2,504,882)	\$ 90,997	\$ (960,925)	\$ 934,115
Debt service as a percentage of noncapital expenditures	28.74%	28.99%	30.69%	29.52%

Fiscal Year

	2014	2015	2016	2017	2018	2019
\$	4,783,363	\$ 4,941,183	\$ 5,112,737	\$ 4,469,511	\$ 4,791,193	\$ 5,368,423
	1,697,517	1,774,826	1,428,294	1,455,191	1,657,378	1,638,096
	470,692	485,002	493,833	510,962	609,489	621,468
	64,802	55,531	94,027	63,733	157,153	291,555
	604,144	47,398	135,451	430,898	306,897	626,128
	255,716	312,613	321,633	284,130	372,588	444,400
	136,247	103,371	108,065	90,253	147,286	206,807
	38,069	56,651	52,700	59,621	53,981	180,229
	6,654	4,025	9,205	2,960	1,911	18,278
	265,094	339,954	322,576	333,877	291,808	292,737
	161,238	241,170	112,827	152,086	147,162	113,437
	<u>8,483,536</u>	<u>8,361,724</u>	<u>8,191,348</u>	<u>7,853,222</u>	<u>8,536,846</u>	<u>9,801,558</u>
	1,078,878	1,328,167	1,653,271	2,300,082	2,475,116	2,676,418
	2,151,798	2,326,663	5,206,802	9,667,966	4,831,280	3,178,110
	1,124,174	1,133,012	1,381,066	1,143,594	890,614	1,031,984
	375,242	506,636	549,252	396,328	407,351	409,234
	651,961	205,286	305,327	486,135	296,491	416,357
	376,200	383,320	365,995	398,446	371,490	390,442
	37,599	37,600	147,087	54,173	78,035	77,408
	-	-	-	-	-	4,349,819
	1,445,000	1,526,009	1,347,519	1,379,103	1,255,764	1,622,507
	651,736	745,346	782,300	712,850	597,192	686,628
	-	-	-	-	-	106,930
	<u>7,892,588</u>	<u>8,192,039</u>	<u>11,738,619</u>	<u>16,538,677</u>	<u>11,203,333</u>	<u>14,945,837</u>
	590,948	169,685	(3,547,271)	(8,685,455)	(2,666,487)	(5,144,279)
	-	-	-	-	-	-
	-	6,990,000	-	575,000	6,595,000	2,500,000
	-	142,847	-	-	233,172	105,230
	-	-	-	(8,060,417)	-	-
	425,225	422,328	693,928	5,778,447	1,590,846	956,212
	-	(650,000)	-	(5,412,417)	(745,867)	(17,777)
	-	-	-	8,045,000	-	-
	-	-	-	-	-	-
	<u>425,225</u>	<u>6,905,175</u>	<u>693,928</u>	<u>925,613</u>	<u>7,673,151</u>	<u>3,543,665</u>
\$	<u>1,016,173</u>	<u>\$ 7,074,860</u>	<u>\$ (2,853,343)</u>	<u>\$ (7,759,842)</u>	<u>\$ 5,006,664</u>	<u>\$ (1,600,614)</u>
	27.68%	29.70%	25.58%	23.37%	18.20%	19.77%

CITY OF DAYTON, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Land	\$ 105,503,151	\$ 111,463,136	\$ 113,343,078	\$ 113,273,194
Improvements	320,343,413	325,574,941	330,366,373	331,979,823
Personal	384,786,515	471,652,050	421,330,420	396,168,790
Minerals	795,454	619,194	896,228	867,679
Less: Exempt, productivity loss and homestead cap	<u>192,768,814</u>	<u>193,299,492</u>	<u>188,239,525</u>	<u>187,542,607</u>
Total Taxable Assessed Valuation (1)	<u><u>\$ 618,659,719</u></u>	<u><u>\$ 716,009,829</u></u>	<u><u>\$ 677,696,574</u></u>	<u><u>\$ 654,746,879</u></u>
Full Market Valuation	\$ 811,428,533	\$ 909,309,321	\$ 865,936,099	\$ 842,289,486
Total Direct Tax Rate	\$ 0.7256	\$ 0.7245	\$ 0.6304	\$ 0.6853

Source: Liberty County Appraisal District

(1) All property is assessed at 100% of actual taxable value.

Fiscal Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 115,590,185	\$ 151,820,540	\$ 167,980,167	\$ 212,585,447	\$ 222,003,806	\$ 249,651,792
338,033,726	349,124,036	373,661,466	438,830,023	445,323,343	483,474,288
447,953,050	456,393,110	331,862,170	368,548,224	421,574,931	437,962,544
913,741	58,499	31,431	45,040	32,561	97,300
<u>189,455,245</u>	<u>203,376,421</u>	<u>214,898,945</u>	<u>274,412,135</u>	<u>292,454,350</u>	<u>294,913,400</u>
<u>\$ 713,035,457</u>	<u>\$ 754,019,764</u>	<u>\$ 658,636,289</u>	<u>\$ 745,596,599</u>	<u>\$ 796,480,291</u>	<u>\$ 876,272,524</u>
\$ 902,490,702	\$ 957,396,185	\$ 873,535,234	\$ 1,020,008,734	\$ 1,088,934,641	\$ 1,171,185,924
\$ 0.7229	\$ 0.6900	\$ 0.6800	\$ 0.6800	\$ 0.6557	\$ 0.6821

CITY OF DAYTON, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
City of Dayton:				
Operating tax rate	\$ 0.4446	\$ 0.4835	\$ 0.4262	\$ 0.4971
Debt service tax rate	0.2810	0.2410	0.2042	0.1882
Total Direct Rates	<u>\$ 0.7256</u>	<u>\$ 0.7245</u>	<u>\$ 0.6304</u>	<u>\$ 0.6853</u>
Liberty County	\$ 0.5600	\$ 0.5600	\$ 0.5600	\$ 0.5600
Hospital District	0.0900	0.0900	0.0900	0.0900
Dayton ISD	1.2080	1.2080	1.2080	1.2080
Drainage District #1 (2)	0.0799	0.1106	0.0917	0.0974
Total Direct and Overlapping Rates (1)	<u>\$ 1.9379</u>	<u>\$ 1.9686</u>	<u>\$ 1.9497</u>	<u>\$ 1.9554</u>
Total Assessed Valuation	<u>\$ 618,659,719</u>	<u>\$ 716,009,829</u>	<u>\$ 677,696,574</u>	<u>\$ 654,746,879</u>

Notes: 1) The basis for property tax rates is per \$100 of the assessed valuation.

2) Drainage District #1 has a partial overlapping area.

Source: Liberty County Appraisal District

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 0.4509	\$ 0.4440	\$ 0.4510	\$ 0.4510	\$ 0.4152	\$ 0.4249
0.2720	0.2460	0.2290	0.2290	0.2405	0.2572
<u>\$ 0.7229</u>	<u>\$ 0.6900</u>	<u>\$ 0.6800</u>	<u>\$ 0.6800</u>	<u>\$ 0.6557</u>	<u>\$ 0.6821</u>
\$ 0.5788	\$ 0.5788	\$ 0.5788	\$ 0.5788	\$ 0.5788	\$ 0.5788
0.0900	0.0900	0.0900	0.0900	0.0900	0.0900
1.2080	1.1980	1.4217	1.3900	1.3700	1.3700
0.0987	0.0944	0.0890	0.0776	0.0697	0.0697
<u>\$ 1.9755</u>	<u>\$ 1.9612</u>	<u>\$ 2.1795</u>	<u>\$ 2.1364</u>	<u>\$ 2.1085</u>	<u>\$ 2.1085</u>
<u>\$ 713,035,457</u>	<u>\$ 754,019,764</u>	<u>\$ 658,636,289</u>	<u>\$ 745,596,599</u>	<u>\$ 796,480,291</u>	<u>\$ 876,272,524</u>

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CITY OF DAYTON, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2019			2010		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
Total Petrochemicals USA	\$ 59,671,290	1	6.81%	\$ 112,085,260	1	18.12%
Equistar Chemicals LP	54,504,190	2	6.22%	8,584,390	7	1.39%
Global Tubing	51,288,700	3	5.85%	-	-	0.00%
Exxon Chemical Americas	33,980,910	4	3.88%	86,493,670	2	13.98%
TRT Leaseco LLC	21,066,950	5	2.40%	-	-	0.00%
Oxy Vinyls LP	18,240,460	6	2.08%	9,050,780	6	1.46%
Insteel Wire Products Co.	18,045,620	7	2.06%	17,412,730	4	2.81%
Chevron Phillips	14,217,740	8	1.62%	-	-	0.00%
Wells Fargo Bank Northwest	8,618,570	9	0.98%	5,657,200	10	0.91%
Sams East Inc.	8,488,510	10	0.97%	6,966,860	9	1.13%
LNC Madison Court, LLC	8,342,250	11	0.95%	-	-	0.00%
Entergy Texas Inc.	8,050,440	12	0.92%	4,590,800	14	0.74%
Westlake Petrochemicals LLC	7,952,600	13	0.91%	-	-	0.00%
Westlake Polymers LP	7,776,850	14	0.89%	-	-	0.00%
Westlake Longview Corp	7,504,990	15	0.86%	-	-	0.00%
Subtotal	<u>327,750,070</u>		<u>37.40%</u>	<u>250,841,690</u>		<u>40.55%</u>
Other Taxpayers	<u>548,522,454</u>		<u>62.60%</u>	<u>387,984,295</u>		<u>59.45%</u>
Total ⁽¹⁾	<u><u>\$ 876,272,524</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 618,659,719</u></u>		<u><u>100.00%</u></u>

Source: Liberty County Appraisal District

(1) Net of exemptions and abatements

CITY OF DAYTON, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years

Fiscal Year	Tax Year	Tax Rate	Total Tax Levy for Fiscal Year
2010	2009	\$ 0.7256	\$ 4,481,991
2011	2010	\$ 0.7245	\$ 4,548,586
2012	2011	\$ 0.6304	\$ 4,701,368
2013	2012	\$ 0.6853	\$ 4,817,619
2014	2013	\$ 0.7229	\$ 4,904,072
2015	2014	\$ 0.6900	\$ 4,899,505
2016	2015	\$ 0.6800	\$ 5,088,985
2017	2016	\$ 0.6800	\$ 4,426,082
2018	2017	\$ 0.6557	\$ 4,778,887
2019	2018	\$ 0.6821	\$ 5,337,493

Source: Liberty County Tax Office

Collected Within the Fiscal Year of the Levy		Collected in Subsequent Years	Total Collections to Date	
Amount Collected	Percentage of Levy	Amount Collected	Amount Collected	Percentage of Levy
\$ 4,385,718	97.85%	\$ 56,387	\$ 4,442,105	99.11%
\$ 4,307,302	94.70%	\$ 190,472	\$ 4,497,774	98.88%
\$ 4,506,192	95.85%	\$ 152,582	\$ 4,658,774	99.09%
\$ 4,641,604	96.35%	\$ 133,283	\$ 4,774,887	99.11%
\$ 4,591,742	93.63%	\$ 263,285	\$ 4,855,027	99.00%
\$ 4,779,250	97.55%	\$ 70,819	\$ 4,850,069	98.99%
\$ 4,968,991	97.64%	\$ 70,294	\$ 5,039,285	99.02%
\$ 4,294,524	97.03%	\$ 65,776	\$ 4,360,300	98.51%
\$ 4,636,238	97.02%	\$ 49,008	\$ 4,685,246	98.04%
\$ 5,186,893	97.18%	\$ -	\$ 5,186,893	97.18%

CITY OF DAYTON, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities:				
General obligation bonds	\$ 15,860,000	\$ 15,520,000	\$ 14,825,000	\$ 14,110,000
Certificates of obligation	840,000	570,000	290,000	-
Tax anticipation notes	1,960,000	1,340,000	1,725,000	1,395,000
Capital leases	111,705	358,436	309,248	281,053
Premiums	211,982	197,133	185,537	173,941
Subtotal	18,983,687	17,985,569	17,334,785	15,959,994
Business-Type Activities:				
General obligation bonds	-	-	-	-
Certificates of obligation	8,290,000	8,175,000	8,060,000	7,940,000
Premiums	-	-	-	-
Subtotal	8,290,000	8,175,000	8,060,000	7,940,000
Government-Wide:				
General obligation bonds	15,860,000	15,520,000	14,825,000	14,110,000
Certificates of obligation	9,130,000	8,745,000	8,350,000	7,940,000
Tax anticipation notes	1,960,000	1,340,000	1,725,000	1,395,000
Capital leases	111,705	358,436	309,248	281,053
Premiums	211,982	197,133	185,537	173,941
Total Government-Wide	\$ 27,273,687	\$ 26,160,569	\$ 25,394,785	\$ 23,899,994
Estimated Full Property Value	\$ 811,428,533	\$ 909,309,321	\$ 865,936,099	\$ 842,289,486
Percentage of Full Property Value:				
Governmental activities	2.34%	1.98%	2.00%	1.89%
Business-type activities	1.02%	0.90%	0.93%	0.94%
Government-wide	3.36%	2.88%	2.93%	2.84%
Population	7,242	7,297	7,340	7,390
Debt Per Capita:				
Governmental activities	\$ 2,621	\$ 2,465	\$ 2,362	\$ 2,160
Business-type activities	\$ 1,145	\$ 1,120	\$ 1,098	\$ 1,074
Government-wide	\$ 3,766	\$ 3,585	\$ 3,460	\$ 3,234

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Fiscal Year

	2014	2015	2016	2017	2018	2019
\$	13,120,000	\$ 12,095,000	\$ 11,025,000	\$ 10,285,000	\$ 9,480,000	\$ 8,645,000
	-	6,990,000	6,860,000	6,680,000	13,090,000	15,075,000
	940,000	470,000	355,000	815,000	585,000	350,000
	251,485	220,476	187,957	153,854	118,090	80,583
	162,345	293,596	274,667	148,034	351,374	430,312
	<u>14,473,830</u>	<u>20,069,072</u>	<u>18,702,624</u>	<u>18,081,888</u>	<u>23,624,464</u>	<u>24,580,895</u>
	-	-	7,240,000	6,880,000	6,335,000	5,770,000
	7,820,000	7,690,000	195,000	-	-	-
	-	-	559,468	512,840	466,224	419,602
	<u>7,820,000</u>	<u>7,690,000</u>	<u>7,994,468</u>	<u>7,392,840</u>	<u>6,801,224</u>	<u>6,189,602</u>
	13,120,000	12,095,000	18,265,000	17,165,000	15,815,000	14,415,000
	7,820,000	14,680,000	7,055,000	6,680,000	13,090,000	15,075,000
	940,000	470,000	355,000	815,000	585,000	350,000
	251,485	220,476	187,957	153,854	118,090	80,583
	162,345	293,596	834,135	660,874	817,598	849,914
\$	<u>22,293,830</u>	<u>\$ 27,759,072</u>	<u>\$ 26,697,092</u>	<u>\$ 25,474,728</u>	<u>\$ 30,425,688</u>	<u>\$ 30,770,497</u>
\$	902,490,702	\$ 957,396,185	\$ 873,535,234	\$ 1,020,008,734	\$ 1,088,934,641	\$ 1,171,185,924
	1.60%	2.10%	2.14%	1.77%	2.17%	2.10%
	0.87%	0.80%	0.92%	0.72%	0.62%	0.53%
	2.47%	2.90%	3.06%	2.50%	2.79%	2.63%
	7,418	7,620	7,725	7,969	7,953	8,921
\$	1,951	\$ 2,634	\$ 2,421	\$ 2,269	\$ 2,971	\$ 2,755
\$	1,054	\$ 1,009	\$ 1,035	\$ 928	\$ 855	\$ 694
\$	3,005	\$ 3,643	\$ 3,456	\$ 3,197	\$ 3,826	\$ 3,449

CITY OF DAYTON, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Estimated Actual Taxable Value of Property	\$ 618,659,719	\$ 716,009,829	\$ 677,696,574	\$ 654,746,879
Net Bonded Debt				
General obligation bonds	\$ 15,860,000	\$ 15,520,000	\$ 14,825,000	\$ 14,110,000
Certificates of obligation	9,130,000	8,745,000	8,350,000	7,940,000
Premiums	211,982	197,133	185,537	173,941
Less: amounts available in debt service fund	1,440,671	1,475,771	1,532,577	1,461,402
Total Net Bonded Debt	<u>\$ 23,761,311</u>	<u>\$ 22,986,362</u>	<u>\$ 21,827,960</u>	<u>\$ 20,762,539</u>
Percentage of Estimated Actual Taxable Value of Property	3.84%	3.21%	3.22%	3.17%
Population	7,242	7,297	7,340	7,390
Per Capita	\$ 3,281	\$ 3,150	\$ 2,974	\$ 2,810

Note:

(1) General bonded debt includes debt of both governmental and business-type activities (excluding capital leases and tax anticipation notes), net of original issuance discounts and premiums.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 713,035,457	\$ 754,019,764	\$ 658,636,289	\$ 745,596,599	\$ 796,480,291	\$ 876,272,524
\$ 13,120,000	\$ 12,095,000	\$ 18,265,000	\$ 17,165,000	\$ 15,815,000	\$ 14,415,000
7,820,000	14,680,000	7,055,000	6,680,000	13,090,000	15,075,000
162,345	293,596	834,135	660,874	817,598	849,914
1,582,429	1,671,444	1,721,722	1,841,424	2,265,712	2,407,647
<u>\$ 19,519,916</u>	<u>\$ 25,397,152</u>	<u>\$ 24,432,413</u>	<u>\$ 22,664,450</u>	<u>\$ 27,456,886</u>	<u>\$ 27,932,267</u>
2.74%	3.37%	3.71%	3.04%	3.45%	3.19%
7,418	7,620	7,725	7,969	7,953	8,921
\$ 2,631	\$ 3,333	\$ 3,163	\$ 2,844	\$ 3,452	\$ 3,131

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CITY OF DAYTON, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2019

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Amount Applicable to Primary Government</u>
Dayton ISD	\$ 121,872,532	45.46%	\$ 55,403,253
Liberty County	\$ 47,811,979	17.23%	8,238,004
Liberty ISD**	\$ 36,185,000	0.04%	14,474
Subtotal, overlapping debt			63,655,731
City Direct Debt		100.00%	24,580,895
Total Direct and Overlapping Debt			\$ 88,236,626
Population			8,921
Overlapping Debt Per Capita			\$ 7,135
Direct and Overlapping Debt Per Capita			\$ 9,891

* The "Estimated Percentage Applicable" is determined by dividing the City's certified taxable value within the taxing jurisdiction by the certified taxable value of the taxing jurisdiction.

Source: Tax department records of the various governments.

** Source: Texas Comptroller

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account.

CITY OF DAYTON, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Debt limit ⁽¹⁾	\$ 61,865,972	\$ 71,600,983	\$ 67,769,657	\$ 65,474,688
Total net debt applicable to limit	25,721,311	24,326,362	23,552,960	22,157,539
Legal debt margin	\$ 36,144,661	\$ 47,274,621	\$ 44,216,697	\$ 43,317,149
 Total net debt applicable to the limit as a percentage of debt limit	41.58%	33.97%	34.75%	33.84%
 Legal Debt Margin Calculation				
Assessed value	\$ 618,659,719	\$ 716,009,829	\$ 677,696,574	\$ 654,746,879
Debt limit (10% of assessed value)	61,865,972	71,600,983	67,769,657	65,474,688
Debt applicable to limit:				
General obligation bonds	15,860,000	15,520,000	14,825,000	14,110,000
Certificates of obligation	9,130,000	8,745,000	8,350,000	7,940,000
Tax anticipation notes	1,960,000	1,340,000	1,725,000	1,395,000
Premiums	211,982	197,133	185,537	173,941
Less: amount set aside for repayment of general obligation debt	(1,440,671)	(1,475,771)	(1,532,577)	(1,461,402)
Total net debt applicable to limit	25,721,311	24,326,362	23,552,960	22,157,539
Legal debt margin	\$ 36,144,661	\$ 47,274,621	\$ 44,216,697	\$ 43,317,149

(1) There is no debt limit established by law; therefore, the limit is governed by the City's ability to levy and collect taxes to service the debt. The Attorney General of the State of Texas will not approve more than \$1.00 of the tax rate for debt service. The City's maximum legal tax rate is \$2.50 per \$100 valuation assessed at 100% of the market value. Ten percent of the assessed value has been applied as a "rule of thumb" procedure.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 71,303,546	\$ 75,401,976	\$ 65,863,629	\$ 74,559,660	\$ 79,648,029	\$ 87,627,252
20,459,916	25,867,152	24,787,413	23,479,450	28,041,886	28,282,267
<u>\$ 50,843,630</u>	<u>\$ 49,534,824</u>	<u>\$ 41,076,216</u>	<u>\$ 51,080,210</u>	<u>\$ 51,606,143</u>	<u>\$ 59,344,985</u>
28.69%	34.31%	37.63%	31.49%	35.21%	32.28%
\$ 713,035,457	\$ 754,019,764	\$ 658,636,289	\$ 745,596,599	\$ 796,480,291	\$ 876,272,524
71,303,546	75,401,976	65,863,629	74,559,660	79,648,029	87,627,252
13,120,000	12,095,000	18,265,000	17,165,000	15,815,000	14,415,000
7,820,000	14,680,000	7,055,000	6,680,000	13,090,000	15,075,000
940,000	470,000	355,000	815,000	585,000	350,000
162,345	293,596	834,135	660,874	817,598	849,914
(1,582,429)	(1,671,444)	(1,721,722)	(1,841,424)	(2,265,712)	(2,407,647)
20,459,916	25,867,152	24,787,413	23,479,450	28,041,886	28,282,267
<u>\$ 50,843,630</u>	<u>\$ 49,534,824</u>	<u>\$ 41,076,216</u>	<u>\$ 51,080,210</u>	<u>\$ 51,606,143</u>	<u>\$ 59,344,985</u>

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CITY OF DAYTON, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Years

Fiscal Year Ended Sept. 30	Population⁽¹⁾	Personal Income⁽²⁾	Per Capita Personal Income⁽²⁾	Median Age⁽²⁾	Public School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾	Education Level in Years of Formal Schooling⁽⁵⁾
2010	7,242	\$ 2,446,339	\$ 32,261	34.5	4,906	11.1%	9.2%
2011	7,297	\$ 2,597,775	\$ 34,209	33.3	4,945	10.7%	11.5%
2012	7,340	\$ 2,778,585	\$ 36,393	33.7	5,067	9.0%	12.9%
2013	7,390	\$ 2,830,077	\$ 36,799	32.4	5,069	8.1%	11.3%
2014	7,418	\$ 2,721,537	\$ 34,839	35.6	5,137	6.5%	n/a
2015	7,620	n/a	n/a	33.0	5,204	7.1%	n/a
2016	7,725	\$ 2,721,537	\$ 23,269	35.9	5,382	8.5%	9.0%
2017	7,969	n/a	\$ 43,055	34.6	5,388	n/a	10.2%
2018	7,953	n/a	\$ 24,981	33.1	5,412	3.6%	32.5%
2019	8,921	n/a	n/a	34.0	5,560	n/a	10.5%

Data sources:

- (1) City of Dayton Planning Department , Wikipedia
- (2) CDS Market Research/Claritas Survey/ESRI Data Source
- (3) Dayton ISD
- (4) Texas Workforce Commission
- (5) Percentage of population with Bachelor's degree or higher

Note: Personal income is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the start of the school year.

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CITY OF DAYTON, TEXAS

PRINCIPAL EMPLOYERS

Current Year ⁽²⁾

Employer	2019		
	Employees	Percentage of Total Employment ⁽¹⁾	Rank
Dayton Independent School District	830	21.80%	1
Global Tubing	194	5.10%	2
Dayton Lease and Pipeline Services	150	3.94%	3
Huntsman Corporation	* 100	2.63%	4
Insteel Wire Products	88	2.31%	5
Sam's Distribution Center	78	2.05%	6
Harris Rebar, LLC	62	1.63%	7
McCoy's Building Supply	37	0.97%	8
Fabrication and Construction Services	22	0.58%	9
Campbell Concrete and Materials	* 10	0.26%	10
	1,571	41.27%	

(1) Percentage of total employment is based on total employment of 66,171

(2) The requirement is for the current year and nine years ago, however, only the current year is available at this time.

Source: Human Resource Department of each company

(3) * indicates estimated value

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CITY OF DAYTON, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Governmental Activities:</u>										
General government	14.25	13.25	14.00	14.00	14.00	15.00	13.00	14.00	19.00	23.00
Public safety	24.00	25.00	24.00	26.00	26.00	28.00	29.00	29.00	32.00	32.00
Public works	10.50	13.50	11.50	13.50	13.50	13.50	14.00	14.00	11.00	12.00
Culture and recreation	0.75	1.75	2.75	3.00	4.00	4.00	9.00	9.00	9.00	11.00
Facility maintenance	2.00	2.00	2.00	2.00	2.00	2.00	4.00	4.00	4.00	6.00
<u>Business-Type Activities:</u>										
Water and sewer	16.50	15.50	15.75	15.50	16.50	16.50	18.00	18.00	22.00	21.00
Refuse	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total City Positions	69.00	72.00	71.00	75.00	77.00	80.00	88.00	89.00	98.00	106.00

Source: City Finance Department

CITY OF DAYTON, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
City of Dayton				
Population	7,242	7,297	7,340	7,390
Budgeted full-time employees	69	72	71	75
Function				
Police				
Arrests	462	579	400	488
Accident reports	561	650	475	459
Citations (including warnings)	4,144	4,850	4,491	3,245
Offense reports	626	708	707	784
Calls for service	9,127	9,832	8,147	9,236
Municipal court				
Traffic violations	2,694	3,149	1,842	914
Nontraffic violations	1,450	1,701	2,649	2,529
Fire				
Emergency responses	427	470	364	391
Fire incidents	235	210	134	133
Average response time (min)†	8.50	8.50	8.50	8.50
Parks and recreation				
Recreation programs (\$)	\$ 17,235	\$ 16,866	\$ 19,716	\$ 21,382
Field and facility rentals (\$)	\$ 9,349	\$ 9,700	\$ 11,100	\$ 8,250
Community development				
Residential building permits issued	2	24	12	8
Residential building permits-value	\$ 95,000	\$ 288,699	\$ 1,407,375	\$ 1,541,693
Commercial building permits issued	3	7	7	3
Commercial building permits-value	\$ 881,500	\$ 3,698,000	\$ 2,323,000	\$ 3,650,000
Water				
Average daily gallons pumped-combined water (millions of gallons)	n/a	n/a	n/a	n/a
Average daily gallons pumped-surface water (millions of gallons)	n/a	n/a	n/a	n/a
Average daily gallons pumped-well water (millions of gallons)	1,512,147	1,510,553	1,342,002	1,185,677
Number of connections	2,434	2,495	3,043	3,072
Wastewater				
Average daily effluent treated (millions of gallons)	1.32	1.22	1.64	1.38
Number of connections	2,191	2,702	2,712	2,743

Source: Various City departments

† Source: Dayton Police Dept.

Fiscal Year

2014	2015	2016	2017	2018	2019
7,418	7,620	7,782	8,200	7,976	8,921
77	80	86	88	98	108
662	571	532	420	443	483
493	554	580	345	334	457
3,849	2,212	3,177	7,136	9,474	12,284
795	790	799	860	950	1,534
9,471	9,676	9,943	11,852	9,707	9,654
1,122	2,387	3,124	3,118	3,467	4,486
2,195	419	246	418	328	628
435	379	284	315	415	470
127	102	128	123	119	130
8.50	6.51	8.00	8.00	8.00	8.00
\$ 21,116	\$ 22,338	\$ 27,924	\$ 30,893	\$ 31,782	\$ 30,752
\$ 10,500	\$ 8,550	\$ 10,700	\$ 10,700	\$ 10,700	\$ 9,700
15	17	57	67	76	60
\$ 1,598,305	\$ 2,346,129	\$ 6,698,215	\$ 8,238,896	\$ 12,207,313	\$ 10,661,597
7	7	7	4	9	11
\$ 4,697,957	\$ 2,929,957	\$ 20,823,990	\$ 1,453,650	\$ 7,061,787	\$ 611,718
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
1,188,172	1,464,653	1,627,354	1,345,516	1,560,733	1,663,066
3,176	3,097	2,573	2,774	2,730	2,423
1.38	1.99	2.01	2.01	2.00	1.99
2,842	2,512	2,297	2,380	2,365	2,370

CITY OF DAYTON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Years

Function	Fiscal Year			
	2010	2011	2012	2013
<u>General government</u>	1	1	1	1
Municipal buildings	46	48	52	52
City vehicles				
<u>Public safety</u>				
Police protection				
Stations	1	1	1	1
Fire protection				
Stations/drill field	1	1	1	1
Fire apparatus	1	1	1	1
<u>Public works</u>				
Streets (lane miles)	90.1	90.1	90.1	90.1
<u>Community services</u>				
Parks	5	5	5	5
Ball fields	1	1	1	1
Swimming pools	1	1	1	1
Park acreage developed	49.8	49.8	49.8	49.8
<u>Water</u>				
Water wells	3	3	3	3
Ground/elevated storage tanks	7	7	6	6
Water mains (miles)	64.0	64.0	64.0	64.0
Fire hydrants	900	900	900	900
<u>Wastewater</u>				
Wastewater treatment plants	1	1	1	1
Sanitary sewers (miles)	50.0	50.0	50.0	50.0
Sewer manholes	528	528	528	528

Source: Various City departments

Fiscal Year

2014	2015	2016	2017	2018	2019
1 54	1 54	1 55	1 57	2 70	2 72
1	1	1	1	1	1
1 1	3 10	3 10	4 10	3 14	3 14
90.1	90.1	90.1	90.1	60.0	71.2
5 1 1 49.8	5 1 1 49.8	5 1 1 49.8	5 1 1 49.8	5 1 1 49.8	5 1 1 49.8
3 6 64.0 900	3 6 64.0 905	3 6 65.0 910	3 6 65.0 910	3 6 74.0 312	3 2 74.3 317
1 50.0 528	1 50.0 528	1 51.0 532	1 51.0 532	1 60.0 679	1 60.0 679

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